

CITY OF ATWATER, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2017



Prepared by:

Finance Department

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City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2017

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March 6, 2018

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, 2017. 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, 2017, 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, 2017, 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 28,153. The City of Atwater operates under a Council-Manager form of government and provides municipal services that include public safety, public works, community development and parks and recreation. In addition, the City provides water, wastewater and solid services in the form of enterprise activities. This report includes all funds of the City of Atwater and its blended component unit, the Successor Agency of the Atwater Redevelopment Agency, for which the City is financially accountable.

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

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

Local Economy

The City of Atwater has begun a recovery from the recent nationwide economic recession. The City's principle general fund revenue sources are property tax and sales tax which account for almost 40 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,

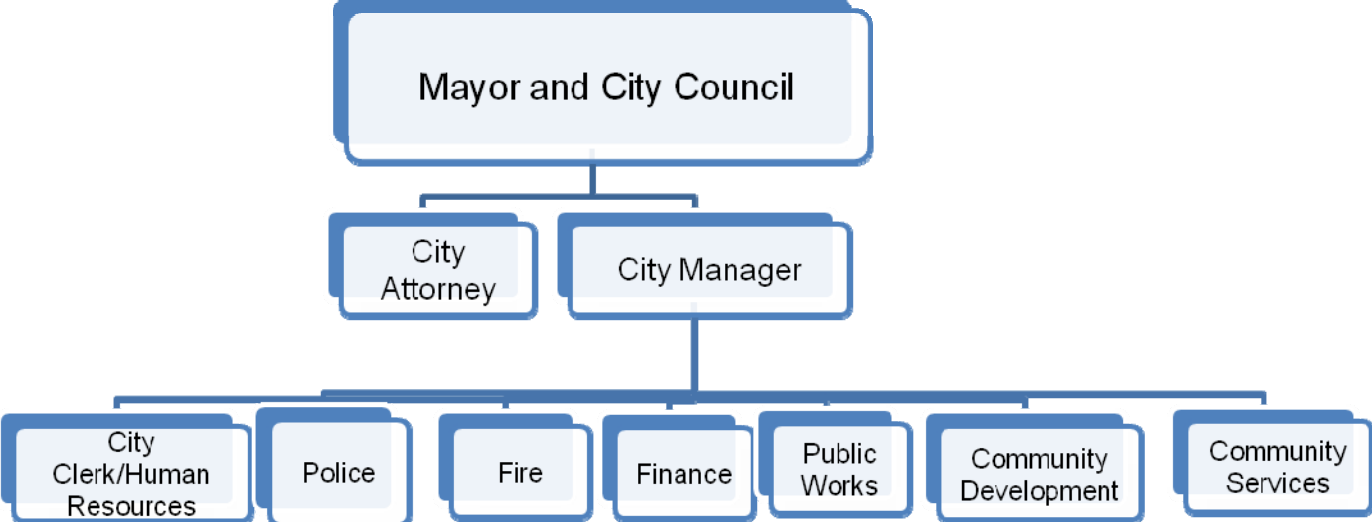
Art De Werk,
Interim City Manager

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2017

Organization Chart

City of Atwater

Organizational Chart



City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2016

List of Officials

CITY COUNCIL

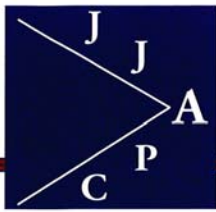
- James Price, Mayor
- James Vineyard, Mayor Pro Tem
- Brian Raymond, Council Member
- Paul Creighton, Council Member
- Cindy Vierra, Council Member

CITY OFFICIALS

- Art De Werk, Interim City Manager
- Lori Waterman, Interim Community Development Director
- Don Hyler III, City Clerk
- Jim Heller, City Treasurer
- Churchwell White LLP, Interim City Attorney
- Brian Shaw, Acting Interim Public Works Director
- Jeanna Del Real, HR Director
- Lakhwinder Deol, Finance Director

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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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–16, the City's Schedules of Contributions on pages 90-91, and the Schedules of the City's Proportionate Share of the Net Pension Liability on pages 92-93 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

March 6, 2018

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2017

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, 2017. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- ◆ The City's total net position increased by about \$9.0 million over the course of this year's operations after conducting all City operations and programs. The assets of the City exceeded its liabilities by \$38.6 million at the end of the 2017 fiscal year. The City's Long-term liabilities increased by \$2.3 million due to pension obligation and OPEB obligation changes. .
- ◆ Overall City-wide revenues from all governmental and business-type activities increased by \$1.3 million compared to the 2016 fiscal year. Most of the increase resulted from increases in enterprise fund charges for service and increased sales tax revenue.
- ◆ The City's total expenses for all programs in fiscal 2017 decreased by \$3.9 million (12 percent) compared to the 2016 fiscal year.
- ◆ The City's total net capital asset balance for governmental activities was \$22.5 million and \$11.6 million for business-type activities.
- ◆ The City also ended the fiscal year with \$15.8 million reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position, but excluding the net investment in capital assets).

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, 2017

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, 2017

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, 2017, 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, 2017

Management's Discussion and Analysis, continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

For the fiscal year ended June 30, 2017, 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, 2017

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 \$38,642,785 (net position) as of June 30, 2017. The Summary of Net position as of June 30, 2017 and 2016 follows:

	Summary of Net Position					
	2017			2016		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 9,715,561	\$ 25,227,912	\$ 34,943,473	\$ 7,929,267	\$ 19,900,343	\$ 27,829,610
Noncurrent assets	26,588,495	86,838,824	113,427,319	26,847,983	88,139,632	114,987,615
Deferred outflows of resources	7,966,543	-	7,966,543	4,683,163	-	4,683,163
Total assets and deferred outflows of resources	44,270,599	112,066,736	156,337,335	39,460,413	108,039,975	147,500,388
Current and other liabilities	2,798,494	3,475,287	6,273,781	1,766,712	3,160,851	4,927,563
Long-term liabilities	34,353,400	75,358,897	109,712,297	30,688,109	76,645,048	107,333,157
Deferred inflows of resources	1,708,472	-	1,708,472	5,507,394	-	5,507,394
Total liabilities and deferred inflows of resources	38,860,366	78,834,184	117,694,550	37,962,215	79,805,899	117,768,114
Net position:						
Net investment in capital assets	22,473,300	11,553,243	34,026,543	22,732,788	11,494,584	34,227,372
Restricted	4,654,997	5,845,523	10,500,520	4,748,643	5,806,604	10,555,247
Unrestricted (deficit)	(21,718,064)	15,833,786	(5,884,278)	(25,983,233)	10,839,303	(15,143,930)
Total net position	\$ 5,410,233	\$ 33,232,552	\$ 38,642,785	\$ 1,498,198	\$ 28,140,491	\$ 29,638,689

Overall, total net position increased by approximately \$9.0 million. The total net position of governmental activities increased by approximately \$3.9 million and total net position for business-type activities increased by approximately \$5.1 million.

Restricted net position decreased by \$54,727 and unrestricted net position increased by \$9,259,652. The increase in unrestricted net position is due primarily to GASB 68 adjustment.

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2017

Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were \$37,646,738 for the fiscal year ended June 30, 2017. Significant revenues for the City for fiscal year 2016-17 were derived from charges for services (62%), grants and contributions (8%), property taxes and assessments (11%) and sales and use tax (13%).

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 \$1,367,258 or 6.2% due mainly to increased operating revenue in the water, sewer and sanitation enterprise funds.
2. **Property Taxes and Assessments.** Property tax revenue decreased by \$421,293 or 9.1%. This is due primarily to the ending of the Property Tax In-lieu Sales/Use Tax program.
3. **Sales and Use Tax.** Sales tax revenue increased by \$531,002 or 12.5%. This results from a continued improvement in the local economy.

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2017

Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2017, and 2016, follows:

	Changes in Net Position					
	2017			2016		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,419,905	\$ 20,994,190	\$ 23,414,095	\$ 2,433,746	\$ 19,613,091	\$ 22,046,837
Grants and contributions:						
Operating	2,598,832	121,690	2,720,522	2,630,041	62,768	2,692,809
Capital	234,991	-	234,991	225,786	-	225,786
General revenues:						
Property taxes and assessments	4,161,917	-	4,161,917	4,583,210	-	4,583,210
Transient occupancy taxes	61,626	-	61,626	41,996	-	41,996
Sales and use tax	4,781,056	-	4,781,056	4,250,054	-	4,250,054
Franchise taxes	769,960	-	769,960	761,291	-	761,291
Other taxes	1,067,401	-	1,067,401	1,132,329	-	1,132,329
Intergovernmental	277,518	-	277,518	215,343	-	215,343
Use of money and property	41,106	105,309	146,415	311,002	41,441	352,443
Other	11,237	-	11,237	-	-	-
Total revenues	16,425,549	21,221,189	37,646,738	16,584,798	19,717,300	36,302,098
Expenses:						
Governmental activities:						
General government	4,092,002	-	4,092,002	2,865,859	-	2,865,859
Public safety	4,859,799	-	4,859,799	9,853,739	-	9,853,739
Highways and streets	2,754,777	-	2,754,777	3,278,459	-	3,278,459
Urban redevelopment and housing	497,674	-	497,674	231,690	-	231,690
Culture and recreation	456,469	-	456,469	598,596	-	598,596
Interest and fiscal charges	48,839	-	48,839	48,839	-	48,839
Business-type activities:						
Water	-	3,537,697	3,537,697	-	3,441,999	3,441,999
Sewer	-	9,471,224	9,471,224	-	9,458,990	9,458,990
Sanitation	-	2,967,832	2,967,832	-	2,807,961	2,807,961
Total expenses	12,709,560	15,976,753	28,686,313	16,877,182	15,708,950	32,586,132
Change in net position before transfers	3,715,989	5,244,436	8,960,425	(292,384)	4,008,350	3,715,966
Transfer from Successor Agency	43,671	-	43,671	51,323	-	51,323
Transfers	152,375	(152,375)	-	142,521	(142,521)	-
Change in net position	3,912,035	5,092,061	9,004,096	(98,540)	3,865,829	3,767,289
Net position:						
Beginning of year	1,498,198	28,140,491	29,638,689	1,596,738	24,274,662	25,871,400
End of year	\$ 5,410,233	\$ 33,232,552	\$ 38,642,785	\$ 1,498,198	\$ 28,140,491	\$ 29,638,689

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2017

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 \$28,686,313. Governmental activity expenses totaled \$12,709,560 or 44% of total expenses. Business-type activities incurred \$15,976,753 or 56% of total expenses during the fiscal year. Public safety costs represented 38% 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, 2017, and 2016, are as follows:

	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 4,092,002	\$ 2,690,669	\$ 2,865,859	\$ 1,419,472
Public safety	4,859,799	3,240,644	9,853,739	8,639,961
Highway and streets	2,754,777	848,981	3,278,459	1,110,856
Urban revelopment and housing	497,674	497,674	231,690	227,658
Community services	456,469	129,025	598,596	140,823
Interest on long-term debt	48,839	48,839	48,839	48,839
Total	<u>\$ 12,709,560</u>	<u>\$ 7,455,832</u>	<u>\$ 16,877,182</u>	<u>\$ 11,587,609</u>

The reduction in public safety costs is the result of an accounting adjustment related to GASB 68 public safety pension obligations.

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2017

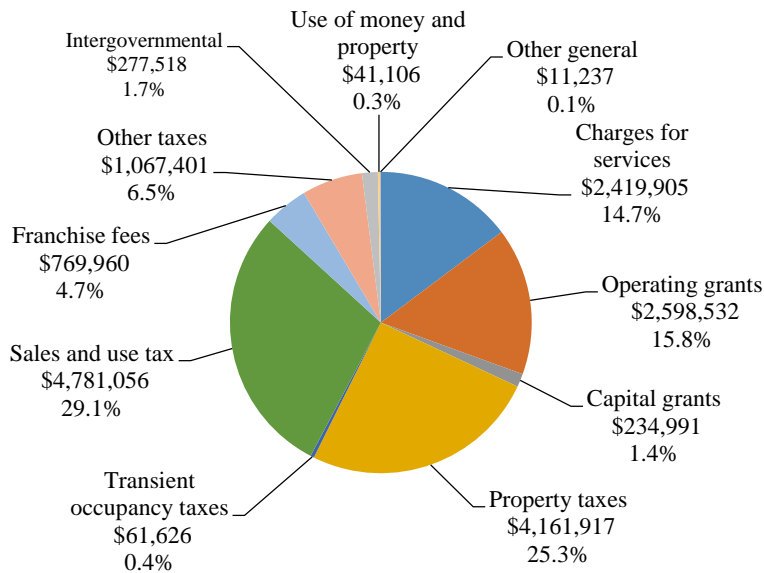
Management’s Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

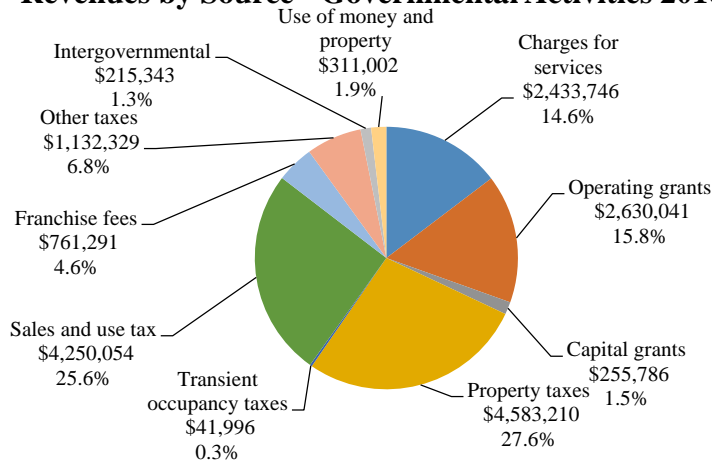
Governmental Activities, Continued

Revenues by source for the fiscal years ended June 30, 2017, and 2016, are as follows:

Revenues by Source - Governmental Activities 2017



Revenues by Source - Governmental Activities 2016



City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2017

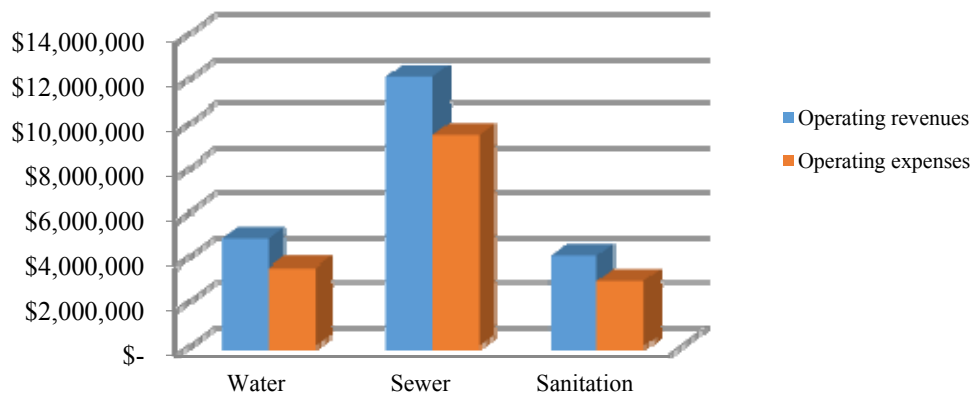
Management’s Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

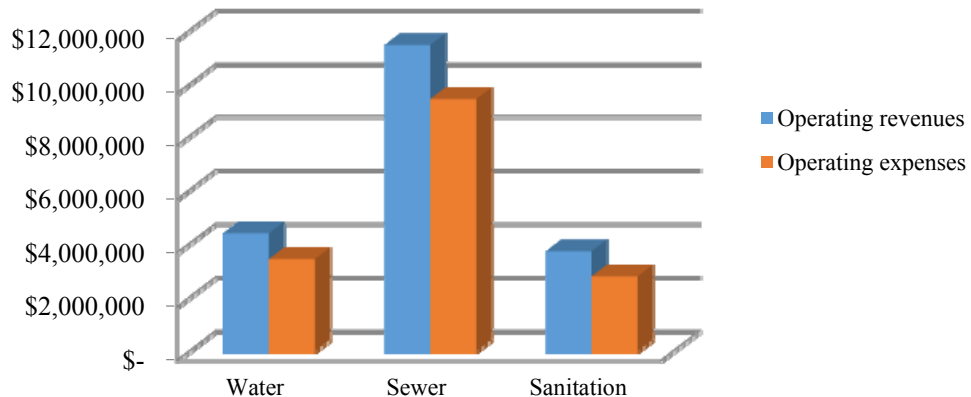
Business-type Activities

Business-type activities increased the City’s net position by \$5,092,061. 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, 2017 and 2016 are as follows:

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



**Operating Revenues and Expenses
 Business-type Activities
 2016**



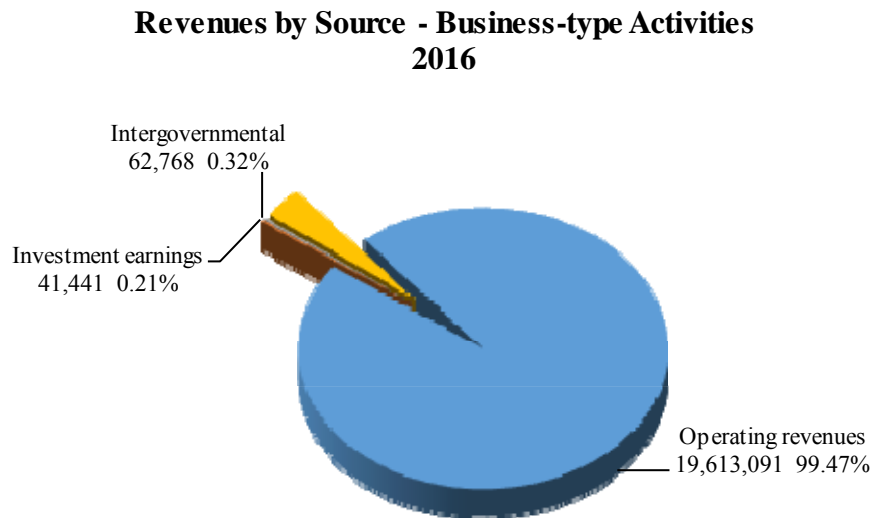
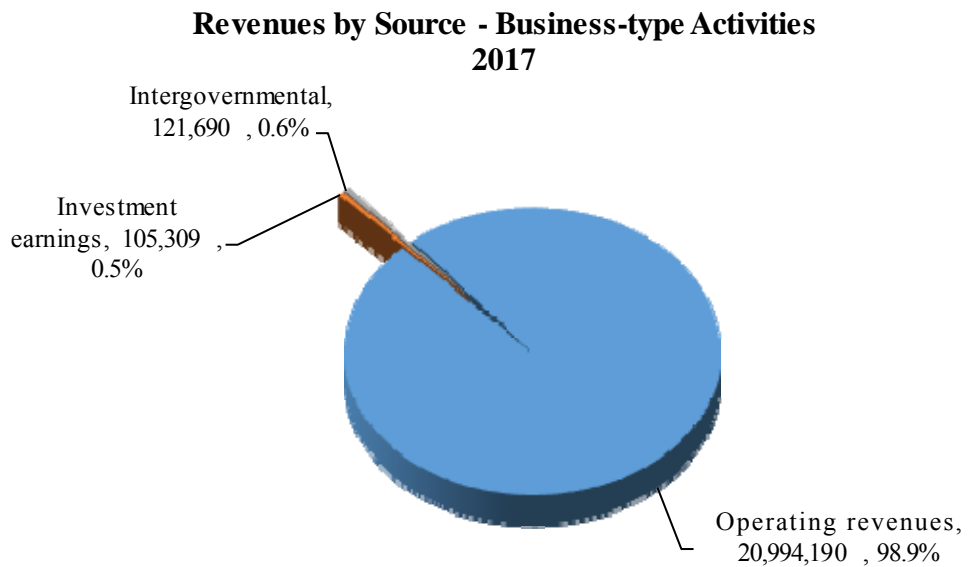
City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2017

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, 2017, and 2016, are as follows:



City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2017

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, 2017, the City's governmental funds reported combined fund balances of \$9,148,566. This represents an increase of \$662,477 or 8% from the prior fiscal year. The increase is due mainly to increased revenue from sales taxes.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2017, the General Fund had a negative fund balance of \$2,355,912. This deficit fund balance improved by \$481,445 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, 2017, the special revenue funds had a combined fund balance of \$11,019,228.

Capital Projects Funds. The City's capital projects funds consist of the general and performance bond nonmajor funds. As of June 30, 2017, the capital project funds had a combined negative fund balance of \$227,974.

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 fund* is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses the internal service fund to account for its building and equipment maintenances, as well as employee benefits fund. The City's proprietary funds net position increased by \$5,092,061 for enterprise funds and decreased by \$303,183 for internal service funds in the fiscal year ended June 30, 2017. 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, 2017

Management’s Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

General Fund Budgetary Highlights

General Fund actual revenues totaled \$11.9 million which was 101.5 percent of the amended budget estimate. General Fund expenditures totaled \$12.7 million or 100.8 percent of the approved amended budget. The General Fund fund balance deficit decreased by \$481,445 during the fiscal year ended June 30, 2017 from a negative \$2,837,357 to a negative \$2,355,912.

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounted to \$109,312,124. This investment in capital assets includes land, construction in progress, costs for buildings and improvements, infrastructure, equipment, and roads.

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 323,223	\$ 323,223	\$ 764,902	\$ 764,902	\$ 1,088,125	\$ 1,088,125
Construction in progress	462,714	1,546,013	317,479	73,037,872	780,193	74,583,885
Buildings and improvements	6,587,896	6,956,214	82,910,192	11,141,983	89,498,088	18,098,197
Infrastructure	823,725	854,268	-	-	823,725	854,268
Roads	11,787,230	10,748,464	-	-	11,787,230	10,748,464
Equipment	2,488,512	2,304,606	2,846,251	3,194,875	5,334,763	5,499,481
Total	<u>\$ 22,473,300</u>	<u>\$ 22,732,788</u>	<u>\$ 86,838,824</u>	<u>\$ 88,139,632</u>	<u>\$ 109,312,124</u>	<u>\$ 110,872,420</u>

The June 30, 2017 balance reflects a reduction of \$1,560,030 from the prior year. This reduction is mainly the result of reduced cost in Buildings and improvements, infrastructure, and Roads.

More detail of the capital assets and current activity can be found in the notes to the financial statements on pages 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, 2017

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 still high at 11.9 percent compared to the County-wide unemployment rate of 10.8 percent (December 2017 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 2016-17 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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 10,548,671	\$ 14,261,304	\$ 24,809,975
Restricted cash and investments	-	5,845,523	5,845,523
Receivables:			
Accounts	2,320,839	1,729,552	4,050,391
Internal balances	(3,243,339)	3,243,339	-
Prepaid items	89,390	148,194	237,584
Total current assets	<u>9,715,561</u>	<u>25,227,912</u>	<u>34,943,473</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	1,869,236	73,802,774	75,672,010
Depreciable	20,604,064	13,036,050	33,640,114
Total noncurrent assets	<u>26,588,495</u>	<u>86,838,824</u>	<u>113,427,319</u>
Total assets	<u>36,304,056</u>	<u>112,066,736</u>	<u>148,370,792</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	7,966,543	-	7,966,543
Total assets and deferred outflows	<u>\$ 44,270,599</u>	<u>\$ 112,066,736</u>	<u>\$ 156,337,335</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 2,326,185	\$ 1,132,620	\$ 3,458,805
Interest payable	-	652,561	652,561
Deposits payable	169,334	372,911	542,245
Compensated absences - current portion	55,297	27,977	83,274
Other liabilities	174,470	-	174,470
Due within one year	73,208	1,289,218	1,362,426
Total current liabilities	<u>2,798,494</u>	<u>3,475,287</u>	<u>6,273,781</u>
Noncurrent liabilities:			
Long-term liabilities:			
Compensated absences	747,569	73,316	820,885
Due after one year	481,832	75,285,581	75,767,413
Net pension obligation	25,370,399	-	25,370,399
Net OPEB obligation	7,753,600	-	7,753,600
Total noncurrent liabilities	<u>34,353,400</u>	<u>75,358,897</u>	<u>109,712,297</u>
Total liabilities	<u>37,151,894</u>	<u>78,834,184</u>	<u>115,986,078</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	291,248	-	291,248
Pension plan	1,417,224	-	1,417,224
Total deferred inflows of resources	<u>1,708,472</u>	<u>-</u>	<u>1,708,472</u>
NET POSITION			
Net investment in capital assets	22,473,300	11,553,243	34,026,543
Restricted	4,654,997	5,845,523	10,500,520
Unrestricted (deficit)	(21,718,064)	15,833,786	(5,884,278)
Total net position	<u>5,410,233</u>	<u>33,232,552</u>	<u>38,642,785</u>
Total liabilities, deferred inflows and net position	<u>\$ 44,270,599</u>	<u>\$ 112,066,736</u>	<u>\$ 156,337,335</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, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,092,002	\$ 1,291,629	\$ 109,704	\$ -
Public safety	4,859,799	171,779	1,447,376	-
Highways and Streets	2,754,777	758,908	911,897	234,991
Urban redevelopment and housing	497,674	-	-	-
Community services	456,469	197,589	129,855	-
Interest and fiscal charges	48,839	-	-	-
Total governmental activities	<u>12,709,560</u>	<u>2,419,905</u>	<u>2,598,832</u>	<u>234,991</u>
Business-type activities:				
Water	3,537,697	4,841,240	121,690	-
Sewer	9,471,224	12,095,598	-	-
Sanitation	2,967,832	4,057,352	-	-
Total business-type activities	<u>15,976,753</u>	<u>20,994,190</u>	<u>121,690</u>	<u>-</u>
Total primary government	<u>\$ 28,686,313</u>	<u>\$ 23,414,095</u>	<u>\$ 2,720,522</u>	<u>\$ 234,991</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
- Change in net position
- Net position:
 - Beginning of year
 - 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
\$ (2,690,669)	\$ -	\$ (2,690,669)
(3,240,644)	-	(3,240,644)
(848,981)	-	(848,981)
(497,674)	-	(497,674)
(129,025)	-	(129,025)
(48,839)	-	(48,839)
<u>(7,455,832)</u>	<u>-</u>	<u>(7,455,832)</u>
-	1,425,233	1,425,233
-	2,624,374	2,624,374
-	1,089,520	1,089,520
-	5,139,127	5,139,127
<u>\$ (7,455,832)</u>	<u>\$ 5,139,127</u>	<u>\$ (2,316,705)</u>
4,161,917	-	4,161,917
61,626	-	61,626
4,781,056	-	4,781,056
769,960	-	769,960
1,067,401	-	1,067,401
277,518	-	277,518
41,106	105,309	146,415
11,237	-	11,237
<u>11,171,821</u>	<u>105,309</u>	<u>11,277,130</u>
43,671	-	43,671
152,375	(152,375)	-
<u>11,367,867</u>	<u>(47,066)</u>	<u>11,320,801</u>
3,912,035	5,092,061	9,004,096
1,498,198	28,140,491	29,638,689
<u>\$ 5,410,233</u>	<u>\$ 33,232,552</u>	<u>\$ 38,642,785</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, 2017

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Totals</u>
	<u>General</u>	<u>Measure H</u>	<u>Governmental</u>	
ASSETS	Fund	Special Revenue	Funds	
Cash and investments	\$ 1,011,220	\$ 552,583	\$ 7,156,326	\$ 8,720,129
Receivables:				
Taxes	314,738	-	25,393	340,131
Interest	228	1,170	7,978	9,376
Intergovernmental	-	-	513,304	513,304
Other receivable	849,205	295,200	309,880	1,454,285
Prepaid items	32,559	-	-	32,559
Due from other funds	-	-	-	-
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	\$ 2,207,950	\$ 848,953	\$ 12,128,076	\$ 15,184,979
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,852,786	\$ 135,729	\$ 169,507	\$ 2,158,022
Due to other funds	2,478,938	-	764,401	3,243,339
Deposits payable	57,668	-	111,666	169,334
Other liabilities	174,470	-	-	174,470
Total liabilities	4,563,862	135,729	1,045,574	5,745,165
Deferred inflows of resources:				
Unavailable revenue	-	-	291,248	291,248
Total deferred inflows of resources:	-	-	291,248	291,248
Total Liabilities and deferred inflows	4,563,862	135,729	1,336,822	6,036,413
Fund balances (Deficit):				
Nonspendable		-		
Prepaid items	32,559	-	-	32,559
Investment in land held for resale	-	-	3,855,930	3,855,930
Restricted	-	-	4,654,997	4,654,997
Assigned	-	713,224	2,978,914	3,692,138
Unassigned (deficit)	(2,388,471)	-	(698,587)	(3,087,058)
Total fund balances (deficit)	(2,355,912)	713,224	10,791,254	9,148,566
balances	\$ 2,207,950	\$ 848,953	\$ 12,128,076	\$ 15,184,979

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, 2017

Total fund balances reported on the governmental funds balance sheet \$ 9,148,566

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 21,413,383

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	\$ (787,454)	
Capital leases	(555,040)	
Net Pension obligation	(25,370,399)	
Net OPEB obligation	<u>(7,753,600)</u>	(34,466,493)

Deferred outflows of resources represent pension plan contribution expense for the current year that will be reported in the following fiscal year as pension expense. The contributions are reported as expenditures of current financial resources in the governmental funds. 7,966,543

Unearned revenue is reported in the governmental funds on the modified accrual basis and is recognized as revenue on the accrual basis in the government-wide statements. (1,417,224)

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	1,889,116	
Noncurrent assets	1,059,917	
Accounts payable and accrued liabilities	(169,497)	
Noncurrent liabilities	<u>(14,078)</u>	2,765,458

Net Position of governmental activities **\$ 5,410,233**

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, 2017

ASSETS	Governmental	Reclassifications	Changes in GAAP	Internal	Statement of Net Position
	Funds Balance Sheet			Services Balances	
Current assets:					
Cash and investments	\$ 8,720,129	\$ -	\$ -	\$ 1,828,542	\$ 10,548,671
Receivables:					
Taxes	340,131	-	-	-	340,131
Interest	9,376	-	-	1,715	11,091
Intergovernmental	513,304	-	-	-	513,304
Loans/Notes receivable	-	-	-	-	-
Other receivable	1,454,285	-	-	2,028	1,456,313
Due from other funds	-	-	-	-	-
Internal balances	-	(3,243,339)	-	-	(3,243,339)
Prepaid items	32,559	-	-	56,831	89,390
Total current assets	11,069,784	(3,243,339)	-	1,889,116	9,715,561
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	-	-	21,413,383	1,059,917	22,473,300
Total noncurrent assets	4,115,195	-	21,413,383	1,059,917	26,588,495
Total assets	15,184,979	(3,243,339)	21,413,383	2,949,033	36,304,056
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	-	-	7,966,543	-	7,966,543
Total assets and deferred outflows of resources	\$ 15,184,979	\$ (3,243,339)	\$ 29,379,926	\$ 2,949,033	\$ 44,270,599
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 2,158,022	\$ -	\$ -	\$ 168,163	\$ 2,326,185
Due to other funds	3,243,339	(3,243,339)	-	-	-
Deposits payable	169,334	-	-	-	169,334
Due within one year - capital leases	-	-	73,208	-	73,208
Compensated absences - current portion	-	-	53,963	1,334	55,297
Other liabilities	174,470	-	-	-	174,470
Total current liabilities	5,745,165	(3,243,339)	127,171	169,497	2,798,494
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	733,491	14,078	747,569
Due after one year - capital leases	-	-	481,832	-	481,832
Net Pension obligation	-	-	25,370,399	-	25,370,399
Net OPEB obligation	-	-	7,753,600	-	7,753,600
Total noncurrent liabilities	-	-	34,339,322	14,078	34,353,400
Total liabilities	5,745,165	(3,243,339)	34,466,493	183,575	37,151,894
Deferred inflows	291,248	-	1,417,224	-	1,708,472
Total liabilities and deferred inflows	6,036,413	(3,243,339)	35,883,717	183,575	38,860,366
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	3,888,489	(3,888,489)	-	-	-
Restricted	4,654,997	(4,654,997)	-	-	-
Assigned	3,692,138	(3,692,138)	-	-	-
Unassigned (deficit)	(3,087,058)	3,087,058	-	-	-
Net position:					
Net investment in capital assets	-	-	21,413,383	1,059,917	22,473,300
Restricted	-	-	4,654,997	-	4,654,997
Unrestricted	-	9,148,566	(32,572,171)	1,705,541	(21,718,064)
Total fund balances/net position	9,148,566	-	(6,503,791)	2,765,458	5,410,233
Total liabilities, deferred inflows and net position	\$ 15,184,979	\$ (3,243,339)	\$ 29,379,926	\$ 2,949,033	\$ 44,270,599

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, 2017

	Major Funds		Other	Totals
	General Fund	Measure H Special Revenue	Governmental Funds	
REVENUES:				
Taxes and assessments	\$ 5,609,376	\$ 1,911,386	\$ 965,164	\$ 8,485,926
Licenses and permits	563,137	-	-	563,137
Fines and forfeitures	61,322	-	-	61,322
Intergovernmental	3,209,867	-	1,634,602	4,844,469
Use of money and property	253,893	2,772	26,784	283,449
Charges for services	1,642,913	-	-	1,642,913
Reimbursements	528,726	-	3,655	532,381
Other revenues	11,952	-	-	11,952
Total revenues	11,881,186	1,914,158	2,630,205	16,425,549
EXPENDITURES:				
Current:				
General government	2,908,593	-	42,108	2,950,701
Public safety	8,278,758	595,230	245,102	9,119,090
Highways and Streets	1,112,653	-	896,722	2,009,375
Urban redevelopment and housing	-	-	559,404	559,404
Community services	456,469	-	-	456,469
Capital outlay	-	-	837,893	837,893
Debt service:				
Principal	-	39,077	-	39,077
Interest and fiscal charges	-	48,839	-	48,839
Total expenditures	12,756,473	683,146	2,581,229	16,020,848
REVENUES OVER (UNDER) EXPENDITURES	(875,287)	1,231,012	48,976	404,701
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	61,730	-	-	61,730
Transfers from Successor Agency	43,671	-	-	43,671
Transfers in	1,251,331	-	3,535	1,254,866
Transfers out	-	(1,100,000)	(2,491)	(1,102,491)
Total other financing sources (uses)	1,356,732	(1,100,000)	1,044	257,776
Net change in fund balances	481,445	131,012	50,020	662,477
FUND BALANCES (Deficit):				
Beginning of year	(2,837,357)	582,212	10,741,234	8,486,089
End of year	\$ (2,355,912)	\$ 713,224	\$ 10,791,254	\$ 9,148,566

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, 2017

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt		Internal Service	Depreciation	Capital Asset (Additions)/ Retirements		OPEB Obligation	GASB 68 Pension	Government- wide Totals
		Service								
Governmental activities:										
General government	\$ 2,950,701	\$ (162,454)	\$ 223,711	\$ 572,316	\$ (399,021)	\$ 906,749	\$ -	\$ -	\$ -	\$ 4,092,002
Public safety	9,119,090	-	-	178,684	-	-	(4,437,975)	-	-	4,859,799
Highways and Streets	2,009,375	-	-	1,304,247	(558,845)	-	-	-	-	2,754,777
Urban redevelopment and housing	497,674	-	-	-	-	-	-	-	-	497,674
Parks and recreation	456,469	-	-	-	-	-	-	-	-	456,469
Capital outlay	837,893	-	-	-	(837,893)	-	-	-	-	-
Debt service/Interest	87,916	(39,077)	-	-	-	-	-	-	-	48,839
Total governmental activities	\$ 15,959,118	\$ (201,531)	\$ 223,711	\$ 2,055,247	\$ (1,795,759)	\$ 906,749	\$ (4,437,975)	\$ -	\$ -	\$ 12,709,560

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, 2017

Net change in fund balances - total governmental funds	\$ 662,477
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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	\$ 1,795,759	
Depreciation expense	<u>(2,055,247)</u>	(259,488)

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	120,354
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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>81,177</u>	81,177
--------------------------------	---------------	--------

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	4,437,975
Net OPEB obligation	(906,749)

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 (\$303,183) 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 \$79,472 reported above for capital assets.

79,472	
<u>(303,183)</u>	(223,711)

Change in Net Position of governmental activities	<u><u>\$ 3,912,035</u></u>
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The accompanying notes are an integral part of these basic financial statements.

City of Atwater, California

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund and Measure H Special Revenue Fund For the year ended June 30, 2017

	General Fund			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 7,075,436	\$ 5,840,186	\$ 5,609,376	\$ (230,810)
Licenses and permits	173,300	332,550	563,137	230,587
Fines and forfeitures	37,000	37,000	61,322	24,322
Intergovernmental	458,250	2,836,166	3,209,867	373,701
Use of money and property	242,914	257,242	253,893	(3,349)
Charges for services	1,842,648	1,697,307	1,642,913	(54,394)
Reimbursements	816,000	603,500	528,726	(74,774)
Other revenues	94,000	100,500	11,952	(88,548)
Total revenues	10,739,548	11,704,451	11,881,186	176,735
EXPENDITURES:				
Current:				
General government	2,047,154	2,799,822	2,908,593	(108,771)
Public safety	7,640,165	8,167,890	8,278,758	(110,868)
Highways and Streets	1,270,173	1,193,529	1,112,653	80,876
Community services	623,626	497,567	456,469	41,098
Capital outlay	9,882	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	11,591,000	12,658,808	12,756,473	(97,665)
REVENUES OVER (UNDER) EXPENDITURES	(851,452)	(954,357)	(875,287)	79,070
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	61,730	61,730
Transfers from Successor Agency	-	-	43,671	43,671
Transfers in	902,375	1,292,000	1,251,331	(40,669)
Transfers out	(50,000)	-	-	-
Total other financing sources (uses)	852,375	1,292,000	1,356,732	64,732
Net change in fund balances	923	337,643	481,445	143,802
FUND BALANCES (Deficit):				
Beginning of year	(2,837,357)	(2,837,357)	(2,837,357)	-
End of year	<u>\$ (2,836,434)</u>	<u>\$ (2,499,714)</u>	<u>\$ (2,355,912)</u>	<u>\$ 143,802</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	\$ 1,779,714	\$ 1,911,386	\$ 131,672
-	-	-	-
-	-	-	-
-	-	-	-
2,000	2,000	2,772	772
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,252,000</u>	<u>1,781,714</u>	<u>1,914,158</u>	<u>132,444</u>
-	-	-	-
449,242	757,813	595,230	162,583
-	-	-	-
-	-	-	-
-	-	-	-
130,000	87,916	39,077	48,839
-	-	48,839	(48,839)
<u>579,242</u>	<u>845,729</u>	<u>683,146</u>	<u>162,583</u>
<u>672,758</u>	<u>935,985</u>	<u>1,231,012</u>	<u>295,027</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>
(58,899)	(164,015)	131,012	295,027
<u>582,212</u>	<u>582,212</u>	<u>582,212</u>	<u>-</u>
<u>\$ 523,313</u>	<u>\$ 418,197</u>	<u>\$ 713,224</u>	<u>\$ 295,027</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, 2017

ASSETS	<u>Water</u>	<u>Sewer</u>
Current assets:		
Cash and investments	\$ 3,765,512	\$ 8,962,030
Restricted cash and investments	-	5,845,523
Receivables:		
Accounts	418,555	983,164
Interest	7,098	8,729
Due from other funds	-	6,252,369
Prepaid expenses	-	148,194
Total current assets	<u>4,191,165</u>	<u>22,200,009</u>
Noncurrent assets:		
Capital assets, net	<u>5,183,780</u>	<u>81,527,829</u>
Total noncurrent assets	<u>5,183,780</u>	<u>81,527,829</u>
Total Assets	<u>\$ 9,374,945</u>	<u>\$ 103,727,838</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 190,579	\$ 680,090
Accrued payroll	31,101	18,035
Due to other funds	260,533	-
Interest payable	-	652,561
Deposits payable	315,973	56,938
Compensated absences - current portion	25,258	2,623
Due within one year	-	1,289,218
Total current liabilities	<u>823,444</u>	<u>2,699,465</u>
Noncurrent liabilities:		
Compensated absences	60,861	12,455
Due after one year	-	75,285,581
Total noncurrent liabilities	<u>60,861</u>	<u>75,298,036</u>
Total liabilities	<u>884,305</u>	<u>77,997,501</u>
Net Position:		
Net investment in capital assets	5,183,780	6,242,248
Restricted	-	5,845,523
Unrestricted (Deficit)	3,306,860	13,642,566
Total net position	<u>8,490,640</u>	<u>25,730,337</u>
Total liabilities and net position	<u>\$ 9,374,945</u>	<u>\$ 103,727,838</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>
\$ 1,533,762	\$ 14,261,304	\$ 1,828,542
	5,845,523	-
310,645	1,712,364	2,028
1,361	17,188	1,715
-	6,252,369	-
-	148,194	56,831
<u>1,845,768</u>	<u>28,236,942</u>	<u>1,889,116</u>
127,215	86,838,824	1,059,917
<u>127,215</u>	<u>86,838,824</u>	<u>1,059,917</u>
<u>\$ 1,972,983</u>	<u>\$ 115,075,766</u>	<u>\$ 2,949,033</u>
\$ 210,840	\$ 1,081,509	\$ 160,126
1,975	51,111	8,037
2,748,497	3,009,030	-
-	652,561	-
-	372,911	-
96	27,977	1,334
-	1,289,218	-
<u>2,961,408</u>	<u>6,484,317</u>	<u>169,497</u>
-	73,316	14,078
-	75,285,581	-
-	75,358,897	14,078
<u>2,961,408</u>	<u>81,843,214</u>	<u>183,575</u>
127,215	11,553,243	1,059,917
-	5,845,523	-
<u>(1,115,640)</u>	<u>15,833,786</u>	<u>1,705,541</u>
<u>(988,425)</u>	<u>33,232,552</u>	<u>2,765,458</u>
<u>\$ 1,972,983</u>	<u>\$ 115,075,766</u>	<u>\$ 2,949,033</u>

City of Atwater, California
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2017

	<u>Water</u>	<u>Sewer</u>
OPERATING REVENUES:		
Charges for service	\$ 4,226,266	\$ 12,095,598
Interdepartmental charges	-	-
Other operating revenue	614,974	-
Total operating revenues	<u>4,841,240</u>	<u>12,095,598</u>
OPERATING EXPENSES:		
Salaries and benefits	969,106	527,664
Contractual services	291,686	1,946,947
Materials and supplies	102,292	131,052
Repairs and maintenance	-	-
Utilities	816,638	998,878
Insurance	-	-
Taxes and fees	-	-
Other operating costs	727,333	1,005,177
Depreciation	629,701	829,842
Total operating expenses	<u>3,536,756</u>	<u>5,439,560</u>
OPERATING INCOME (LOSS)	<u>1,304,484</u>	<u>6,656,038</u>
NONOPERATING REVENUES (EXPENSES):		
Intergovernmental revenues (expenses)	121,690	-
Interest revenue	20,631	84,678
Interest expense	(941)	(4,031,664)
Total non-operating revenues, net	<u>141,380</u>	<u>(3,946,986)</u>
NET INCOME BEFORE TRANSFERS	1,445,864	2,709,052
Transfers in	-	-
Transfers out	(152,375)	-
Total transfers	<u>(152,375)</u>	<u>-</u>
CHANGE IN NET POSITION	1,293,489	2,709,052
NET POSITION (DEFICIT):		
Beginning of year	7,197,151	23,021,285
End of year	<u>\$ 8,490,640</u>	<u>\$ 25,730,337</u>

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

Sanitation	Totals	Governmental
		Activities
		Internal
		Service Funds
\$ 4,057,352	\$ 20,379,216	\$ -
-	-	2,369,359
-	614,974	38,280
<u>4,057,352</u>	<u>20,994,190</u>	<u>2,407,639</u>
61,322	1,558,092	186,328
2,560,715	4,799,348	379,889
872	234,216	704
-	-	333,640
-	1,815,516	-
-	-	1,389,353
-	-	145,578
333,680	2,066,190	154,714
6,027	1,465,570	126,228
<u>2,962,616</u>	<u>11,938,932</u>	<u>2,716,434</u>
<u>1,094,736</u>	<u>9,055,258</u>	<u>(308,795)</u>
-	121,690	-
-	105,309	5,612
<u>(5,216)</u>	<u>(4,037,821)</u>	<u>-</u>
<u>(5,216)</u>	<u>(3,810,822)</u>	<u>5,612</u>
1,089,520	5,244,436	(303,183)
-	-	-
-	(152,375)	-
<u>-</u>	<u>(152,375)</u>	<u>-</u>
1,089,520	5,092,061	(303,183)
(2,077,945)	28,140,491	3,068,641
<u>\$ (988,425)</u>	<u>\$ 33,232,552</u>	<u>\$ 2,765,458</u>

City of Atwater, California
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2017

	<u>Water</u>	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/users for services provided	\$ 4,745,598	\$ 11,907,693
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(1,944,418)	(3,772,789)
Cash payments to employees for services	(970,901)	(519,829)
Net cash provided by operating activities	<u>1,830,279</u>	<u>7,615,075</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received (paid)	(239,220)	1,168,759
Intergovernmental activities	121,690	-
Net cash used by noncapital financing activities	<u>(117,530)</u>	<u>1,168,759</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(41,848)	(122,914)
Proceeds from issuance of long-term debt	-	-
Principal paid on long term debt	-	(1,376,381)
Interest paid on long term debt	(941)	(4,040,767)
Net cash (used) by capital and related financing activities	<u>(42,789)</u>	<u>(5,540,062)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	16,570	78,046
Net cash provided by investing activities	<u>16,570</u>	<u>78,046</u>
Net increase (decrease) in cash and cash equivalents	1,686,530	3,321,818
CASH AND CASH EQUIVALENTS:		
Beginning of year	2,078,982	11,485,735
End of year	<u>\$ 3,765,512</u>	<u>\$ 14,807,553</u>
Presentation in Statement of Net Position:		
Cash and investments	\$ 3,765,512	\$ 8,962,030
Restricted cash and investments	-	5,845,523
	<u>\$ 3,765,512</u>	<u>\$ 14,807,553</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ 1,304,484	\$ 6,656,038
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	629,701	829,842
(Increase) decrease in current assets:		
Accounts receivable	(95,642)	(187,905)
Prepaid expenses	-	(148)
Increase (decrease) in liabilities:		
Accounts payable	(46,624)	313,480
Accrued payroll	3,041	4,327
Deposits payable	40,155	(4,067)
Compensated absences	(4,836)	3,508
Net cash provided by operating activities	<u>\$ 1,830,279</u>	<u>\$ 7,615,075</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2017.

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

Sanitation	Totals	Governmental Activities Internal Service Funds
\$ 4,016,996	\$ 20,670,287	\$ -
-	-	2,427,921
(2,883,480)	(8,600,687)	(2,371,938)
(61,909)	(1,552,639)	(185,804)
<u>1,071,607</u>	<u>10,516,961</u>	<u>(129,821)</u>
(549,700)	379,839	-
-	121,690	-
<u>(549,700)</u>	<u>501,529</u>	<u>-</u>
-	(164,762)	(46,363)
-	-	-
-	(1,376,381)	-
(5,216)	(4,046,924)	-
<u>(5,216)</u>	<u>(5,588,067)</u>	<u>(46,363)</u>
(974)	93,642	4,590
<u>(974)</u>	<u>93,642</u>	<u>4,590</u>
515,717	5,524,065	(171,594)
1,018,045	14,582,762	2,000,136
<u>\$ 1,533,762</u>	<u>\$ 20,106,827</u>	<u>\$ 1,828,542</u>
\$ 1,533,762	\$ 14,261,304	\$ 1,828,542
-	5,845,523	-
<u>\$ 1,533,762</u>	<u>\$ 20,106,827</u>	<u>\$ 1,828,542</u>
\$ 1,094,736	\$ 9,055,258	\$ (308,795)
6,027	1,465,570	126,228
(40,356)	(323,903)	20,282
-	(148)	6,971
11,787	278,643	24,969
(429)	6,939	917
-	36,088	-
(158)	(1,486)	(393)
<u>\$ 1,071,607</u>	<u>\$ 10,516,961</u>	<u>\$ (129,821)</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, 2017

	Successor Agency Former Atwater Community Development Agency	Agency Funds
Current assets:		
Cash and investments	\$ 434,996	\$ 89,534
Cash and investments with trustee/fiscal agent	337,656	-
Accounts receivable	20	-
Interest receivable	487	90
Assessments receivable	-	4,820
Loans/notes receivable	111,437	-
Prepaid items	261	-
Due from other funds	-	-
Total current assets	<u>884,857</u>	<u>94,444</u>
Property, plant and equipment	1,155,151	-
Less accumulated depreciation	<u>(273,475)</u>	<u>-</u>
Property, plant, and equipment, net	<u>881,676</u>	<u>-</u>
Total assets	<u>\$ 1,766,533</u>	<u>\$ 94,444</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 60,776	\$ -
Due to others	-	94,444
Due within one year	624,259	-
Total current liabilities	<u>685,035</u>	<u>94,444</u>
Long-term liabilities:		
Advance from governmental funds/activities	259,265	-
Due after one year	6,738,796	-
Total long-term liabilities	<u>6,998,061</u>	<u>-</u>
Total liabilities	<u>7,683,096</u>	<u>\$ 94,444</u>
Net Position (Deficit):		
Net investment in capital assets	(6,481,379)	
Net position held in trust for Redevelopment Dissolution	564,816	
Total Net Position (deficit)	<u>(5,916,563)</u>	
Total liabilities and net position	<u>\$ 1,766,533</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, 2017

	Successor Agency
	Former Atwater Community Development Agency
ADDITIONS:	
Property taxes	\$ 1,281,627
Investment income	18,106
Other additions	(8,444)
Total operating revenues	<u>1,291,289</u>
DEDUCTIONS:	
Urban redevelopment and housing	1,062,871
Interest and trustee fees	382,191
Depreciation and amortization	7,741
Transfer to City of Atwater	43,671
Total operating expenses	<u>1,496,474</u>
CHANGE IN FIDUCIARY NET POSITION	<u>(205,185)</u>
NET POSITION (DEFICIT):	
Beginning of year	<u>(5,711,378)</u>
End of year	<u>\$ (5,916,563)</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, 2016

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City of Atwater, California
Notes to Basic Financial Statements
For the year ended June 30, 2016

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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 (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.”

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).

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Equity Classification, Continued

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).

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.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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, 2017. 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, 2017

2. CASH AND INVESTMENTS

At June 30, 2017, 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	\$ -	\$ -	\$ -	\$ 16,130,440	16,130,440
Petty cash	-	-	-	450	450
Total pooled items	-	-	-	16,130,890	16,130,890
Pooled investments, at fair market value					
Cash and short-term investments		-	-	-	-
Mutual fund	100,000	-	-	-	100,000
Money market	50	-	-	-	50
Central San Joaquin Valley Risk Management Authority (CSJVRMA) investment pool	1,054,289	-	-	-	1,054,289
State of California Local Agency Investment Fund	14,232,455	-	-	-	14,232,455
Total pooled investments	15,386,794	-	-	-	15,386,794
Total cash, cash equivalents and investments pooled	\$ 15,386,794	\$ -	\$ -	\$ 16,130,890	\$ 31,517,684

Amounts reported in:

Governmental activities	\$ 10,548,671
Business-type activities	14,261,304
Business-type activities - Restricted	5,845,523
Fiduciary activities	524,530
Fiduciary activities - Restricted	337,656
Total	\$ 31,517,684

Investment Type	Fair Value
Mutual funds	\$ 100,000
Money market	50
CSJVRMA investment pool	1,054,289
LAIF	14,232,455
Total fair value	\$ 15,386,794

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

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, 2017, 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, 2017

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, 2017, 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 1.55% 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, 2017

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, 2017, the carrying amount of the City's deposits was \$16,130,890 and the balances in financial institutions were \$15,386,794. Of the balance in financial institutions, \$300,408 was covered by federal depository insurance and \$15,086,386 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, 2017, 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 \$22,812,817,838 of which the City had a balance of \$14,232,455, which approximated market value and was managed by the State Treasurer. Of the total invested, 97.75% was invested in non-derivative financial products and 2.25% 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, 2017

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2017:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts receivable		\$ 1,712,364	\$ 20	\$ 1,712,384
Taxes and assessments receivable	340,131	-	-	340,131
Interest receivable	11,091	17,188	577	28,856
Intergovernmental	513,304	-	4,820	518,124
Other	1,456,313	-	-	1,456,313
Loans/Notes receivable	-	-	111,437	111,437
Total accounts receivable	<u>\$ 2,320,839</u>	<u>\$ 1,729,552</u>	<u>\$ 116,854</u>	<u>\$ 4,167,245</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	12.33%	Financial	0.69%
Individuals/Business	41.14%	Other	46.52%

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, 2017

4. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2017
Governmental activities					
Nondepreciable assets:					
Land	\$ 323,223	\$ -	\$ -	\$ -	\$ 323,223
Construction in Progress	1,546,013	357,932	-	(1,441,231)	462,714
Total nondepreciable assets	<u>1,869,236</u>	<u>357,932</u>	<u>-</u>	<u>(1,441,231)</u>	<u>785,937</u>
Depreciable assets:					
Buildings and improvements	14,893,298	173,531	-	-	15,066,829
Infrastructure	1,156,846	674,868	-	(666,948)	1,164,766
Roads	49,203,221	1,429,123	-	865,733	51,498,077
Equipment	6,875,090	399,021	-	3,730	7,277,841
Total depreciable assets	<u>72,128,455</u>	<u>2,676,543</u>	<u>-</u>	<u>202,515</u>	<u>75,007,513</u>
Total	<u>73,997,691</u>	<u>3,034,475</u>	<u>-</u>	<u>(1,238,716)</u>	<u>75,793,450</u>
Accumulated depreciation:					
Buildings and improvements	(7,937,084)	(541,849)	-	-	(8,478,933)
Infrastructure	(302,578)	(38,463)	-	-	(341,041)
Roads	(38,454,757)	(1,256,090)	-	-	(39,710,847)
Equipment	(4,570,484)	(218,845)	-	-	(4,789,329)
Total accumulated depreciation	<u>(51,264,903)</u>	<u>(2,055,247)</u>	<u>-</u>	<u>-</u>	<u>(53,320,150)</u>
Net depreciable assets	<u>20,863,552</u>	<u>621,296</u>	<u>-</u>	<u>202,515</u>	<u>21,687,363</u>
Total net capital assets	<u>\$ 22,732,788</u>	<u>\$ 979,228</u>	<u>\$ -</u>	<u>\$ (1,238,716)</u>	<u>\$ 22,473,300</u>

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

General government	\$ 572,316
Public safety	178,684
Highways and streets	<u>1,304,247</u>
Total	<u>\$ 2,055,247</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

4. CAPITAL ASSETS, Continued

Business-type capital asset activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2017
<u>Business-type activities</u>					
Nondepreciable assets:					
Land	\$ 764,902	\$ -	\$ -	\$ -	\$ 764,902
Construction in Progress	73,037,872	422,261	(333,075)	(72,809,579)	317,479
Total nondepreciable assets	73,802,774	422,261	(333,075)	(72,809,579)	1,082,381
Depreciable assets:					
Buildings and improvements	37,125,967	-	-	72,809,579	109,935,546
Equipment	10,159,907	75,576	-	-	10,235,483
Total depreciable assets	47,285,874	75,576	-	72,809,579	120,171,029
Total	121,088,648	497,837	(333,075)	-	121,253,410
Accumulated depreciation:					
Buildings and improvements	(25,983,984)	(1,041,370)	-	-	(27,025,354)
Equipment	(6,965,032)	(424,200)	-	-	(7,389,232)
Total accumulated depreciation	(32,949,016)	(1,465,570)	-	-	(34,414,586)
Net depreciable assets	14,336,858	(1,389,994)	-	72,809,579	85,756,443
Total net capital assets	\$ 88,139,632	\$ (967,733)	\$ (333,075)	\$ -	\$ 86,838,824

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

Water	\$ 629,701
Sewer	829,842
Sanitation	6,027
	<u>\$ 1,465,570</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2017:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 2,005,058	\$ 1,081,509	\$ 60,776	\$ 3,147,343
Accrued payroll and related liabilities	321,127	51,111	-	372,238
Total	<u>\$ 2,326,185</u>	<u>\$ 1,132,620</u>	<u>\$ 60,776</u>	<u>\$ 3,519,581</u>

These amounts resulted in the following concentrations in payables:

Vendors	89%
Employees	11%

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 the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
<u>Governmental Activities:</u>					
Compensated absences	\$ 884,043	\$ -	\$ (81,177)	\$ 802,866	\$ 55,297
Capital lease obligations	675,394	-	(120,354)	555,040	73,208
Total governmental activities	<u>\$ 1,559,437</u>	<u>\$ -</u>	<u>\$ (201,531)</u>	<u>\$ 1,357,906</u>	<u>\$ 128,505</u>
<u>Business-type Activities:</u>					
2008 Wastewater Revenue Refunding Bonds	\$ 17,890,000	\$ -	\$ (485,000)	\$ 17,405,000	\$ 510,000
Deferred loss on refunding	(947,689)	-	80,350	(867,339)	(80,350)
2010 Wastewater Revenue Bonds	51,105,000	-	(675,000)	50,430,000	700,000
Unamortized bond premium	366,803	-	(12,832)	353,971	12,832
2011 Wastewater Revenue Bonds	9,340,000	-	(145,000)	9,195,000	150,000
Unamortized bond discount	(94,125)	-	3,244	(90,881)	3,264
Capital lease obligation	291,191	-	(142,143)	149,048	73,640
Compensated absences	102,779	7,708	(9,194)	101,293	16,369
Total business-type activities	<u>\$ 78,053,959</u>	<u>\$ 7,708</u>	<u>\$ (1,385,575)</u>	<u>\$ 76,676,092</u>	<u>\$ 1,385,755</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

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
2018	\$ 73,208	\$ 14,708
2019	75,147	12,768
2020	77,139	10,777
2021	79,183	8,733
2022	81,281	6,635
2022-2024	169,082	6,751
Total	<u>\$ 555,040</u>	<u>\$ 60,372</u>
Due within one year	\$ 73,208	\$ 14,708
Due after one year	481,832	45,664
Total	<u>\$ 555,040</u>	<u>\$ 60,372</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. At June 30, 2017, the total principal outstanding is \$17,405,000 and the unamortized portion of the deferred loss on refunding totaled \$867,339, resulting in a net outstanding balance of \$16,537,661.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

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. At June 30, 2017, the total principal outstanding is \$50,430,000, and the unamortized premium totaled \$353,968, resulting in a net outstanding balance of \$50,783,968.

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 2011 bonds; and (iii) to pay 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. At June 30, 2017, the total principal outstanding is \$9,195,000 and the unamortized discount totaled \$90,859, resulting in a net outstanding balance of \$9,104,141.

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
2018	\$ 73,640	\$ 3,577
2019	75,408	1,810
Total	<u>\$ 149,048</u>	<u>\$ 5,387</u>
Due within one year	\$ 73,640	\$ 3,577
Due after one year	75,408	1,810
Total	<u>\$ 149,048</u>	<u>\$ 5,387</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

6. LONG-TERM LIABILITIES, Continued

Future debt service at June 30, 2017 is as follows for all debt except compensated absences:

Year Ending June 30,	2008 Wastewater Revenue		2010 Wastewater Revenue		2011 Wastewater Revenue	
	Refunding Bonds		Bonds		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 510,000	\$ 841,031	\$ 700,000	\$ 2,542,030	\$ 150,000	\$ 532,300
2019	530,000	818,081	735,000	2,507,030	155,000	526,300
2020	550,000	796,881	775,000	2,470,280	165,000	519,906
2021	575,000	773,506	805,000	2,439,280	170,000	512,687
2022	600,000	748,350	835,000	2,405,873	180,000	504,868
2023-2027	3,430,000	3,310,538	4,780,000	11,438,588	1,025,000	2,383,546
2028-2032	4,365,000	2,387,250	6,010,000	10,196,388	1,350,000	2,070,752
2033-2037	5,560,000	1,182,750	7,680,000	8,540,411	1,780,000	1,627,872
2038-2042	1,285,000	64,250	15,665,000	5,935,292	2,400,000	1,015,830
2043-2045	-	-	12,445,000	1,328,775	1,820,000	227,542
Total	\$ 17,405,000	\$ 10,922,637	\$ 50,430,000	\$ 49,803,947	\$ 9,195,000	\$ 9,921,603
Due within one year	\$ 510,000	\$ 841,031	\$ 700,000	\$ 2,542,030	\$ 150,000	\$ 532,300
Due after one year	16,895,000	10,081,606	49,730,000	47,261,917	9,045,000	9,389,303
Total	\$ 17,405,000	\$ 10,922,637	\$ 50,430,000	\$ 49,803,947	\$ 9,195,000	\$ 9,921,603
Deferred Amount -						
Year Ending June 30,	2008 Wastewater Revenue	Premium - 2010 Wastewater Revenue	Discount - 2011 Wastewater Revenue	Totals		
	Refunding Bonds	Revenue Bonds	Revenue Bonds	Principal	Interest	
	Amortization	Amortization	Amortization			
2018	\$ (80,350)	\$ 12,832	\$ (3,264)	\$ 1,289,218	\$ 3,915,361	
2019	(80,350)	12,832	(3,264)	1,349,218	3,851,411	
2020	(80,350)	12,832	(3,264)	1,419,218	3,787,067	
2021	(80,350)	12,832	(3,264)	1,479,218	3,725,473	
2022	(80,350)	12,832	(3,264)	1,544,218	3,659,091	
2023-2027	(401,750)	64,160	(16,320)	8,881,090	17,132,672	
2028-2032	(63,839)	64,160	(16,320)	11,709,001	14,654,390	
2033-2037	-	64,160	(16,320)	15,067,840	11,351,033	
2038-2042	-	64,160	(16,320)	19,397,840	7,015,372	
2043-2045	-	33,171	(9,281)	14,288,890	1,556,317	
Total	\$ (867,339)	\$ 353,971	\$ (90,881)	\$ 76,425,751	\$ 70,648,186	
Due within one year	\$ (80,350)	\$ 12,832	\$ (3,264)	\$ 1,289,218	\$ 3,915,361	
Due after one year	(786,989)	341,139	(87,617)	75,136,533	66,732,825	
Total	\$ (867,339)	\$ 353,971	\$ (90,881)	\$ 76,425,751	\$ 70,648,186	

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

8. NET POSITION/ FUND BALANCES

Net position

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Net investment in capital assets	\$ 22,473,300	\$ 11,553,243	\$ (6,481,379)	\$ 27,545,164
Restricted	4,654,997	5,845,523	-	10,500,520
Unrestricted (deficit)	(21,718,064)	15,833,786	564,816	(5,319,462)
Total	<u>\$ 5,410,233</u>	<u>\$ 33,232,552</u>	<u>\$ (5,916,563)</u>	<u>\$ 32,726,222</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, 2017:

Nonspendable:	
Prepaid items	\$ 32,559
Investment in land held for resale	3,855,930
Total Nonspendable	<u>\$ 3,888,489</u>
Restricted:	
Governmental Funds:	
Gas Tax	\$ 1,294,037
Facility Impact Fee	2,959,212
HOME Investment Partnership Program	189,558
Neighborhood Stabilization	212,190
Total Restricted	<u>\$ 4,654,997</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, 2017

8. 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:

	<u>As of June 30, 2017</u>
<u>Major Funds:</u>	
<u>Governmental Funds:</u>	
General Fund	\$ 2,388,471
<u>Nonmajor Special Revenue Funds:</u>	
Local Transportation	161,458
Community Development Block Grants	12,441
<u>Maintenance District Funds:</u>	
Northwood Village	42,478
Wildwood Estates	11,196
Woodview Garland	8,602
Sierra Parks	31,958
Price Annexation	43,306
Airport Business Park	2,786
CFD Districts	139,825
General Capital Projects	327,250
Total Governmental Funds	<u>\$ 3,169,771</u>
<u>Major Funds:</u>	
<u>Proprietary Funds:</u>	
Sanitation	\$ 988,425
	<u>\$ 988,425</u>
<u>Fiduciary Funds:</u>	
Successor Agency Private Purpose Trust	<u>\$ 5,916,563</u>

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, 2017

9. 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, 2017:

	Due from Other Funds	Due to Other Funds
	<u> </u>	<u> </u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ -	\$ 2,478,938
Total Major Funds	<u>-</u>	<u>2,478,938</u>
Nonmajor Special Revenue Funds:		
Police Grants	-	334,550
Local Transportation	-	417,410
Community Development Block Grants	-	12,441
Total Non-major Special Revenue Funds	<u>-</u>	<u>764,401</u>
Total Governmental Funds	<u>-</u>	<u>3,243,339</u>
<u>Proprietary Funds</u>		
Water	-	260,533
Sewer	6,252,369	-
Sanitation	-	2,748,497
Total Proprietary Funds	<u>6,252,369</u>	<u>3,009,030</u>
Total	<u>\$ 6,252,369</u>	<u>\$ 6,252,369</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

9. 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, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 1,251,331	\$ -
Measure H Special Revenue	-	1,100,000
Total Major Funds	<u>1,251,331</u>	<u>1,100,000</u>
Non-major Funds:		
Special Revenue Funds:		
CDBG Program Income	-	2,491
Total Non-major Special Revenue Funds	<u>-</u>	<u>2,491</u>
Capital Projects Funds:		
General	3,535	-
Total Non-major Capital Projects Funds	<u>3,535</u>	<u>-</u>
Total Non-major Funds	<u>3,535</u>	<u>2,491</u>
Total Governmental Funds	<u>1,254,866</u>	<u>1,102,491</u>
<u>Proprietary Funds</u>		
Water	-	152,375
Total Proprietary Funds	<u>-</u>	<u>152,375</u>
Total Transfers	<u>\$ 1,254,866</u>	<u>\$ 1,254,866</u>

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

10. 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, 2017

10. 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, 2016, the most recent available:

	Balance as of
	30-Jun-16
Total assets	\$ 80,694,798
Total liabilities	65,440,947
Member's Equity	<u>\$ 15,253,851</u>
	Fiscal Year Ended
	30-Jun-16
Total revenues	\$ 32,108,146
Total expenses	32,739,704
Excess of expenses (losses) over income	<u>\$ (631,558)</u>

11. 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.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	8% Main, 9.067% PERPA
Required employer contribution rates	16.25%	9.067% Main, 6.237% PERPA

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, 2017, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	\$ 1,116,119	\$ 1,619,553

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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

As of June 30, 2017, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 11,584,691
Safety	13,785,708
Total Net Pension Liability	<u>\$ 25,370,399</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, 2016, 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, 2015 rolled forward to June 30, 2016 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, 2015 and 2016 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2015	0.37112%	0.29793%
Proportion - June 30, 2016	<u>0.33348%</u>	<u>0.26617%</u>
Change - Increase (Decrease)	-0.03764%	-0.03176%

For the year ended June 30, 2017, the City recognized pension expense of \$1,702,303. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,735,672	\$ -
Differences between actual and expected experience	-	93,769
Changes in assumptions	-	900,003
Net differences between projected and actual earnings on plan investments	4,527,393	-
Differences between employers actual and allocated contributions	703,478	-
Change in Employer's Proportion	-	423,452
Total	<u>7,966,543</u>	<u>1,417,224</u>

\$2,735,672 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, 2017. 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, 2017

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Year Ended 30-Jun	
2018	188,649
2019	304,936
2020	2,143,934
2021	1,176,128
2022	-
Thereafter	-

Actuarial Assumptions -The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	30-Jun-15
Measurement	30-Jun-16
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)

(1) Depending on age, service, and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate -The discount rate used to measure the total pension liability was 7.65% 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 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 7.5 percent (net of administrative expense) to 7.65 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, 2017

11. 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%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
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, 2017

11. 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 I-percentage point lower or I-percentage point higher than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Net Pension Liability as of			
June 30, 2016			
Miscellaneous	\$ 16,036,071	\$ 11,584,691	\$ 7,905,846
Safety	18,978,496	13,785,708	9,522,962
Total	<u>\$ 35,014,567</u>	<u>\$ 25,370,399</u>	<u>\$ 17,428,808</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.

12. OTHER POSTEMPLOYMENT BENEFITS

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 requires employer governments to account for and report the annual cost of other postemployment benefits and related liabilities in the same manner as they do for pensions. As a Phase 2 government, the City implemented the provisions of this statement in the June 30, 2009 fiscal year.

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 2017, the City contributed \$627,949 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.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the projected unit credit (PUC) cost method. Under the projected unit credit cost method, the actuarial present value of each employee's future retiree health benefit claims costs is allocated over a portion of the employee's employment, the "attribution period". The attribution period for this group begins with the employee's date of employment and ends with the date on which the employee is expected to retire. Accrued Liability for active employees is the portion of benefit liability attributed to service years to date. Normal Cost is the amount of benefit liability attributed to the current employment year. Normal Cost for retired employees is zero. Initial Actuarial Accrued Liability as of the date GASB Statement No. 45 is adopted is amortized as a component of the Annual Required Contribution (ARC). The amortization method is level dollar amortized over a 30-year period. Gains and losses arise from experience and contribution deficiencies and excess contributions in relation to each year's ARC under GASB Statement No. 45. The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree:

Annual required contribution	\$ 1,454,817
Interest on net OPEB obligation	308,108
Adjustment to annual required contribution	(228,228)
Annual OPEB cost (expense)	\$ 1,534,697
Contributions made	(627,949)
Benefit payments made outside of trust	-
Increase in net OPEB obligation	\$ 906,748
Net OPEB obligation - beginning of year	6,846,852
Net OPEB obligation - end of year	\$ 7,753,600

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 1,392,634	43.7%	\$ 5,962,319
6/30/2016	1,461,729	39.5%	6,846,851
6/30/2017	1,534,697	37.6%	7,753,600

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

Funded Status and Funding Progress. As of June 30, 2015, the actuarial accrued liability for benefits was \$12,559,788, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,615,224, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 223.67%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial assumptions come in part from the professional judgment of the Actuary, working within the scope of GASB 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

The following simplifying assumptions were made:

Retirement age for active employees—Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55 for safety and all others at age 62.

Marital status—Percent married of members at the calculation date was based on actual count for active and continue throughout retirement and actual count is used for retirees.

Mortality—Life expectancies were based on the RP-2000 projected to 2004 Table.

Turnover—Non-group-specific age-based turnover data from GASB Statement No. 45 was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate—A rate of 9.0% for 2015; 8.0% for 2016; 7.0% for 2017; and reduced to an ultimate rate of 5.0% after 2021.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

Health insurance premiums—2015 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll growth rate—Expected long-term payroll growth rate was assumed to equal to 3.25%. Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4.0% was used. The remaining amortization period at June 30, 2017 was twenty-seven years.

13. 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.

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.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

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

Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
Trust Activities:					
1998 Tax Allocation Refunding Bonds -					
Series A	\$ 965,000	\$ -	\$ (140,000)	\$ 825,000	\$ 145,000
2007 Taxable Housing Tax Allocation Refunding Bonds -					
Series A	5,580,000	-	(395,000)	5,185,000	410,000
Series B	1,530,000	-	(115,000)	1,415,000	125,000
Bond discount	(69,686)	-	7,741	(61,945)	(7,741)
Total trust fund debt	\$ 8,005,314	\$ -	\$ (642,259)	\$ 7,363,055	\$ 672,259

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%. At June 30, 2017, the total principal outstanding is \$825,000.

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 At June 30, 2017, the total principal outstanding is \$5,185,000 and the unamortized discounts total \$52,244, resulting in a net outstanding balance of \$5,132,756.

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 At June 30, 2017, the total principal outstanding is \$1,415,000 and the unamortized discounts total \$17,442, resulting in a net balance of \$1,397,558.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

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

Future debt service for Fiduciary Activities at June 30, 2017, is as follows:

		Fiduciary Activities					
Year Ending 30, June	1998 Tax Allocation Refunding Bonds - Series A		2007 Taxable Housing Tax Allocation Refunding Bonds - Series A		2007 Taxable Housing Tax Allocation Refunding Bonds - Series B		
	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 145,000	\$ 45,230	\$ 410,000	\$ 221,496	\$ 125,000	\$ 85,607	
2019	155,000	37,400	425,000	204,584	130,000	78,045	
2020	165,000	28,875	445,000	186,946	140,000	70,180	
2021	175,000	19,800	460,000	168,256	145,000	61,710	
2022	185,000	10,175	480,000	148,706	155,000	52,938	
2023-2026	-	-	2,965,000	329,234	720,000	111,926	
Total	825,000	141,480	5,185,000	1,259,222	1,415,000	460,406	
Less: Discount	-	-	(46,440)	-	(15,505)	-	
	<u>\$ 825,000</u>	<u>\$ 141,480</u>	<u>\$ 5,138,560</u>	<u>\$ 1,259,222</u>	<u>\$ 1,399,495</u>	<u>\$ 460,406</u>	
Due within one year	\$ 145,000	\$ 45,230	\$ 404,196	\$ 221,496	\$ 123,063	\$ 85,607	
Due after one year	680,000	96,250	4,775,000	1,037,726	1,290,000	374,799	
Less: Discount	-	-	(40,636)	-	(13,568)	-	
Total	<u>\$ 825,000</u>	<u>\$ 141,480</u>	<u>\$ 5,138,560</u>	<u>\$ 1,259,222</u>	<u>\$ 1,399,495</u>	<u>\$ 460,406</u>	
Year Ending June 30,	Total						
	Principal	Interest					
2018	\$ 680,000	\$ 352,333					
2019	710,000	320,029					
2020	750,000	286,001					
2021	780,000	249,766					
2022	820,000	211,819					
2023-2026	3,685,000	441,160					
Total	7,425,000	1,861,108					
Less: Discount	(61,945)	-					
	<u>\$ 7,363,055</u>	<u>\$ 1,861,108</u>					
Due within one year	\$ 672,259	\$ 344,592					
Due after one year	6,745,000	1,516,516					
Less: Discount	(54,204)	-					
Total	<u>\$ 7,363,055</u>	<u>\$ 1,861,108</u>					

14. 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.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

14. COMMITMENTS AND CONTINGENCIES, Continued

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.

15. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 74, *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. 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 Statements No. 43, *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2017. The City will implement this Statement in fiscal year ending June 30, 2018.

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, 2018. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

15. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 77, "*Tax Abatement Disclosures*". This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

The GASB has issued Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*." The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2016.

The GASB has issued Statement No. 80, "*Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*." The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017.

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. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2017.

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, 2017, 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.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

16. 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 2017-17 fiscal year.

Sanitation Fund

Sanitation service in the City of Atwater is provided through a service contract with an outside vendor. That ten-year agreement was executed in 2003 and rates have not been adjusted since that time. This has resulted in a fund deficit in the Sanitation Fund. To address this issue, the City Council formed a Sanitation Fund Committee to review options for addressing this issue. A five-year plan for annual rate increases with the first rate increase in the 2012-13 fiscal year was approved by the City Council.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 799,855
Contributions in relation to the actuarially determined contributions	<u>799,855</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 2,442,521
Contribution as a percentage of covered-employee payroll	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 2016 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>2016</u>
Contractually required contribution (actuarially determined)	\$ 845,462
Contributions in relation to the actuarially determined contributions	<u>845,462</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 2,202,581
Contribution as a percentage of covered-employee payroll	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 2016 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*

	2016
Plan's Proportion of the Net Pension Liability/(Asset)	0.03335%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 11,584,691
Plan's Covered-Employee Payroll	<u>\$ 2,442,521</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	21.08%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.87%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 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 2016 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*

	2016
Plan's Proportion of the Net Pension Liability/(Asset)	0.02662%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 13,785,708
Plan's Covered-Employee Payroll	\$ 2,202,581
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	15.98%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	72.69%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 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 2016 was available. Additional years will be presented as they become 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, 2017

	Governmental Funds			
	Special Revenue Funds	Capital Projects Funds		Non-Major Funds Totals
		General	Performance Bond	
ASSETS				
Cash and investments	\$ 7,262,051	\$ (316,451)	\$ 210,726	\$ 7,156,326
Receivables:				
Taxes and assessments	25,393	-	-	25,393
Interest	7,762	-	216	7,978
Intergovernmental	513,304	-	-	513,304
Other receivable	-	309,880	-	309,880
Advance to Successor Agency	259,265	-	-	259,265
Investment in land held for resale	3,855,930	-	-	3,855,930
Total assets	\$ 11,923,705	\$ (6,571)	\$ 210,942	\$ 12,128,076
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 139,755	\$ 29,752	\$ -	\$ 169,507
Due to other funds	764,401	-	-	764,401
Deposits Payable	-	-	111,666	111,666
Total liabilities:	904,156	29,752	111,666	1,045,574
Deferred inflows of resources:				
Unavailable revenue	321	290,927	-	291,248
Total deferred inflows of resources	321	290,927	-	291,248
Total liabilities and deferred inflows	904,477	320,679	111,666	1,336,822
Fund Balances:				
Nonspendable	3,855,930	-	-	3,855,930
Restricted	4,654,997	-	-	4,654,997
Assigned	2,879,638	-	99,276	2,978,914
Unassigned (deficit)	(371,337)	(327,250)	-	(698,587)
Total fund balances	11,019,228	(327,250)	99,276	10,791,254
Total liabilities, deferred inflows and fund balances	\$ 11,923,705	\$ (6,571)	\$ 210,942	\$ 12,128,076

City of Atwater, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2017

	Governmental Funds			
	Special Revenue Funds	Capital Projects Funds		Non-Major Funds Totals
		General	Performance Bond	
REVENUES:				
Taxes and assessments	\$ 965,164	\$ -	\$ -	\$ 965,164
Intergovernmental	1,557,241	77,361	-	1,634,602
Use of money and property	26,136	-	648	26,784
Reimbursements	3,655	-	-	3,655
Other revenues	-	-	-	-
Total revenues	2,552,196	77,361	648	2,630,205
EXPENDITURES:				
Current:				
General government	42,108	-	0	42,108
Public safety	245,102	0	-	245,102
Highways and Streets	896,722	-	-	896,722
Urban redevelopment and housing	559,404	-	-	559,404
Capital outlay	426,570	411,323	-	837,893
Total expenditures	2,169,906	411,323	-	2,581,229
REVENUES OVER (UNDER) EXPENDITURES	382,290	(333,962)	648	48,976
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,535	-	3,535
Transfers out	(2,491)	-	-	(2,491)
Total other financing sources (uses)	(2,491)	3,535	-	1,044
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	379,799	(330,427)	648	50,020
FUND BALANCES:				
Beginning of year	10,639,429	3,177	98,628	10,741,234
End of year	\$ 11,019,228	\$ (327,250)	\$ 99,276	\$ 10,791,254

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.
Bloss Estate	Accounts for funding for the maintenance and restoration of the Bloss House.
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, 2017

	Police Grants	Gas Tax	Local Transportation	Facility Impact Fee
ASSETS				
Cash and investments	\$ 349,528	\$ 1,033,713	\$ 255,741	\$ 2,876,301
Receivables:				
Taxes and assessments				
Interest	373	1,104	211	2,926
Intergovernmental	76,065	315,254	-	121,985
Other receivable	-	-	-	-
Due from other funds	-	-	-	-
Advance to Successor Agency	-	-	-	-
Investment in land held for resale	-	-	-	-
Total assets	\$ 425,966	\$ 1,350,071	\$ 255,952	\$ 3,001,212
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 8,353	\$ 56,034	\$ -	\$ 42,000
Due to other funds	334,550	-	417,410	-
Total liabilities:	342,903	56,034	417,410	42,000
Deferred inflows of resources:				
Unavailable revenue	350	-	-	-
Total deferred inflows of resources	350	-	-	-
Total liabilities and deferred inflows	343,253	56,034	417,410	42,000
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	1,294,037	-	2,959,212
Assigned	-	-	-	-
Unassigned (deficit)	82,713	-	(161,458)	-
Total fund balances	82,713	1,294,037	(161,458)	2,959,212
Total liabilities deferred inflows and fund balances	\$ 425,966	\$ 1,350,071	\$ 255,952	\$ 3,001,212

Community Development Block Grants	CDBG Program Income	HOME Investment Partnership Program	Housing Authority	Bloss Estate	Narcotics Program	Neighborhood Stabilization
\$ -	\$ 29,272	\$ 189,363	\$ -	\$ -	\$ 5,280	\$ 211,973
-	33	195	-	-	5	217
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	259,265	-	-	-
-	-	-	3,855,930	-	-	-
<u>\$ -</u>	<u>\$ 29,305</u>	<u>\$ 189,558</u>	<u>\$ 4,115,195</u>	<u>\$ -</u>	<u>\$ 5,285</u>	<u>\$ 212,190</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12,441	-	-	-	-	-	-
<u>12,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(29)	-	-	-	-	-
-	(29)	-	-	-	-	-
<u>12,441</u>	<u>(29)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	3,855,930	-	-	-
-	-	189,558	-	-	-	212,190
-	29,334	-	259,265	-	5,285	-
(12,441)	-	-	-	-	-	-
<u>(12,441)</u>	<u>29,334</u>	<u>189,558</u>	<u>4,115,195</u>	<u>-</u>	<u>5,285</u>	<u>212,190</u>
<u>\$ -</u>	<u>\$ 29,305</u>	<u>\$ 189,558</u>	<u>\$ 4,115,195</u>	<u>\$ -</u>	<u>\$ 5,285</u>	<u>\$ 212,190</u>

(continued)

City of Atwater, California
Combining Balance Sheet
Nonmajor Special Revenue Funds, continued
June 30, 2017

	Applegate Interchange	Maintenance District Funds	Totals
ASSETS			
Cash and investments	\$ 719,876	\$ 1,591,004	\$ 7,262,051
Receivables:			
Taxes and assessments	-	25,393	25,393
Interest	738	1,960	7,762
Intergovernmental	-	-	513,304
Other receivable	-	-	-
Due from other funds	-	-	-
Advance to Successor Agency	-	-	259,265
Investment in land held for resale	-	-	3,855,930
Total assets	<u>\$ 720,614</u>	<u>\$ 1,618,357</u>	<u>\$ 11,923,705</u>
AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 33,368	\$ 139,755
Due to other funds	-	-	764,401
Total liabilities:	<u>-</u>	<u>33,368</u>	<u>904,156</u>
Deferred inflows of resources:			
Unavailable revenue	-	-	321
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>321</u>
Total liabilities and deferred inflows	<u>-</u>	<u>33,368</u>	<u>904,477</u>
Fund Balances:			
Nonspendable	-	-	3,855,930
Restricted	-	-	4,654,997
Assigned	720,614	1,865,140	2,879,638
Unassigned (deficit)	-	(280,151)	(371,337)
Total fund balances	<u>720,614</u>	<u>1,584,989</u>	<u>11,019,228</u>
Total liabilities deferred inflows and fund balances	<u>\$ 720,614</u>	<u>\$ 1,618,357</u>	<u>\$ 11,923,705</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, 2017

	Police Grants	Gas Tax	Local Transportation	Facility Impact Fee
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 396,303
Fines and forfeitures	-	-	-	-
Intergovernmental	470,254	861,595	229,145	(3,753)
Use of money and property	972	3,558	588	8,762
Reimbursements	-	-	-	3,655
Other revenues	-	-	-	-
Total revenues	<u>471,226</u>	<u>865,153</u>	<u>229,733</u>	<u>404,967</u>
EXPENDITURES:				
Current:				
General government	-	-	-	42,108
Public safety	245,102	-	-	-
Highways and Streets	-	896,722	-	-
Urban redevelopment and housing	-	-	-	-
Capital outlay	-	418,013	-	8,557
Total expenditures	<u>245,102</u>	<u>1,314,735</u>	<u>-</u>	<u>50,665</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>226,124</u>	<u>(449,582)</u>	<u>229,733</u>	<u>354,302</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>226,124</u>	<u>(449,582)</u>	<u>229,733</u>	<u>354,302</u>
FUND BALANCES (DEFICITS):				
Beginning of year	(143,411)	1,743,619	(391,191)	2,604,910
End of year	<u>\$ 82,713</u>	<u>\$ 1,294,037</u>	<u>\$ (161,458)</u>	<u>\$ 2,959,212</u>

Community Development Block Grants	CDBG Program Income	HOME Investment Partnership Program	Housing Authority	Bloss Estate	Narcotics Program	Neighborhood Stabilization
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,517	983	-	-	16	651
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,517	983	-	-	16	651
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,517	983	-	-	16	651
-	-	-	-	0	-	-
-	(2,491)	-	-	-	-	-
-	(2,491)	-	-	-	-	-
-	26	983	-	-	16	651
(12,441)	29,308	188,575	4,115,195	-	5,269	211,539
<u>\$ (12,441)</u>	<u>\$ 29,334</u>	<u>\$ 189,558</u>	<u>\$ 4,115,195</u>	<u>\$ -</u>	<u>\$ 5,285</u>	<u>\$ 212,190</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, 2017

	Applegate Interchange	Maintenance District Funds	Totals
REVENUES:			
Taxes and assessments	\$ (5,534)	\$ 574,395	\$ 965,164
Fines and forfeitures	-	-	-
Intergovernmental	-	-	1,557,241
Use of money and property	2,215	5,874	26,136
Reimbursements	-	-	3,655
Other revenues	-	-	-
Total revenues	<u>(3,319)</u>	<u>580,269</u>	<u>2,552,196</u>
EXPENDITURES:			
Current:			
General government	-	-	42,108
Public safety	-	-	245,102
Highways and Streets	-	-	896,722
Urban redevelopment and housing	-	559,404	559,404
Capital outlay	-	-	426,570
Total expenditures	<u>-</u>	<u>559,404</u>	<u>2,169,906</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,319)</u>	<u>20,865</u>	<u>382,290</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	(2,491)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(2,491)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(3,319)</u>	<u>20,865</u>	<u>379,799</u>
FUND BALANCES (DEFICITS):			
Beginning of year	<u>723,933</u>	<u>1,564,124</u>	<u>10,639,429</u>
End of year	<u>\$ 720,614</u>	<u>\$ 1,584,989</u>	<u>\$ 11,019,228</u>

(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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 217,216	\$ 215,221	\$ 470,254	\$ 255,033
Use of money and property	-	-	972	972
Total revenues	217,216	215,221	471,226	256,005
EXPENDITURES:				
Current:				
Public safety	266,685	246,878	245,102	1,776
Capital outlay	-	-	0	-
Total expenditures	266,685	246,878	245,102	1,776
REVENUES OVER (UNDER) EXPENDITURES	(49,469)	(31,657)	226,124	257,781
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)	-	226,124	226,124
FUND BALANCES (DEFICITS):				
Beginning of year	(143,411)	(143,411)	(143,411)	-
End of year	\$ (161,223)	\$ (143,411)	\$ 82,713	\$ 226,124

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 913,719	\$ 913,719	\$ 861,595	\$ (52,124)
Use of money and property	-	-	3,558	3,558
Other revenues	0	0	0	-
Total revenues	913,719	913,719	865,153	(48,566)
EXPENDITURES:				
Current:				
Highways and Streets	1,009,139	1,009,139	896,722	112,417
Capital outlay	533,504	533,504	418,013	115,491
Total expenditures	1,542,643	1,542,643	1,314,735	227,908
REVENUES OVER (UNDER) EXPENDITURES	(628,924)	(628,924)	(449,582)	179,342
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	0	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(628,924)	(628,924)	(449,582)	179,342
FUND BALANCES:				
Beginning of year	1,743,619	1,743,619	1,743,619	-
End of year	\$ 1,114,695	\$ 1,114,695	\$ 1,294,037	\$ 179,342

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 229,145	\$ 229,145
Use of money and property	-	-	588	588
Other revenues	-	-	-	-
Total revenues	-	-	229,733	229,733
EXPENDITURES:				
Current:				
Highways and Streets	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	229,733	229,733
Net change in fund balances	-	-	229,733	229,733
FUND BALANCES (DEFICITS):				
Beginning of year	(391,191)	(391,191)	(391,191)	-
End of year	<u>\$ (391,191)</u>	<u>\$ (391,191)</u>	<u>\$ (161,458)</u>	<u>\$ 229,733</u>

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 22,000	\$ 123,000	\$ 396,303	\$ 273,303
Intergovernmental	10,500	10,500	(3,753)	(14,253)
Use of money and property	4,250	600	8,762	8,162
Reimbursements	-	1,200	3,655	2,455
Total revenues	36,750	135,300	404,967	269,667
EXPENDITURES:				
Current:				
General government	-	-	42,108	(42,108)
Capital outlay	343,000	37,541	8,557	28,984
Total expenditures	343,000	37,541	50,665	(13,124)
REVENUES OVER (UNDER) EXPENDITURES	(306,250)	97,759	354,302	256,543
Net change in fund balances	(306,250)	97,759	354,302	256,543
FUND BALANCES:				
Beginning of year	2,604,910	2,604,910	2,604,910	-
End of year	\$ 2,298,660	\$ 2,702,669	\$ 2,959,212	\$ 256,543

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
Net change in fund balances	-	-	-	-
FUND BALANCES (DEFICITS):				
Beginning of year	(12,441)	(12,441)	(12,441)	-
End of year	\$ (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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 2,517	\$ 2,517
Total revenues	-	-	2,517	2,517
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES				
	-	-	2,517	2,517
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(2,491)	(2,491)
Total other financing sources (uses)	-	-	(2,491)	(2,491)
Net change in fund balances	-	-	26	26
FUND BALANCES (DEFICITS):				
Beginning of year	29,308	29,308	29,308	-
End of year	\$ 29,308	\$ 29,308	\$ 29,334	\$ 26

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 983	\$ 983
Total revenues	-	-	983	983
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES				
	-	-	983	983
OTHER FINANCING SOURCES (USES):				
Transfers in			0	
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	983	983
FUND BALANCES:				
Beginning of year	188,575	188,575	188,575	-
End of year	\$ 188,575	\$ 188,575	\$ 189,558	\$ 983

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, 2017

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

City of Atwater, California

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

Bloss Estate Special Revenue Fund

For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
General government	0	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	0	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
FUND BALANCES (DEFICITS):				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	16	16
Total revenues	-	-	16	16
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	16	16
Net change in fund balances	-	-	16	16
FUND BALANCES:				
Beginning of year	5,269	5,269	5,269	-
End of year	\$ 5,269	\$ 5,269	\$ 5,285	\$ 16

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	100	100	651	551
Total revenues	100	100	651	551
EXPENDITURES:				
Current:				
Urban redevelopment and housing	0	0	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	100	100	651	551
Net change in fund balances	100	100	651	551
FUND BALANCES:				
Beginning of year	211,539	211,539	211,539	-
End of year	\$ 211,639	\$ 211,639	\$ 212,190	\$ 551

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ (5,534)	\$ (5,534)
Use of money and property	-	-	2,215	2,215
Total revenues	-	-	(3,319)	(3,319)
EXPENDITURES:				
Current:				
Highways and Streets	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(3,319)	(3,319)
Net change in fund balances	-	-	(3,319)	(3,319)
FUND BALANCES:				
Beginning of year	723,933	723,933	723,933	-
End of year	\$ 723,933	\$ 723,933	\$ 720,614	\$ (3,319)

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City of Atwater, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2017

	Northwood Village	Orchard Parks Estates	Wildwood Estates	Woodview Garland
ASSETS				
Cash and investments	\$ (41,175)	\$ 108,275	\$ (11,094)	\$ (8,531)
Receivables:				
Taxes and assessments	153	-	102	15
Interest	-	111	-	-
Total assets	<u>\$ (41,022)</u>	<u>\$ 108,386</u>	<u>\$ (10,992)</u>	<u>\$ (8,516)</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,456	\$ 1,052	\$ 204	\$ 86
Due to other funds	-	-	-	-
Total liabilities	<u>1,456</u>	<u>1,052</u>	<u>204</u>	<u>86</u>
Fund Balances (Deficits):				
Assigned	-	107,334	-	-
Unassigned (deficit)	(42,478)	-	(11,196)	(8,602)
Total fund balances	<u>(42,478)</u>	<u>107,334</u>	<u>(11,196)</u>	<u>(8,602)</u>
Total liabilities and fund balances	<u>\$ (41,022)</u>	<u>\$ 108,386</u>	<u>\$ (10,992)</u>	<u>\$ (8,516)</u>

Shaffer Lakes West	Woodhaven	Sierra Parks	Shaffer Lakes East	Price Annexation	Sandlewood Square	Sub- Totals
\$ 22,891	\$ 20,668	\$ (32,216)	\$ 98,893	\$ (37,033)	\$ 7,796	\$ 128,474
158	-	549	0	1,393	261	2,631
23	21	-	102	1	14	272
<u>\$ 23,072</u>	<u>\$ 20,689</u>	<u>\$ (31,667)</u>	<u>\$ 98,995</u>	<u>\$ (35,639)</u>	<u>\$ 8,071</u>	<u>\$ 131,377</u>
\$ 534	\$ 99	291	\$ 1,069	\$ 7,667	\$ 164	\$ 12,622
-	-	-	-	-	-	-
<u>534</u>	<u>99</u>	<u>291</u>	<u>1,069</u>	<u>7,667</u>	<u>164</u>	<u>12,622</u>
22,538	20,590	-	97,926	-	7,907	256,295
-	-	(31,958)	-	(43,306)	-	(137,540)
<u>22,538</u>	<u>20,590</u>	<u>(31,958)</u>	<u>97,926</u>	<u>(43,306)</u>	<u>7,907</u>	<u>118,755</u>
<u>\$ 23,072</u>	<u>\$ 20,689</u>	<u>\$ (31,667)</u>	<u>\$ 98,995</u>	<u>\$ (35,639)</u>	<u>\$ 8,071</u>	<u>\$ 131,377</u>

(continued)

City of Atwater, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2017

	Pajaro Dunes	Redwood Estates	Cottage Gardens	Airport Business Park
ASSETS				
Cash and investments	\$ 40,000	\$ 75,362	\$ 33,423	\$ (3,688)
Receivables:				
Taxes and assessments	61	0	-	1,237
Interest	49	77	40	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 40,110</u>	<u>\$ 75,439</u>	<u>\$ 33,463</u>	<u>\$ (2,451)</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 147	\$ 79	\$ 136	\$ 335
Due to other funds	-	-	-	0
Total liabilities	<u>147</u>	<u>79</u>	<u>136</u>	<u>335</u>
Fund Balances:				
Assigned	39,963	75,360	33,327	-
Unassigned (deficit)	-	-	-	(2,786)
Total fund balances	<u>39,963</u>	<u>75,360</u>	<u>33,327</u>	<u>(2,786)</u>
Total liabilities and fund balances	<u>\$ 40,110</u>	<u>\$ 75,439</u>	<u>\$ 33,463</u>	<u>\$ (2,451)</u>

Silva Ranch	Mello Ranch	Camelia Estates	Juniper Meadows	Camelia Meadows	Sub- Totals
\$ 130,733	\$ 145,938	\$ 26,661	\$ 3,009	\$ 53,243	\$ 504,681
-	0	-	-	0	1,298
135	151	27	13	55	547
0	0	-	-	-	-
<u>\$ 130,868</u>	<u>\$ 146,089</u>	<u>\$ 26,688</u>	<u>\$ 3,022</u>	<u>\$ 53,298</u>	<u>\$ 506,526</u>
\$ 43	\$ 952	\$ 51	\$ 88	\$ 51	\$ 1,882
-	-	-	-	-	-
<u>43</u>	<u>952</u>	<u>51</u>	<u>88</u>	<u>51</u>	<u>1,882</u>
130,825	145,137	26,637	2,934	53,247	507,430
-	-	-	-	-	(2,786)
<u>130,825</u>	<u>145,137</u>	<u>26,637</u>	<u>2,934</u>	<u>53,247</u>	<u>504,644</u>
<u>\$ 130,868</u>	<u>\$ 146,089</u>	<u>\$ 26,688</u>	<u>\$ 3,022</u>	<u>\$ 53,298</u>	<u>\$ 506,526</u>

(continued)

City of Atwater, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2017

	Stone Creek	America West	Bell Crossing	Atwater South
ASSETS				
Cash and investments	\$ 216,772	\$ 71,158	\$ 32,132	\$ 216,789
Receivables:				
Taxes and assessments	0	0	0	0
Interest	224	73	34	224
Due from other funds	-	-	-	0
Total assets	<u>\$ 216,996</u>	<u>\$ 71,231</u>	<u>\$ 32,166</u>	<u>\$ 217,013</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 460	\$ 191	\$ 429	\$ 1,335
Due to other funds	-	-	-	-
Total liabilities	<u>460</u>	<u>191</u>	<u>429</u>	<u>1,335</u>
Fund Balances:				
Assigned	216,536	71,040	31,737	215,678
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>216,536</u>	<u>71,040</u>	<u>31,737</u>	<u>215,678</u>
Total liabilities and fund balances	<u>\$ 216,996</u>	<u>\$ 71,231</u>	<u>\$ 32,166</u>	<u>\$ 217,013</u>

Beluga Court	Mello Ranch 2	Meadow View	Aspenwood	Applegate Ranch	Reserve	Sub-Totals
\$ 5,510	\$ 247,906	\$ 156,343	\$ 100,652	\$ 33,124	\$ 16,498	\$ 1,096,884
13	75	4,741	5,096	1,219	2	11,146
5	255	161	103	34	15	1,128
-	0	-	-	-	-	-
<u>\$ 5,528</u>	<u>\$ 248,236</u>	<u>\$ 161,245</u>	<u>\$ 105,851</u>	<u>\$ 34,377</u>	<u>\$ 16,515</u>	<u>\$ 1,109,158</u>
\$ -	\$ 701	\$ 405	\$ 272	\$ 417	\$ 3,533	\$ 7,743
-	-	-	-	-	-	-
-	701	405	272	417	3,533	7,743
5,528	247,535	160,840	105,579	33,960	12,982	1,101,415
-	-	-	-	-	-	-
<u>5,528</u>	<u>247,535</u>	<u>160,840</u>	<u>105,579</u>	<u>33,960</u>	<u>12,982</u>	<u>1,101,415</u>
<u>\$ 5,528</u>	<u>\$ 248,236</u>	<u>\$ 161,245</u>	<u>\$ 105,851</u>	<u>\$ 34,377</u>	<u>\$ 16,515</u>	<u>\$ 1,109,158</u>

(continued)

City of Atwater, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2017

	<u>CFD Districts</u>	<u>Sub- Totals</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ (139,035)	\$ (139,035)	\$ 1,591,004
Receivables:			
Taxes and assessments	10,318	10,318	25,393
Interest	13	13	1,960
Due from other funds	-	-	-
Total assets	<u>\$ (128,704)</u>	<u>\$ (128,704)</u>	<u>\$ 1,618,357</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 11,121	\$ 11,121	\$ 33,368
Due to other funds	-	-	-
Total liabilities	<u>11,121</u>	<u>11,121</u>	<u>33,368</u>
Fund Balances:			
Assigned	-	-	1,865,140
Unassigned (deficit)	(139,825)	(139,825)	(280,151)
Total fund balances	<u>(139,825)</u>	<u>(139,825)</u>	<u>1,584,989</u>
Total liabilities and fund balances	<u>\$ (128,704)</u>	<u>\$ (128,704)</u>	<u>\$ 1,618,357</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, 2017

	Northwood Village	Orchard Parks Estates	Wildwood Estates	Woodview Garland
REVENUES:				
Taxes and assessments	\$ 4,535	\$ -	\$ 3,359	\$ 391
Use of money and property	-	333	-	-
Total revenues	<u>4,535</u>	<u>333</u>	<u>3,359</u>	<u>391</u>
EXPENDITURES:				
Current:				
Urban redevelopment and housing	9,139	5,892	2,257	825
Total expenditures	<u>9,139</u>	<u>5,892</u>	<u>2,257</u>	<u>825</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,604)</u>	<u>(5,559)</u>	<u>1,102</u>	<u>(434)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(4,604)</u>	<u>(5,559)</u>	<u>1,102</u>	<u>(434)</u>
FUND BALANCES (DEFICITS):				
Beginning of year	(37,874)	112,893	(12,298)	(8,168)
End of year	<u>\$ (42,478)</u>	<u>\$ 107,334</u>	<u>\$ (11,196)</u>	<u>\$ (8,602)</u>

Shaffer Lakes West	Woodhaven	Sierra Parks	Shaffer Lakes East	Price Annexation	Sandlewood Square	Sub- Totals
\$ 2,285	\$ -	\$ 2,342	\$ (1)	\$ 53,631	\$ 6,642	\$ 73,184
68	64	-	308	2	44	819
<u>2,353</u>	<u>64</u>	<u>2,342</u>	<u>307</u>	<u>53,633</u>	<u>6,686</u>	<u>74,003</u>
<u>2,577</u>	<u>1,148</u>	<u>3,129</u>	<u>10,173</u>	<u>63,346</u>	<u>4,798</u>	<u>103,284</u>
<u>2,577</u>	<u>1,148</u>	<u>3,129</u>	<u>10,173</u>	<u>63,346</u>	<u>4,798</u>	<u>103,284</u>
<u>(224)</u>	<u>(1,084)</u>	<u>(787)</u>	<u>(9,866)</u>	<u>(9,713)</u>	<u>1,888</u>	<u>(29,281)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(224)</u>	<u>(1,084)</u>	<u>(787)</u>	<u>(9,866)</u>	<u>(9,713)</u>	<u>1,888</u>	<u>(29,281)</u>
<u>22,762</u>	<u>21,674</u>	<u>(31,171)</u>	<u>107,792</u>	<u>(33,593)</u>	<u>6,019</u>	<u>148,036</u>
<u>\$ 22,538</u>	<u>\$ 20,590</u>	<u>\$ (31,958)</u>	<u>\$ 97,926</u>	<u>\$ (43,306)</u>	<u>\$ 7,907</u>	<u>\$ 118,755</u>

(continued)

City of Atwater, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Maintenance District Special Revenue Funds

For the year ended June 30, 2017

	Pajaro Dunes	Redwood Estates	Cottage Gardens	Airport Business Park
REVENUES:				
Taxes and assessments	\$ 3,440	\$ -	\$ 403	\$ 6,204
Use of money and property	148	234	121	-
Total revenues	3,588	234	524	6,204
EXPENDITURES:				
Current:				
Urban redevelopment and housing	3,423	3,693	2,000	5,229
Total expenditures	3,423	3,693	2,000	5,229
REVENUES OVER (UNDER) EXPENDITURES	165	(3,459)	(1,476)	975
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	165	(3,459)	(1,476)	975
FUND BALANCES (DEFICITS):				
Beginning of year	39,798	78,819	34,803	(3,761)
End of year	\$ 39,963	\$ 75,360	\$ 33,327	\$ (2,786)

Silva Ranch	Mello Ranch	Camelia Estates	Juniper Meadows	Camelia Meadows	Sub- Totals
\$ -	\$ 2	\$ -	\$ 247	\$ -	\$ 10,296
405	453	81	36	166	1,644
405	455	81	283	166	11,940
7,839	16,194	1,094	809	2,915	43,196
7,839	16,194	1,094	809	2,915	43,196
(7,434)	(15,739)	(1,013)	(526)	(2,749)	(31,256)
-	-	-	-	-	-
-	-	-	-	-	-
(7,434)	(15,739)	(1,013)	(526)	(2,749)	(31,256)
138,259	160,876	27,650	3,460	55,996	535,900
\$ 130,825	\$ 145,137	\$ 26,637	\$ 2,934	\$ 53,247	\$ 504,644

(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, 2017

	Stone Creek	America West	Bell Crossing	Atwater South
REVENUES:				
Taxes and assessments	\$ 3	\$ 1	\$ 9,881	\$ -
Use of money and property	671	220	99	672
Total revenues	<u>674</u>	<u>221</u>	<u>9,980</u>	<u>672</u>
EXPENDITURES:				
Current:				
Urban redevelopment and housing	11,564	2,995	10,842	22,915
Total expenditures	<u>11,564</u>	<u>2,995</u>	<u>10,842</u>	<u>22,915</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,890)</u>	<u>(2,774)</u>	<u>(862)</u>	<u>(22,243)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(10,890)</u>	<u>(2,774)</u>	<u>(862)</u>	<u>(22,243)</u>
FUND BALANCES (DEFICITS):				
Beginning of year	227,426	73,814	32,599	237,921
End of year	<u>\$ 216,536</u>	<u>\$ 71,040</u>	<u>\$ 31,737</u>	<u>\$ 215,678</u>

Beluga Court	Mello Ranch 2	Meadow View	Aspenwood	Applegate Ranch	Reserve	Sub- Totals
\$ 33	\$ 6,256	\$ 5,045	\$ 8,009	\$ 6,721	\$ 2	\$ 35,951
16	760	484	308	99	43	3,372
49	7,016	5,529	8,317	6,820	45	39,323
261	16,949	11,158	6,595	7,490	151	90,920
261	16,949	11,158	6,595	7,490	151	90,920
(212)	(9,933)	(5,629)	1,722	(670)	(106)	(51,597)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(212)	(9,933)	(5,629)	1,722	(670)	(106)	(51,597)
5,740	257,468	166,469	103,857	34,630	13,088	1,153,012
\$ 5,528	\$ 247,535	\$ 160,840	\$ 105,579	\$ 33,960	\$ 12,982	\$ 1,101,415

(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, 2017

	CFD Districts	Sub-Totals	Totals
REVENUES:			
Taxes and assessments	\$ 454,964	\$ 454,964	\$ 574,395
Use of money and property	39	39	5,874
Total revenues	<u>455,003</u>	<u>455,003</u>	<u>580,269</u>
EXPENDITURES:			
Current:			
Urban redevelopment and housing	322,004	322,004	559,404
Total expenditures	<u>322,004</u>	<u>322,004</u>	<u>559,404</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>132,999</u>	<u>132,999</u>	<u>20,865</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>132,999</u>	<u>132,999</u>	<u>20,865</u>
FUND BALANCES (DEFICITS):			
Beginning of year	(272,824)	(272,824)	1,564,124
End of year	<u>\$ (139,825)</u>	<u>\$ (139,825)</u>	<u>\$ 1,584,989</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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 4,535	\$ 4,535
Total revenues	<u>-</u>	<u>-</u>	<u>4,535</u>	<u>4,535</u>
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	9,139	(9,139)
Total expenditures	<u>-</u>	<u>-</u>	<u>9,139</u>	<u>(9,139)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>-</u>	<u>-</u>	<u>(4,604)</u>	<u>(4,604)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(4,604)</u>	<u>(4,604)</u>
FUND BALANCES (DEFICITS):				
Beginning of year	<u>(37,874)</u>	<u>(37,874)</u>	<u>(37,874)</u>	<u>-</u>
End of year	<u>\$ (37,874)</u>	<u>\$ (37,874)</u>	<u>\$ (42,478)</u>	<u>\$ (4,604)</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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	333	333
Total revenues	-	-	333	333
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	5,892	(5,892)
Total expenditures	-	-	5,892	(5,892)
REVENUES OVER (UNDER) EXPENDITURES				
	-	-	(5,559)	(5,559)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(5,559)	(5,559)
FUND BALANCES:				
Beginning of year	112,893	112,893	112,893	-
End of year	\$ 112,893	\$ 112,893	\$ 107,334	\$ (5,559)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 3,359	\$ 3,359
Total revenues	-	-	3,359	3,359
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	2,257	(2,257)
Total expenditures	-	-	2,257	(2,257)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	1,102	1,102
Net change in fund balances	-	-	1,102	1,102
FUND BALANCES (DEFICITS):				
Beginning of year	(12,298)	(12,298)	(12,298)	-
End of year	\$ (12,298)	\$ (12,298)	\$ (11,196)	\$ 1,102

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 391	\$ 391
Total revenues	<u>-</u>	<u>-</u>	<u>391</u>	<u>391</u>
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	825	(825)
Total expenditures	<u>-</u>	<u>-</u>	<u>825</u>	<u>(825)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>-</u>	<u>-</u>	<u>(434)</u>	<u>(434)</u>
Net change in fund balances	-	-	(434)	(434)
FUND BALANCES (DEFICITS):				
Beginning of year	(8,168)	(8,168)	(8,168)	-
End of year	<u>\$ (8,168)</u>	<u>\$ (8,168)</u>	<u>\$ (8,602)</u>	<u>\$ (434)</u>

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 2,285	\$ 2,285
Use of money and property	-	-	68	68
Total revenues	-	-	2,353	2,353
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	2,577	(2,577)
Total expenditures	-	-	2,577	(2,577)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(224)	(224)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(224)	(224)
FUND BALANCES:				
Beginning of year	22,762	22,762	22,762	-
End of year	\$ 22,762	\$ 22,762	\$ 22,538	\$ (224)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	64	64
Total revenues	-	-	64	64
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	1,148	(1,148)
Total expenditures	-	-	1,148	(1,148)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,084)	(1,084)
OTHER FINANCING SOURCES (USES):				
Transfers out			0	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(1,084)	(1,084)
FUND BALANCES:				
Beginning of year	21,674	21,674	21,674	-
End of year	\$ 21,674	\$ 21,674	\$ 20,590	\$ (1,084)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 2,342	\$ 2,342
Total revenues	-	-	2,342	2,342
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	3,129	(3,129)
Total expenditures	-	-	3,129	(3,129)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(787)	(787)
Net change in fund balances	-	-	(787)	(787)
FUND BALANCES (DEFICITS):				
Beginning of year	(31,171)	(31,171)	(31,171)	-
End of year	\$ (31,171)	\$ (31,171)	\$ (31,958)	\$ (787)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ (1)	\$ (1)
Use of money and property	-	-	308	308
Total revenues	-	-	307	307
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	10,173	(10,173)
Total expenditures	-	-	10,173	(10,173)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(9,866)	(9,866)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	0	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(9,866)	(9,866)
FUND BALANCES:				
Beginning of year	107,792	107,792	107,792	-
End of year	\$ 107,792	\$ 107,792	\$ 97,926	\$ (9,866)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 53,631	\$ 53,631
Use of money and property	-	-	2	2
Total revenues	-	-	53,633	53,633
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	63,346	(63,346)
Total expenditures	-	-	63,346	(63,346)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(9,713)	(9,713)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	0	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(9,713)	(9,713)
FUND BALANCES (DEFICITS):				
Beginning of year	(33,593)	(33,593)	(33,593)	-
End of year	\$ (33,593)	\$ (33,593)	\$ (43,306)	\$ (9,713)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 6,642	\$ 6,642
Use of money and property	-	-	44	44
Total revenues	-	-	6,686	6,686
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	4,798	(4,798)
Total expenditures	-	-	4,798	(4,798)
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,888	1,888
OTHER FINANCING SOURCES (USES):				
Transfers out			0	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	1,888	1,888
FUND BALANCES:				
Beginning of year	6,019	6,019	6,019	-
End of year	\$ 6,019	\$ 6,019	\$ 7,907	\$ 1,888

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 3,440	\$ 3,440
Use of money and property	-	-	148	148
Total revenues	-	-	3,588	3,588
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	3,423	(3,423)
Total expenditures	-	-	3,423	(3,423)
REVENUES OVER (UNDER) EXPENDITURES	-	-	165	165
OTHER FINANCING SOURCES (USES):				
Transfers out			0	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	165	165
FUND BALANCES:				
Beginning of year	39,798	39,798	39,798	-
End of year	\$ 39,798	\$ 39,798	\$ 39,963	\$ 165

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	234	234
Total revenues	-	-	234	234
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	3,693	(3,693)
Total expenditures	-	-	3,693	(3,693)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(3,459)	(3,459)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(3,459)	(3,459)
FUND BALANCES:				
Beginning of year	78,819	78,819	78,819	-
End of year	\$ 78,819	\$ 78,819	\$ 75,360	\$ (3,459)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 403	\$ 403
Use of money and property	-	-	121	121
Total revenues	-	-	524	524
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	2,000	(2,000)
Total expenditures	-	-	2,000	(2,000)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(1,476)	(1,476)
OTHER FINANCING SOURCES (USES):				
Transfers out			-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(1,476)	(1,476)
FUND BALANCES:				
Beginning of year	34,803	34,803	34,803	-
End of year	\$ 34,803	\$ 34,803	\$ 33,327	\$ (1,476)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 6,204	\$ 6,204
Total revenues	-	-	6,204	6,204
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	5,229	(5,229)
Total expenditures	-	-	5,229	(5,229)
REVENUES OVER (UNDER) EXPENDITURES	-	-	975	975
Net change in fund balances	-	-	975	975
FUND BALANCES (DEFICITS):				
Beginning of year	(3,761)	(3,761)	(3,761)	-
End of year	\$ (3,761)	\$ (3,761)	\$ (2,786)	\$ 975

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 405	\$ 405
Total revenues	-	-	405	405
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	7,839	(7,839)
Total expenditures	-	-	7,839	(7,839)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(7,434)	(7,434)
OTHER FINANCING SOURCES (USES):				
Transfers out			-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(7,434)	(7,434)
FUND BALANCES:				
Beginning of year	138,259	138,259	138,259	-
End of year	\$ 138,259	\$ 138,259	\$ 130,825	\$ (7,434)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 2	\$ 2
Use of money and property	-	-	453	453
Total revenues	-	-	455	455
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	16,194	(16,194)
Total expenditures	-	-	16,194	(16,194)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(15,739)	(15,739)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(15,739)	(15,739)
FUND BALANCES:				
Beginning of year	160,876	160,876	160,876	-
End of year	\$ 160,876	\$ 160,876	\$ 145,137	\$ (15,739)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	81	81
Total revenues	-	-	81	81
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	1,094	(1,094)
Total expenditures	-	-	1,094	(1,094)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,013)	(1,013)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(1,013)	(1,013)
FUND BALANCES:				
Beginning of year	27,650	27,650	27,650	-
End of year	\$ 27,650	\$ 27,650	\$ 26,637	\$ (1,013)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 247	\$ 247
Use of money and property	-	-	36	36
Total revenues	-	-	283	283
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	809	(809)
Total expenditures	-	-	809	(809)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(526)	(526)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(526)	(526)
FUND BALANCES:				
Beginning of year	3,460	3,460	3,460	-
End of year	\$ 3,460	\$ 3,460	\$ 2,934	\$ (526)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	166	166
Total revenues	-	-	166	166
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	2,915	(2,915)
Total expenditures	-	-	2,915	(2,915)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(2,749)	(2,749)
OTHER FINANCING SOURCES (USES):				
Transfers out			-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(2,749)	(2,749)
FUND BALANCES (DEFICIT):				
Beginning of year	55,996	55,996	55,996	-
End of year	\$ 55,996	\$ 55,996	\$ 53,247	\$ (2,749)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 3	\$ 3
Use of money and property	-	-	671	671
Total revenues	-	-	674	674
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	11,564	(11,564)
Total expenditures	-	-	11,564	(11,564)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(10,890)	(10,890)
OTHER FINANCING SOURCES (USES):				
Transfers out			-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(10,890)	(10,890)
FUND BALANCES:				
Beginning of year	227,426	227,426	227,426	-
End of year	\$ 227,426	\$ 227,426	\$ 216,536	\$ (10,890)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 1	\$ 1
Use of money and property	-	-	220	220
Total revenues	-	-	221	221
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	2,995	(2,995)
Total expenditures	-	-	2,995	(2,995)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(2,774)	(2,774)
OTHER FINANCING SOURCES (USES):				
Transfers out			-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(2,774)	(2,774)
FUND BALANCES (DEFICITS):				
Beginning of year	73,814	73,814	73,814	-
End of year	\$ 73,814	\$ 73,814	\$ 71,040	\$ (2,774)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 9,881	\$ 9,881
Use of money and property	-	-	99	99
Total revenues	-	-	9,980	9,980
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	10,842	(10,842)
Total expenditures	-	-	10,842	(10,842)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(862)	(862)
OTHER FINANCING SOURCES (USES):				
Transfers out			-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(862)	(862)
FUND BALANCES:				
Beginning of year	32,599	32,599	32,599	-
End of year	\$ 32,599	\$ 32,599	\$ 31,737	\$ (862)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	672	672
Total revenues	-	-	672	672
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	22,915	(22,915)
Total expenditures	-	-	22,915	(22,915)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(22,243)	(22,243)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(22,243)	(22,243)
FUND BALANCES:				
Beginning of year	237,921	237,921	237,921	-
End of year	\$ 237,921	\$ 237,921	\$ 215,678	\$ (22,243)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 33	\$ 33
Use of money and property	-	-	16	16
Total revenues	-	-	49	49
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	261	(261)
Total expenditures	-	-	261	(261)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(212)	(212)
OTHER FINANCING SOURCES (USES):				
Transfers out			-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(212)	(212)
FUND BALANCES:				
Beginning of year	5,740	5,740	5,740	-
End of year	\$ 5,740	\$ 5,740	\$ 5,528	\$ (212)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 6,256	\$ 6,256
Use of money and property	-	-	760	760
Total revenues	-	-	7,016	7,016
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	16,949	(16,949)
Total expenditures	-	-	16,949	(16,949)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(9,933)	(9,933)
OTHER FINANCING SOURCES (USES):				
Transfers out			-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(9,933)	(9,933)
FUND BALANCES:				
Beginning of year	257,468	257,468	257,468	-
End of year	\$ 257,468	\$ 257,468	\$ 247,535	\$ (9,933)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 5,045	\$ 5,045
Use of money and property	-	-	484	484
Total revenues	-	-	5,529	5,529
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	11,158	(11,158)
Total expenditures	-	-	11,158	(11,158)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(5,629)	(5,629)
OTHER FINANCING SOURCES (USES):				
Transfers out			-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(5,629)	(5,629)
FUND BALANCES:				
Beginning of year	166,469	166,469	166,469	-
End of year	\$ 166,469	\$ 166,469	\$ 160,840	\$ (5,629)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 8,009	\$ 8,009
Use of money and property	-	-	308	308
Total revenues	-	-	8,317	8,317
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	6,595	(6,595)
Total expenditures	-	-	6,595	(6,595)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	1,722	1,722
OTHER FINANCING SOURCES (USES):				
Transfers out			-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	1,722	1,722
FUND BALANCES:				
Beginning of year	103,857	103,857	103,857	-
End of year	\$ 103,857	\$ 103,857	\$ 105,579	\$ 1,722

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 6,721	\$ 6,721
Use of money and property	-	-	99	99
Total revenues	-	-	6,820	6,820
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	7,490	(7,490)
Total expenditures	-	-	7,490	(7,490)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(670)	(670)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(670)	(670)
FUND BALANCES:				
Beginning of year	34,630	34,630	34,630	-
End of year	\$ 34,630	\$ 34,630	\$ 33,960	\$ (670)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 2	\$ 2
Use of money and property	-	-	43	43
Total revenues	-	-	45	45
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	151	(151)
Total expenditures	-	-	151	(151)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(106)	(106)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	0	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(106)	(106)
FUND BALANCES (DEFICITS):				
Beginning of year	13,088	13,088	13,088	-
End of year	\$ 13,088	\$ 13,088	\$ 12,982	\$ (106)

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, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 425,000	\$ 425,000	\$ 454,964	\$ 29,964
Use of money and property	-	-	39	39
Total revenues	425,000	425,000	455,003	30,003
EXPENDITURES:				
Current:				
Urban redevelopment and housing	411,906	411,906	322,004	89,902
Total expenditures	411,906	411,906	322,004	89,902
REVENUES OVER (UNDER) EXPENDITURES	13,094	13,094	132,999	119,905
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	13,094	13,094	132,999	119,905
FUND BALANCES (DEFICITS):				
Beginning of year	(272,824)	(272,824)	(272,824)	-
End of year	\$ (259,730)	\$ (259,730)	\$ (139,825)	\$ 119,905

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, 2017

ASSETS	Building Maintenance	Employee Benefits	Risk Management
Current assets:			
Cash and investments	\$ 751,433	\$ 733,224	\$ 272,407
Receivables:			
Accounts	739	1,289	-
Interest	718	704	220
Prepaid expenses	-	425	0
Total current assets	752,890	735,642	272,627
Noncurrent assets:			
Capital assets, net	637,725	-	80,651
Total noncurrent assets	637,725	-	80,651
Total assets	\$ 1,390,615	\$ 735,642	\$ 353,278
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	\$ 128,378	16,906	\$ 8,752
Accrued liabilities	6,408	1,629	-
Compensated absences - current portion	1,334	-	-
Total current liabilities	136,120	18,535	8,752
Noncurrent liabilities:			
Compensated absences	14,078	-	-
Total liabilities	150,198	18,535	8,752
Net Position:			
Net investment in capital assets	637,725	-	80,651
Unrestricted	602,692	717,107	263,875
Total net position	1,240,417	717,107	344,526
Total liabilities and net position	\$ 1,390,615	\$ 735,642	\$ 353,278

Information Technology	Totals
\$ 71,478	\$ 1,828,542
-	2,028
73	1,715
56,406	56,831
<u>127,957</u>	<u>1,889,116</u>
341,541	1,059,917
<u>341,541</u>	<u>1,059,917</u>
<u>\$ 469,498</u>	<u>\$ 2,949,033</u>

\$ 6,090	\$ 160,126
-	8,037
-	1,334
<u>6,090</u>	<u>169,497</u>
-	14,078
<u>6,090</u>	<u>183,575</u>

341,541	1,059,917
<u>121,867</u>	<u>1,705,541</u>
<u>463,408</u>	<u>2,765,458</u>
<u>\$ 469,498</u>	<u>\$ 2,949,033</u>

City of Atwater, California
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2017

	Building Maintenance	Employee Benefits	Risk Management
OPERATING REVENUES:			
Interdepartmental charges	\$ 936,636	\$ 658,342	\$ 446,289
Other	0	25,542	12,738
Total operating revenues	936,636	683,884	459,027
OPERATING EXPENSES:			
Salaries and benefits	186,328	-	-
Contractual services	148,557	3,250	86,580
Materials and supplies	704	-	-
Repairs and maintenance	333,640	-	-
Insurance	-	722,489	666,864
Utilities	145,578	-	-
Other operating costs	-	-	11,153
Depreciation	63,380	-	3,269
Total operating expenses	878,187	725,739	767,866
OPERATING INCOME (LOSS)	58,449	(41,855)	(308,839)
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	2,262	2,266	830
Total non-operating revenues (expenses)	2,262	2,266	830
NET INCOME (LOSS) BEFORE TRANSFERS	60,711	(39,589)	(308,009)
Transfers in	-	-	-
Transfers out	-	-	-
Total transfers	-	-	-
Change in net position	60,711	(39,589)	(308,009)
NET POSITION:			
Beginning of year	1,179,706	756,696	652,535
End of year	<u>\$ 1,240,417</u>	<u>\$ 717,107</u>	<u>\$ 344,526</u>

Information Technology	Totals
\$ 328,092	\$ 2,369,359
-	38,280
<u>328,092</u>	<u>2,407,639</u>
-	186,328
141,502	379,889
-	704
-	333,640
-	1,389,353
-	145,578
143,561	154,714
59,579	126,228
<u>344,642</u>	<u>2,716,434</u>
<u>(16,550)</u>	<u>(308,795)</u>
254	5,612
<u>254</u>	<u>5,612</u>
(16,296)	(303,183)
-	-
-	-
-	-
(16,296)	(303,183)
<u>479,704</u>	<u>3,068,641</u>
<u>\$ 463,408</u>	<u>\$ 2,765,458</u>

City of Atwater, California
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2017

	Building Maintenance	Employee Benefits	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from interfund services provided	\$ 957,274	\$ 683,528	\$ 459,027
Cash paid to suppliers for goods and services	(562,689)	(725,120)	(757,525)
Cash paid to employees for services	(185,608)	(196)	-
Net cash provided (used) by operating activities	208,977	(41,788)	(298,498)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers received	-	-	-
Transfers paid	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(46,363)	-	-
Proceeds from issuance of long-term debt	-	-	-
Proceeds from the sale of capital assets	-	-	-
Principal paid on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Net cash (used) by capital and related financing activities	(46,363)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	1,738	1,843	802
Net cash provided by investing activities	1,738	1,843	802
Net increase (decrease) in cash and cash equivalents	164,352	(39,945)	(297,696)
CASH AND CASH EQUIVALENTS:			
Beginning of year	587,081	773,169	570,103
End of year	<u>\$ 751,433</u>	<u>\$ 733,224</u>	<u>\$ 272,407</u>
Reconciliation of income from operations to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 58,449	\$ (41,855)	\$ (308,839)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	63,380	-	3,269
(Increase) decrease in current assets:			
Accounts receivable	20,638	(356)	-
Prepaid expenses	-	-	4,084
Increase (decrease) in liabilities:			
Accounts payable	65,790	619	2,988
Accrued liabilities	1,113	(196)	-
Compensated absences	(393)	-	-
Net cash provided by operating activities	\$ 208,977	\$ (41,788)	\$ (298,498)

Information Technology	Totals
\$ 328,092	\$ 2,427,921
(326,604)	(2,371,938)
-	(185,804)
1,488	(129,821)
-	-
-	-
-	-
-	-
-	-
-	(46,363)
-	-
-	-
-	-
-	-
-	(46,363)
207	4,590
207	4,590
1,695	(171,594)
69,783	2,000,136
\$ 71,478	\$ 1,828,542
\$ (16,550)	\$ (308,795)
59,579	126,228
-	20,282
2,887	6,971
(44,428)	24,969
-	917
-	(393)
\$ 1,488	\$ (129,821)

City of Atwater, California
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2017

	<u>Sec 125 Medical</u>	<u>Sec 125 Dep Care</u>	<u>Community Facilities District #1</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ (47)	\$ (446)	\$ 90,027	\$ 89,534
Receivables:				
Interest	-	-	90	90
Assessments	-	-	4,820	4,820
Due from other funds	0	-	407	407
Total assets	<u>\$ (47)</u>	<u>\$ (446)</u>	<u>\$ 95,344</u>	<u>\$ 94,851</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	407	-	407
Due to others	(47)	(853)	95,344	94,444
Total liabilities	<u>\$ (47)</u>	<u>\$ (446)</u>	<u>\$ 95,344</u>	<u>\$ 94,851</u>

City of Atwater, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
SECTION 125 MEDICAL				
ASSETS				
Cash and investments	\$ 240	\$ (47)	\$ (240)	\$ (47)
Due from other funds	-	-	-	-
Total assets	<u>\$ 240</u>	<u>\$ (47)</u>	<u>\$ (240)</u>	<u>\$ (47)</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to (from) others	240	(47)	(240)	(47)
Total liabilities	<u>\$ 240</u>	<u>\$ (47)</u>	<u>\$ (240)</u>	<u>\$ (47)</u>
SECTION 125 DEPENDENT CARE				
ASSETS				
Cash and investments	\$ -	\$ (446)	\$ -	\$ (446)
Total assets	<u>\$ -</u>	<u>\$ (446)</u>	<u>\$ -</u>	<u>\$ (446)</u>
LIABILITIES				
Due to other funds	\$ -	\$ 407	\$ -	\$ 407
Due to (from) others	-	(853)	-	(853)
Total liabilities	<u>\$ -</u>	<u>\$ (446)</u>	<u>\$ -</u>	<u>\$ (446)</u>
COMMUNITY FACILITIES DISTRICT #1				
ASSETS				
Cash and investments	\$ 73,985	\$ 90,027	\$ (73,985)	\$ 90,027
Cash and investments held by trustees	-	-	-	-
Receivables:				
Interest	25	90	(25)	90
Assessments	2,373	4,820	(2,373)	4,820
Due from other funds	407	407	(407)	407
Total assets	<u>\$ 76,790</u>	<u>\$ 95,344</u>	<u>\$ (76,790)</u>	<u>\$ 95,344</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	76,790	95,344	(76,790)	95,344
Total liabilities	<u>\$ 76,790</u>	<u>\$ 95,344</u>	<u>\$ (76,790)</u>	<u>\$ 95,344</u>

(continued)

City of Atwater, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2017

TOTAL OF ALL AGENCY FUNDS	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
ASSETS				
Cash and investments	\$ 74,225	\$ 89,534	\$ (74,225)	\$ 89,534
Cash and investments held by trustees	-	-	-	-
Receivables:				
Interest	25	90	(25)	90
Assessments	2,373	4,820	(2,373)	4,820
Due from other funds	407	407	(407)	407
Total assets	<u>\$ 77,030</u>	<u>\$ 94,851</u>	<u>\$ (77,030)</u>	<u>\$ 94,851</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	407	-	407
Due to (from) others	77,030	94,444	(77,030)	94,444
Total liabilities	<u>\$ 77,030</u>	<u>\$ 94,851</u>	<u>\$ (77,030)</u>	<u>\$ 94,851</u>

(concluded)

SUPPLEMENTAL SCHEDULE

City of Atwater, California
Schedule of Debt Service Coverage
June 30, 2017 and 2016

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.

	2017	2016
Service charges	\$ 11,778,118	\$ 11,127,331
Connection fees	313,413	333,961
Total service charges	<u>12,091,531</u>	<u>11,461,292</u>
Investment income	84,678	29,124
Other income	0	9,371
Total miscellaneous revenue	<u>84,678</u>	<u>38,495</u>
Total Revenue	<u>\$ 12,176,209</u>	<u>\$ 11,499,787</u>
Personnel costs	527,664	472,880
Supplies (1)	89,332	154,238
Professional Services (2)	1,581,209	1,515,931
Wastewater Treatment Plant Mgmt. Service (3)	1,831,758	1,886,743
Other Charges (1), (4)	456,251	436,453
Total Operations and Maintenance	<u>4,486,214</u>	<u>4,466,245</u>
Net Revenue Available For Debt Service	<u>\$ 7,689,995</u>	<u>\$ 7,033,542</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>1.46</u>	<u>1.33</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