

**CITY OF ATWATER, CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2016**



Prepared by:

**Finance Department**

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

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**February 10, 2017**

***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, 2016. 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, 2016, 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, 2016, 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,

Scott McBride  
Interim City Manager

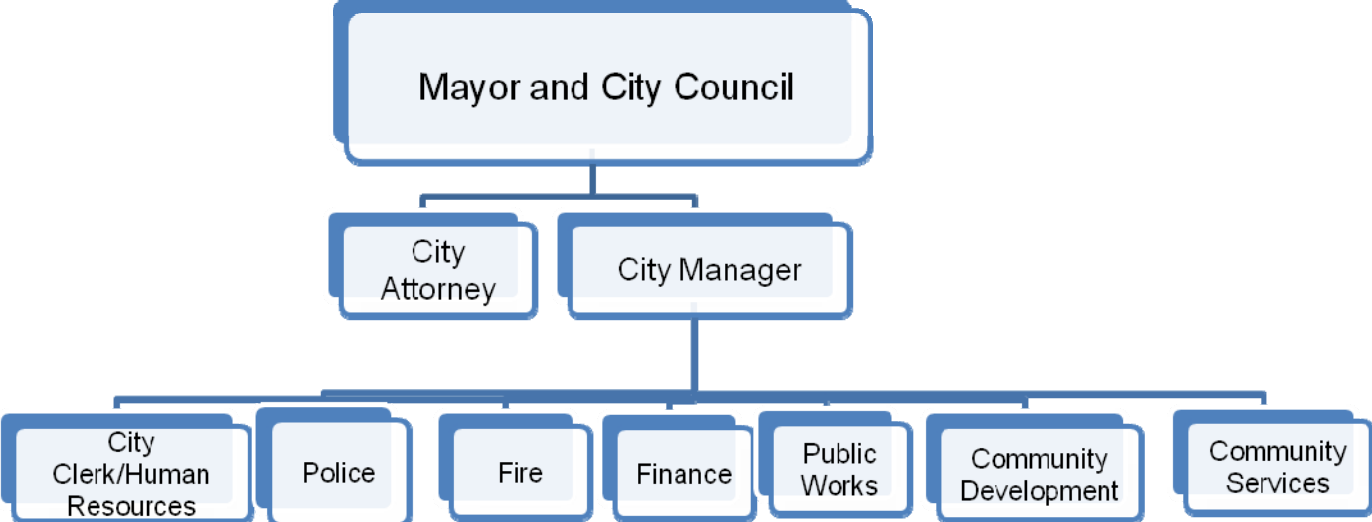
**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Organization Chart**

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**City of Atwater**

*Organizational Chart*



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

**List of Officials**

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***CITY COUNCIL***

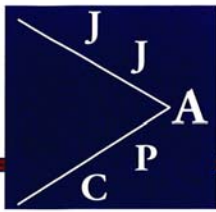
- James Price, Mayor
- James Vineyard, Mayor Pro Tem
- Brian Raymond, Council Member
- Paul Creighton, Council Member
- Cindy Vierra, Council Member

***CITY OFFICIALS***

- Scott McBride, Interim City Manager, Community Development Director
- Don Hyler III, City Clerk
- Jim Heller, City Treasurer
- Thomas H. Terpstra, City Attorney
- Patrick Faretta, 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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-16, the City's Schedules of Contributions on pages 92-93, and the Schedules of the City's Proportionate Share of the Net Pension Liability on pages 94-95 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.

*Emphasis of Matter Regarding Going Concern*

The accompanying financial statements have been prepared assuming that there is substantial doubt that the City will continue as a going concern. As discussed in Note 16 to the financial statements, the General and Sanitation Funds have suffered recurring deficits from operations. These conditions raise substantial doubt about the City's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 16. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

*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 February 10, 2017 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.

February 10, 2017

*JJACPA, Inc.*  
JJACPA, Inc.  
Dublin, CA

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

**Management's Discussion and Analysis**

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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, 2016. 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 \$3.8 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 approximately \$29.6 million at the end of the 2016 fiscal year. The City's Long-term liabilities increased by approximately \$0.5 million due to pension obligation changes.
- ◆ Overall City-wide revenues from all governmental and business-type activities increased by approximately \$1.7 million compared to the 2015 fiscal year. Most of the increase resulted from increases in enterprise fund charges for service and increased property tax and sales tax revenue.
- ◆ The City's total expenses for all programs in fiscal 2016 increased by \$0.1 million (0.2 percent) compared to the 2015 fiscal year.
- ◆ The City's total net capital asset balance for governmental activities was \$22.7 million and \$88.1 million for business-type activities.
- ◆ The City also ended the fiscal year with \$10.8 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, 2016**

**Management's Discussion and Analysis, continued**

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**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, 2016**

**Management's Discussion and Analysis, continued**

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**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, 2016, 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, 2016**

**Management's Discussion and Analysis, continued**

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**OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued**

**Fund Financial Statements, Continued**

For the fiscal year ended June 30, 2016, 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 48–90 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, 2016**

**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 \$29,638,689 (net position) as of June 30, 2016. The Summary of Net position as of June 30, 2016, and 2015, follows:

	<b>Summary of Net Position</b>					
	<b>2016</b>			<b>2015</b>		
	<b>Govern- mental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>	<b>Govern- mental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
Current and other assets	\$ 7,929,267	\$ 19,900,343	\$ 27,829,610	\$ 6,879,126	\$ 16,869,796	\$ 23,748,922
Noncurrent assets	26,847,983	88,139,632	114,987,615	27,330,275	89,064,219	116,394,494
Deferred outflows of resources	4,683,163	-	4,683,163	1,700,204	-	1,700,204
Total assets and deferred outflows of resources	39,460,413	108,039,975	147,500,388	35,909,605	105,934,015	141,843,620
Current and other liabilities	1,766,712	3,160,851	4,927,563	2,451,002	3,691,991	6,142,993
Long-term liabilities	30,688,109	76,645,048	107,333,157	28,796,787	77,967,362	106,764,149
Deferred inflows of resources	5,507,394	-	5,507,394	3,065,078	-	3,065,078
Total liabilities and deferred inflows of resources	37,962,215	79,805,899	117,768,114	34,312,867	81,659,353	115,972,220
Net position:						
Net investment in capital assets	22,732,788	11,494,584	34,227,372	22,933,982	11,183,267	34,117,249
Restricted	4,748,643	5,806,604	10,555,247	4,351,790	5,806,295	10,158,085
Unrestricted (deficit)	(25,983,233)	10,839,303	(15,143,930)	(25,689,034)	7,285,100	(18,403,934)
<b>Total net position</b>	<b>\$ 1,498,198</b>	<b>\$ 28,140,491</b>	<b>\$ 29,638,689</b>	<b>\$ 1,596,738</b>	<b>\$ 24,274,662</b>	<b>\$ 25,871,400</b>

Overall, total net position increased by approximately \$3.8 million. The total net position of governmental activities decreased by approximately \$0.1 million primarily due to increased sales tax and property tax revenue as offset by increases in expenses. Total net position for business-type activities increased by approximately \$3.9 million.

Restricted net position increased by \$397,162 and unrestricted net position increased by \$3,260,004. The increase in restricted net position is due to the Sewer Fund's restricted fund balance. The increase in unrestricted net position is due primarily to increases in operating revenues and reductions to expenses.

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

**Management's Discussion and Analysis, continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Revenues**

The City's total revenues for governmental and business-type activities were \$36,302,098 for the fiscal year ended June 30, 2016. Significant revenues for the City for fiscal year 2015-16 were derived from charges for services (61%), grants and contributions (8%), property taxes and assessments (13%) and sales and use tax (12%).

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 \$685,262 or 3.2% due mainly to increased operating revenue in the water, sewer and sanitation enterprise funds.
2. **Grants and Contributions.** Grants and contributions increased by \$354,741 or 13.8% due to Public Safety hiring grants.
3. **Property Taxes and Assessments.** Property taxes increased by \$327,455 or 7.7%. This is due primarily to a continued rebound from the recent economic recession.
4. **Sales and Use Tax.** Sales tax revenue increased by \$290,683 or 7.3%. This results from a continued rebound from the recent economic recession.

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

**Management's Discussion and Analysis, continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The change in net position for the fiscal years ended June 30, 2016, and 2015, follows:

	Changes in Net Position					
	2015			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,433,746	\$ 19,613,091	\$ 22,046,837	\$ 2,606,786	\$ 18,754,789	\$ 21,361,575
Grants and contributions:						
Operating	2,630,041	62,768	2,692,809	2,100,766	94,036	2,194,802
Capital	225,786	-	225,786	369,052	-	369,052
General revenues:						
Property taxes and assessments	4,583,210	-	4,583,210	4,255,755	-	4,255,755
Transient occupancy taxes	41,996	-	41,996	38,050	-	38,050
Sales and use tax	4,250,054	-	4,250,054	3,959,371	-	3,959,371
Franchise taxes	761,291	-	761,291	740,835	-	740,835
Other taxes	1,132,329	-	1,132,329	1,164,091	-	1,164,091
Intergovernmental	215,343	-	215,343	239,396	-	239,396
Use of money and property	311,002	41,441	352,443	279,750	6,732	286,482
Other	-	-	-	-	-	-
Total revenues	16,584,798	19,717,300	36,302,098	15,753,852	18,855,557	34,609,409
Expenses:						
Governmental activities:						
General government	2,865,859	-	2,865,859	2,480,474	-	2,480,474
Public safety	9,853,739	-	9,853,739	9,549,156	-	9,549,156
Highways and streets	3,278,459	-	3,278,459	3,089,154	-	3,089,154
Urban redevelopment and housing	231,690	-	231,690	728,049	-	728,049
Culture and recreation	598,596	-	598,596	635,587	-	635,587
Interest and fiscal charges	48,839	-	48,839	-	-	-
Business-type activities:						
Water	-	3,441,999	3,441,999	-	3,438,390	3,438,390
Sewer	-	9,458,990	9,458,990	-	9,761,296	9,761,296
Sanitation	-	2,807,961	2,807,961	-	2,818,700	2,818,700
Total expenses	16,877,182	15,708,950	32,586,132	16,482,420	16,018,386	32,500,806
Change in net position before transfers	(292,384)	4,008,350	3,715,966	(728,568)	2,837,171	2,108,603
Transfer to Successor Agency Transfers	51,323	-	51,323	-	-	-
	142,521	(142,521)	-	152,375	(152,375)	-
Change in net position	(98,540)	3,865,829	3,767,289	(576,193)	2,684,796	2,108,603
Net position:						
Beginning of year, as previously reported	1,596,738	24,274,662	25,871,400	25,080,499	21,589,866	46,670,365
Adjustment	-	-	-	(22,907,568)	-	(22,907,568)
Beginning, as adjusted	1,596,738	24,274,662	25,871,400	2,172,931	21,589,866	23,762,797
End of year	\$ 1,498,198	\$ 28,140,491	\$ 29,638,689	\$ 1,596,738	\$ 24,274,662	\$ 25,871,400

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

**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 \$32,586,132. Governmental activity expenses totaled \$16,877,182 or 52% of total expenses. Business-type activities incurred \$15,708,950 or 48% of total expenses during the fiscal year. Public safety costs represented 58% 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, 2016, and 2015, are as follows:

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 2,865,859	\$ 1,419,472	\$ 2,480,474	\$ 909,144
Public safety	9,853,739	8,639,961	9,549,156	8,426,467
Highway and streets	3,278,459	1,110,856	3,089,154	1,006,261
Urban revelopment and housing	231,690	227,658	728,049	719,215
Community services	598,596	140,823	635,587	344,729
Interest on long-term debt	48,839	48,839	-	-
Total	<u>\$ 16,877,182</u>	<u>\$ 11,587,609</u>	<u>\$ 16,482,420</u>	<u>\$ 11,405,816</u>

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

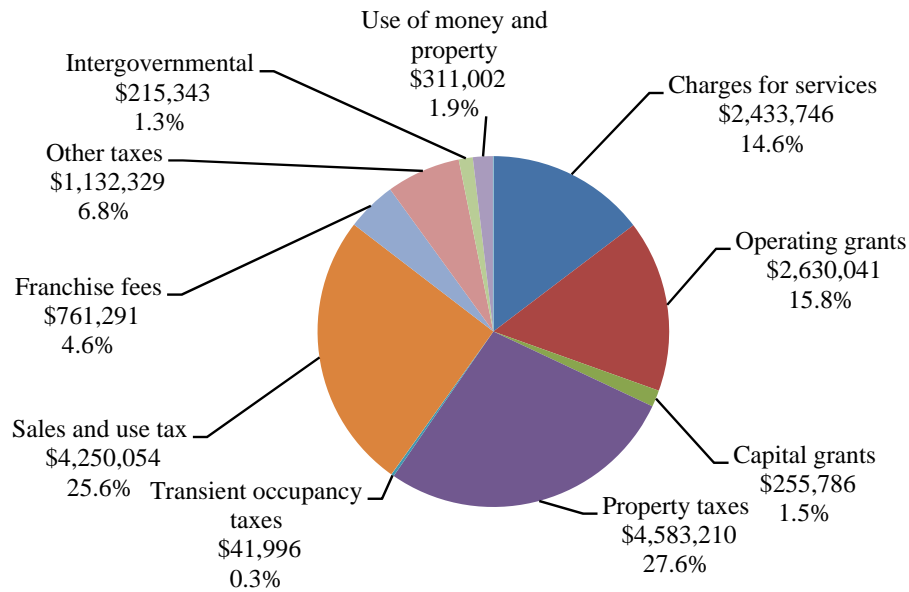
**Management's Discussion and Analysis, continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

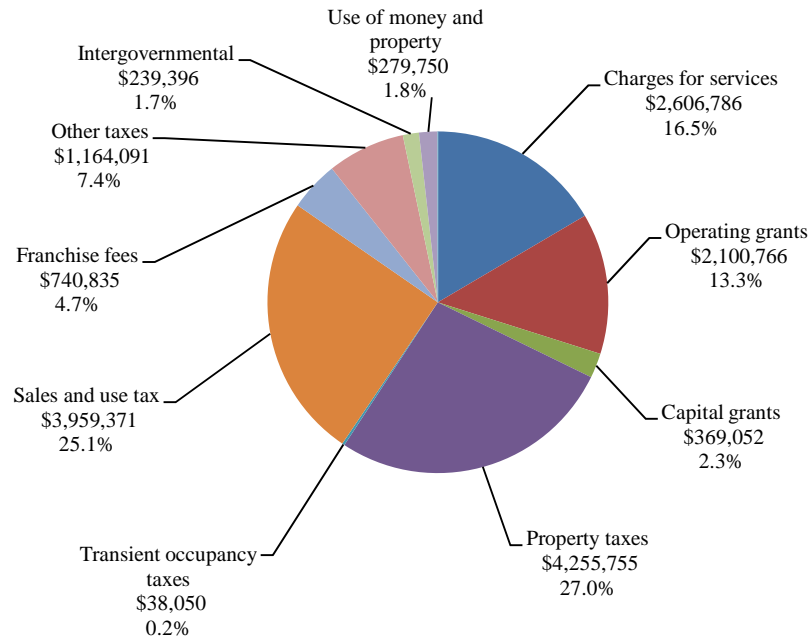
**Governmental Activities, Continued**

Revenues by source for the fiscal years ended June 30, 2016, and 2015, are as follows:

**Revenues by Source - Governmental Activities 2016**



**Revenues by Source - Governmental Activities 2015**



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

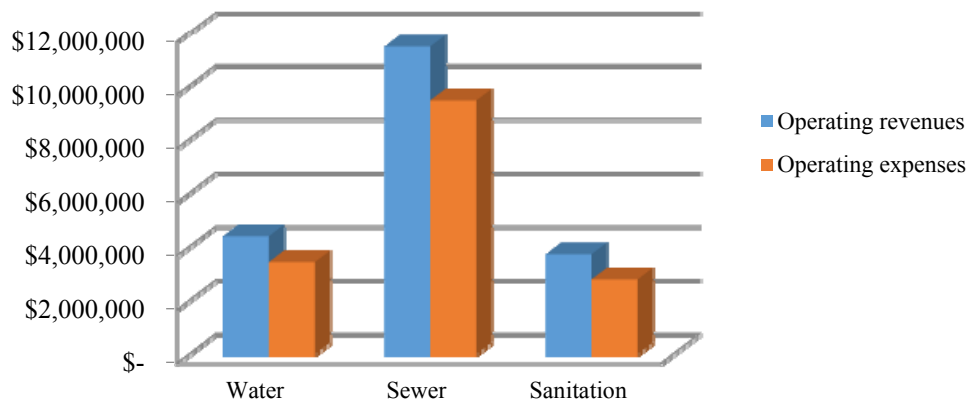
**Management’s Discussion and Analysis, continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

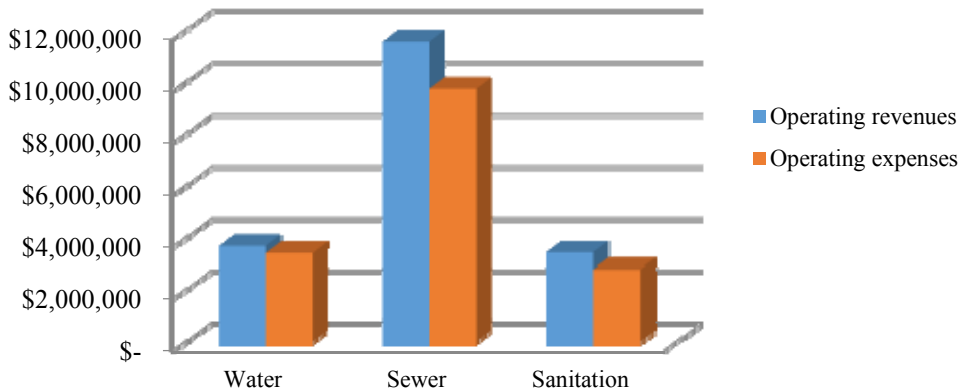
**Business-type Activities**

Business-type activities increased the City’s net position by \$3,865,829. 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, 2016, and 2015, are as follows:

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



**Operating Revenues and Expenses  
 Business-type Activities  
 2015**





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

**Management's Discussion and Analysis, continued**

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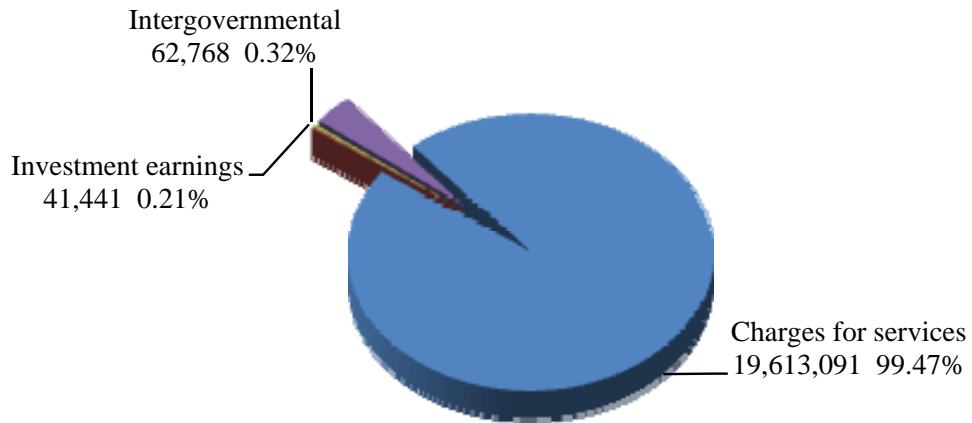
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

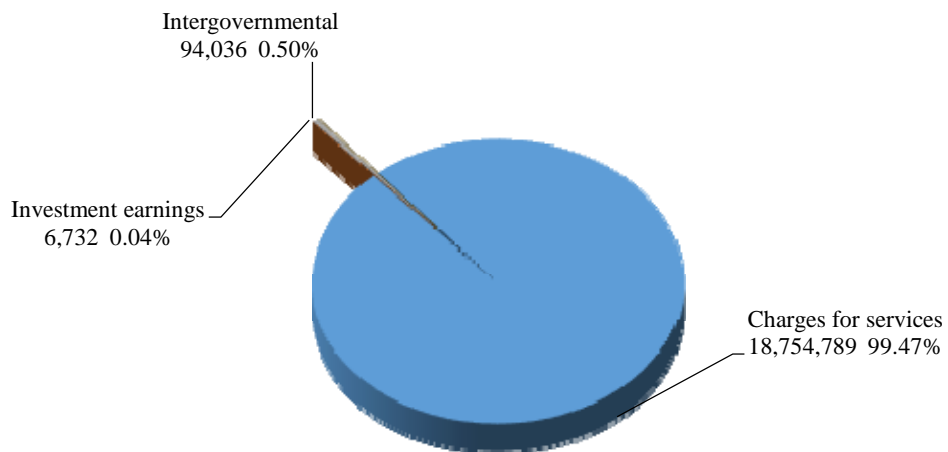
**Business-type Activities, Continued**

The revenues by source for the business-type activities for the fiscal years ended June 30, 2016, and 2015, are as follows:

**Revenues by Source - Business-type Activities  
2016**



**Revenues by Source - Business-type Activities  
2015**



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

**Management's Discussion and Analysis, continued**

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**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, 2016, the City's governmental funds reported combined fund balances of \$8,486,089. This represents an increase of \$1,473,629 or 21% from the prior fiscal year. The increase is due mainly to increased revenue from taxes, assessments and charges for services.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2016, General Fund ending fund balance totaled a \$2,837,357 deficit. The deficit improved by \$762,399 from the prior fiscal year as the City continued to recover from the recent economic downturn.

**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, 2016, the special revenue funds had a combined fund balance of \$11,221,641.

**Capital Projects Funds.** The City's capital projects funds consist of the general and performance bond nonmajor funds. As of June 30, 2016, the capital project funds had a combined fund balance of \$101,805.

**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 \$3,865,829 for enterprise funds and \$60,944 for internal service funds in the fiscal year ended June 30, 2016. For the enterprise funds, this was due mainly to increased revenue in the water, sewer and sanitation funds from approved utility rate adjustments.

**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, 2016**

**Management’s Discussion and Analysis, continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**General Fund Budgetary Highlights**

General Fund actual revenues totaled \$11.7 million which was 101.9 percent of the amended budget estimate. General Fund expenditures totaled \$12.3 million or 98.3 percent of the approved amended budget. The General Fund fund balance deficit decreased by \$762,399 during the fiscal year ended June 30, 2016 from a negative \$3,599,756 to a negative \$2,837,357.

**Capital Assets**

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2016, amount to \$110,872,420. 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	
	2016	2015	2016	2015	2016	2015
Land	\$ 323,223	\$ 323,223	\$ 764,902	\$ 764,902	\$ 1,088,125	\$ 1,088,125
Construction in progress	1,546,013	369,998	73,037,872	72,517,871	74,583,885	72,887,869
Buildings and improvements	6,956,214	7,504,997	11,141,983	12,189,473	18,098,197	19,694,470
Infrastructure	854,268	898,699	-	-	854,268	898,699
Roads	10,748,464	11,980,348	-	-	10,748,464	11,980,348
Equipment	2,304,606	1,856,717	3,194,875	3,591,973	5,499,481	5,448,690
Total	<u>\$ 22,732,788</u>	<u>\$ 22,933,982</u>	<u>\$ 88,139,632</u>	<u>\$ 89,064,219</u>	<u>\$ 110,872,420</u>	<u>\$ 111,998,201</u>

The June 30, 2016 balance reflects a reduction of \$1,125,781 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, 2016**

**Management's Discussion and Analysis, continued**

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**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 recent economic downturn, 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 2016 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](http://www.atwater.org).

## **BASIC FINANCIAL STATEMENTS**

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**City of Atwater, California**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 9,440,922	\$ 8,776,158	\$ 18,217,080
Restricted cash and investments	-	5,806,604	5,806,604
Receivables:			
Accounts	2,174,728	1,393,982	3,568,710
Internal balances	(3,775,553)	3,775,553	-
Prepaid items	89,170	148,046	237,216
<b>Total current assets</b>	<u>7,929,267</u>	<u>19,900,343</u>	<u>27,829,610</u>
<b>Noncurrent assets:</b>			
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	20,863,552	14,336,858	35,200,410
<b>Total noncurrent assets</b>	<u>26,847,983</u>	<u>88,139,632</u>	<u>114,987,615</u>
<b>Total assets</b>	<u>34,777,250</u>	<u>108,039,975</u>	<u>142,817,225</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan	4,683,163	-	4,683,163
<b>Total assets and deferred outflows</b>	<u>\$ 39,460,413</u>	<u>\$ 108,039,975</u>	<u>\$ 147,500,388</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,368,238	\$ 847,038	\$ 2,215,276
Interest payable	-	661,664	661,664
Deposits payable	153,673	336,823	490,496
Compensated absences - current portion	55,285	9,194	64,479
Other liabilities	69,162	-	69,162
Due within one year	120,354	1,306,132	1,426,486
<b>Total current liabilities</b>	<u>1,766,712</u>	<u>3,160,851</u>	<u>4,927,563</u>
<b>Noncurrent liabilities:</b>			
Long-term liabilities:			
Compensated absences	828,758	93,585	922,343
Due after one year	555,040	76,645,048	77,200,088
Net pension obligation	22,457,460	-	22,457,460
Net OPEB obligation	6,846,851	-	6,846,851
<b>Total noncurrent liabilities</b>	<u>30,688,109</u>	<u>76,738,633</u>	<u>107,426,742</u>
<b>Total liabilities</b>	<u>32,454,821</u>	<u>79,899,484</u>	<u>112,354,305</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	22,636	-	22,636
Pension plan	5,484,758	-	5,484,758
<b>Total deferred inflows of resources</b>	<u>5,507,394</u>	<u>-</u>	<u>5,507,394</u>
<b>NET POSITION</b>			
Net investment in capital assets	22,732,788	11,494,584	34,227,372
Restricted	4,748,643	5,806,604	10,555,247
Unrestricted (deficit)	(25,983,233)	10,839,303	(15,143,930)
<b>Total net position</b>	<u>1,498,198</u>	<u>28,140,491</u>	<u>29,638,689</u>
<b>Total liabilities, deferred inflows and net position</b>	<u>\$ 39,460,413</u>	<u>\$ 108,039,975</u>	<u>\$ 147,500,388</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, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,865,859	\$ 1,303,170	\$ 143,217	\$ -
Public safety	9,853,739	191,589	1,022,189	-
Highways and Streets	3,278,459	656,941	1,288,908	221,754
Urban redevelopment and housing	231,690	-	-	4,032
Community services	598,596	282,046	175,727	-
Interest and fiscal charges	48,839	-	-	-
Total governmental activities	<u>16,877,182</u>	<u>2,433,746</u>	<u>2,630,041</u>	<u>225,786</u>
Business-type activities:				
Water	3,441,999	4,407,935	62,768	-
Sewer	9,458,990	11,470,663	-	-
Sanitation	2,807,961	3,734,493	-	-
Total business-type activities	<u>15,708,950</u>	<u>19,613,091</u>	<u>62,768</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 32,586,132</u>	<u>\$ 22,046,837</u>	<u>\$ 2,692,809</u>	<u>\$ 225,786</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
- Total general revenues
- Transfer to 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**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (1,419,472)	\$ -	\$ (1,419,472)
(8,639,961)	-	(8,639,961)
(1,110,856)	-	(1,110,856)
(227,658)	-	(227,658)
(140,823)	-	(140,823)
(48,839)	-	(48,839)
(11,587,609)	-	(11,587,609)
-	1,028,704	1,028,704
-	2,011,673	2,011,673
-	926,532	926,532
-	3,966,909	3,966,909
\$ (11,587,609)	\$ 3,966,909	\$ (7,620,700)
4,583,210	-	4,583,210
41,996	-	41,996
4,250,054	-	4,250,054
761,291	-	761,291
1,132,329	-	1,132,329
215,343	-	215,343
311,002	41,441	352,443
11,295,225	41,441	11,336,666
51,323	-	51,323
142,521	(142,521)	-
11,489,069	(101,080)	11,387,989
(98,540)	3,865,829	3,767,289
1,596,738	24,274,662	25,871,400
\$ 1,498,198	\$ 28,140,491	\$ 29,638,689

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**FUND FINANCIAL STATEMENTS**  
**MAJOR FUNDS**

<b>Fund</b>	<b>Description</b>
<b>Governmental Funds:</b>	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, 2016**

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Totals</u>
	<u>General</u>	<u>Measure H</u>	<u>Governmental</u>	
<b>ASSETS</b>	<b>Fund</b>	<b>Special Revenue</b>	<b>Funds</b>	
Cash and investments	\$ -	\$ 341,527	\$ 7,099,259	\$ 7,440,786
Receivables:				
Taxes	289,816	-	12,104	301,920
Interest	86	391	2,988	3,465
Intergovernmental	-	-	441,895	441,895
Other receivable	1,137,900	263,900	2,645	1,404,445
Prepaid items	25,368	-	-	25,368
Due from other funds	-	-	400,785	400,785
Advance to Successor Agency Private Purpose Trust	-	-	259,265	259,265
Investment in land held for resale	-	-	3,855,930	3,855,930
<b>Total assets</b>	<b>\$ 1,453,170</b>	<b>\$ 605,818</b>	<b>\$ 12,074,871</b>	<b>\$ 14,133,859</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,086,367	\$ 23,606	\$ 115,988	\$ 1,225,961
Due to other funds	3,092,991	-	1,083,347	4,176,338
Deposits payable	42,007	-	111,666	153,673
Other liabilities	69,162	-	-	69,162
<b>Total liabilities</b>	<b>4,290,527</b>	<b>23,606</b>	<b>1,311,001</b>	<b>5,625,134</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	22,636	22,636
<b>Total deferred inflows of resources:</b>	<b>-</b>	<b>-</b>	<b>22,636</b>	<b>22,636</b>
<b>Total Liabilities and deferred inflows</b>	<b>4,290,527</b>	<b>23,606</b>	<b>1,333,637</b>	<b>5,647,770</b>
<b>Fund balances (Deficit):</b>				
Nonspendable				
Prepaid items	25,368	-	-	25,368
Investment in land held for resale	-	-	3,855,930	3,855,930
Restricted	-	-	4,748,643	4,748,643
Assigned	-	582,212	3,083,393	3,665,605
Unassigned (deficit)	(2,862,725)	-	(946,732)	(3,809,457)
<b>Total fund balances (deficit)</b>	<b>(2,837,357)</b>	<b>582,212</b>	<b>10,741,234</b>	<b>8,486,089</b>
<b>balances</b>	<b>\$ 1,453,170</b>	<b>\$ 605,818</b>	<b>\$ 12,074,871</b>	<b>\$ 14,133,859</b>

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, 2016**

**Total fund balances reported on the governmental funds balance sheet** \$ 8,486,089

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 21,593,006

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	\$ (868,238)	
Capital leases	(675,394)	
Net Pension obligation	(22,457,460)	
Net OPEB obligation	<u>(6,846,851)</u>	(30,847,943)

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. 4,683,163

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. (5,484,758)

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	2,086,941	
Noncurrent assets	1,139,782	
Accounts payable and accrued liabilities	(143,599)	
Noncurrent liabilities	<u>(14,483)</u>	3,068,641

**Net Position of governmental activities** \$ 1,498,198

# City of Atwater, California

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

### Governmental Activities

June 30, 2016

	Governmental		Changes in GAAP	Internal Services Balances	Statement of Net Position
	Balance Sheet	Reclassifications			
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and investments	\$ 7,440,786	\$ -	\$ -	\$ 2,000,136	\$ 9,440,922
Receivables:					
Taxes	301,920	-	-	-	301,920
Interest	3,465	-	-	693	4,158
Intergovernmental	441,895	-	-	-	441,895
Loans/Notes receivable	-	-	-	-	-
Other receivable	1,404,445	-	-	22,310	1,426,755
Due from other funds	400,785	(400,785)	-	-	-
Internal balances	-	(3,775,553)	-	-	(3,775,553)
Prepaid items	25,368	-	-	63,802	89,170
<b>Total current assets</b>	<b>10,018,664</b>	<b>(4,176,338)</b>	<b>-</b>	<b>2,086,941</b>	<b>7,929,267</b>
<b>Noncurrent assets:</b>					
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	-	-	21,593,006	1,139,782	22,732,788
<b>Total noncurrent assets</b>	<b>4,115,195</b>	<b>-</b>	<b>21,593,006</b>	<b>1,139,782</b>	<b>26,847,983</b>
<b>Total assets</b>	<b>14,133,859</b>	<b>(4,176,338)</b>	<b>21,593,006</b>	<b>3,226,723</b>	<b>34,777,250</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension plan	-	-	4,683,163	-	4,683,163
<b>Total assets and deferred outflows of resources</b>	<b>\$ 14,133,859</b>	<b>\$ (4,176,338)</b>	<b>\$ 26,276,169</b>	<b>\$ 3,226,723</b>	<b>\$ 39,460,413</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	\$ 1,225,961	\$ -	\$ -	\$ 142,277	\$ 1,368,238
Due to other funds	4,176,338	(4,176,338)	-	-	-
Deposits payable	153,673	-	-	-	153,673
Due within one year - capital leases	-	-	120,354	-	120,354
Compensated absences - current portion	-	-	53,963	1,322	55,285
Other liabilities	69,162	-	-	-	69,162
<b>Total current liabilities</b>	<b>5,625,134</b>	<b>(4,176,338)</b>	<b>174,317</b>	<b>143,599</b>	<b>1,766,712</b>
<b>Noncurrent liabilities:</b>					
Long-term liabilities:					
Compensated absences	-	-	814,275	14,483	828,758
Due after one year - capital leases	-	-	555,040	-	555,040
Net Pension obligation	-	-	22,457,460	-	22,457,460
Net OPEB obligation	-	-	6,846,851	-	6,846,851
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>30,673,626</b>	<b>14,483</b>	<b>30,688,109</b>
<b>Total liabilities</b>	<b>5,625,134</b>	<b>(4,176,338)</b>	<b>30,847,943</b>	<b>158,082</b>	<b>32,454,821</b>
Deferred inflows	22,636	-	5,484,758	-	5,507,394
<b>Total liabilities and deferred inflows</b>	<b>5,647,770</b>	<b>(4,176,338)</b>	<b>36,332,701</b>	<b>158,082</b>	<b>37,962,215</b>
<b>FUND BALANCES/NET POSITION</b>					
<b>Fund balances:</b>					
Nonspendable	3,881,298	(3,881,298)	-	-	-
Restricted	4,748,643	(4,748,643)	-	-	-
Assigned	3,665,605	(3,665,605)	-	-	-
Unassigned (deficit)	(3,809,457)	3,809,457	-	-	-
<b>Net position:</b>					
Net investment in capital assets	-	-	21,593,006	1,139,782	22,732,788
Restricted	-	-	4,748,643	-	4,748,643
Unrestricted	-	8,486,089	(36,398,181)	1,928,859	(25,983,233)
<b>Total fund balances/net position</b>	<b>8,486,089</b>	<b>-</b>	<b>(10,056,532)</b>	<b>3,068,641</b>	<b>1,498,198</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 14,133,859</b>	<b>\$ (4,176,338)</b>	<b>\$ 26,276,169</b>	<b>\$ 3,226,723</b>	<b>\$ 39,460,413</b>

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, 2016**

	<b>Major Funds</b>		<b>Other</b>	<b>Totals</b>
	<b>General Fund</b>	<b>Measure H Special Revenue</b>	<b>Governmental Funds</b>	
<b>REVENUES:</b>				
Taxes and assessments	\$ 5,798,248	\$ 1,762,206	\$ 876,975	\$ 8,437,429
Licenses and permits	439,673	-	-	439,673
Fines and forfeitures	44,636	-	-	44,636
Intergovernmental	2,849,651	-	2,106,913	4,956,564
Use of money and property	232,639	1,428	77,512	311,579
Charges for services	1,729,288	-	-	1,729,288
Reimbursements	549,132	-	4,754	553,886
Other revenues	110,935	-	808	111,743
<b>Total revenues</b>	<b>11,754,202</b>	<b>1,763,634</b>	<b>3,066,962</b>	<b>16,584,798</b>
<b>EXPENDITURES:</b>				
Current:				
General government	2,776,267	-	34,263	2,810,530
Public safety	7,892,607	714,175	511,294	9,118,076
Highways and Streets	1,014,788	-	959,424	1,974,212
Urban redevelopment and housing	-	-	231,690	231,690
Community services	598,596	-	-	598,596
Capital outlay	-	-	405,510	405,510
Debt service:				
Principal	-	117,560	-	117,560
Interest and fiscal charges	-	48,839	-	48,839
<b>Total expenditures</b>	<b>12,282,258</b>	<b>880,574</b>	<b>2,142,181</b>	<b>15,305,013</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(528,056)</b>	<b>883,060</b>	<b>924,781</b>	<b>1,279,785</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from Successor Agency	51,323	-	-	51,323
Transfers in	1,268,131	-	178,387	1,446,518
Transfers out	(28,999)	(1,170,706)	(104,292)	(1,303,997)
<b>Total other financing sources (uses)</b>	<b>1,290,455</b>	<b>(1,170,706)</b>	<b>74,095</b>	<b>193,844</b>
<b>Net change in fund balances</b>	<b>762,399</b>	<b>(287,646)</b>	<b>998,876</b>	<b>1,473,629</b>
<b>FUND BALANCES (Deficit):</b>				
Beginning of year	(3,599,756)	869,858	9,742,358	7,012,460
End of year	\$ (2,837,357)	\$ 582,212	\$ 10,741,234	\$ 8,486,089

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, 2016**

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt		Internal Service	Depreciation	Capital Asset (Additions)/ Retirements		OPEB Obligation	GASB 68 Pension	Government- wide Totals
		Service								
<b>Governmental activities:</b>										
General government	\$ 2,810,530	\$ 91,393	\$ (44,369)	\$ 571,227	\$ (1,447,454)	\$ 884,532	\$ -	\$ -	\$ -	\$ 2,865,859
Public safety	9,118,076	-	-	178,684	-	-	556,979	-	-	9,853,739
Highways and Streets	1,974,212	-	-	1,304,247	-	-	-	-	-	3,278,459
Urban redevelopment and housing	231,690	-	-	-	-	-	-	-	-	231,690
Parks and recreation	598,596	-	-	-	-	-	-	-	-	598,596
Capital outlay	405,510	-	-	-	(405,510)	-	-	-	-	-
Debt service/Interest	166,399	(117,560)	-	-	-	-	-	-	-	48,839
<b>Total governmental activities</b>	<b>\$ 15,305,013</b>	<b>\$ (26,167)</b>	<b>\$ (44,369)</b>	<b>\$ 2,054,158</b>	<b>\$ (1,852,964)</b>	<b>\$ 884,532</b>	<b>\$ 556,979</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,877,182</b>

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, 2016

**Net change in fund balances - total governmental funds** \$ 1,473,629

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	\$ 1,852,964	
Depreciation expense	<u>(2,054,158)</u>	(201,194)

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		117,560
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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>(91,393)</u>	(91,393)
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Certain employee benefit obligations are recorded on a pay-as-you-go basis in the governmental funds, but are accrued as liabilities in the Statement of Net Position:

Net Pension obligation		(556,979)
Net OPEB obligation		(884,532)

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 \$60,944 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 \$16,575 reported above for capital assets.

	(16,575)	
	60,944	44,369

<b>Change in Net Position of governmental activities</b>		<u><u>\$ (98,540)</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, 2016

	<b>General Fund</b>			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 7,075,436	\$ 5,746,405	\$ 5,798,248	\$ 51,843
Licenses and permits	173,300	337,850	439,673	101,823
Fines and forfeitures	49,000	49,000	44,636	(4,364)
Intergovernmental	458,250	2,478,460	2,849,651	371,191
Use of money and property	242,914	226,076	232,639	6,563
Charges for services	1,842,648	1,807,236	1,729,288	(77,948)
Reimbursements	816,000	786,000	549,132	(236,868)
Other revenues	94,000	96,800	110,935	14,135
<b>Total revenues</b>	<b>10,751,548</b>	<b>11,527,827</b>	<b>11,754,202</b>	<b>226,375</b>
<b>EXPENDITURES:</b>				
Current:				
General government	2,047,154	2,828,389	2,776,267	52,122
Public safety	7,640,165	7,800,094	7,892,607	(92,513)
Highways and Streets	1,270,173	1,254,961	1,014,788	240,173
Community services	623,626	611,630	598,596	13,034
Capital outlay	9,882	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>11,591,000</b>	<b>12,495,074</b>	<b>12,282,258</b>	<b>212,816</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(839,452)</b>	<b>(967,247)</b>	<b>(528,056)</b>	<b>439,191</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from Successor Agency	-	-	51,323	51,323
Transfers in	902,375	1,281,080	1,268,131	(12,949)
Transfers out	(50,000)	-	(28,999)	(28,999)
<b>Total other financing sources (uses)</b>	<b>852,375</b>	<b>1,281,080</b>	<b>1,290,455</b>	<b>9,375</b>
<b>Net change in fund balances</b>	<b>12,923</b>	<b>313,833</b>	<b>762,399</b>	<b>448,566</b>
<b>FUND BALANCES (Deficit):</b>				
Beginning of year	(3,599,756)	(3,599,756)	(3,599,756)	-
End of year	\$ (3,586,833)	\$ (3,285,923)	\$ (2,837,357)	\$ 448,566

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

<b>Measure H Special Revenue Fund</b>			
Budgeted Amounts		Actual	Variance w/Final
Original	Final		Positive (Negative)
\$ 1,250,000	\$ 1,640,352	\$ 1,762,206	\$ 121,854
-	-	-	-
-	-	-	-
-	-	-	-
2,500	2,500	1,428	(1,072)
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,252,500</u>	<u>1,642,852</u>	<u>1,763,634</u>	<u>120,782</u>
-	-	-	-
449,242	1,038,740	714,175	324,565
-	-	-	-
-	-	-	-
-	-	-	-
130,000	166,400	117,560	48,840
-	-	48,839	(48,839)
<u>579,242</u>	<u>1,205,140</u>	<u>880,574</u>	<u>324,566</u>
<u>673,258</u>	<u>437,712</u>	<u>883,060</u>	<u>445,348</u>
-	-	-	-
-	-	-	-
<u>(731,657)</u>	<u>(1,170,706)</u>	<u>(1,170,706)</u>	<u>-</u>
<u>(731,657)</u>	<u>(1,170,706)</u>	<u>(1,170,706)</u>	<u>-</u>
(58,399)	(732,994)	(287,646)	445,348
869,858	869,858	869,858	-
<u>\$ 811,459</u>	<u>\$ 136,864</u>	<u>\$ 582,212</u>	<u>\$ 445,348</u>

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## ENTERPRISE FUNDS

Fund	Description
<b>Major Funds:</b>	
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, 2016**

ASSETS	<u>Water</u>	<u>Sewer</u>
<b>Current assets:</b>		
Cash and investments	\$ 2,078,982	\$ 5,679,131
Restricted cash and investments	-	5,806,604
Receivables:		
Accounts	322,913	795,259
Interest	3,037	2,097
Due from other funds	-	7,421,128
Prepaid expenses	-	148,046
<b>Total current assets</b>	<u>2,404,932</u>	<u>19,852,265</u>
<b>Noncurrent assets:</b>		
Capital assets, net	5,771,633	82,234,757
<b>Total noncurrent assets</b>	<u>5,771,633</u>	<u>82,234,757</u>
<b>Total Assets</b>	<u>\$ 8,176,565</u>	<u>\$ 102,087,022</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 237,203	\$ 366,610
Accrued payroll	28,060	13,708
Due to other funds	347,378	-
Interest payable	-	661,664
Deposits payable	275,818	61,005
Compensated absences - current portion	6,639	2,301
Due within one year	-	1,306,132
<b>Total current liabilities</b>	<u>895,098</u>	<u>2,411,420</u>
<b>Noncurrent liabilities:</b>		
Compensated absences	84,316	9,269
Due after one year	-	76,645,048
<b>Total noncurrent liabilities</b>	<u>84,316</u>	<u>76,654,317</u>
<b>Total liabilities</b>	<u>979,414</u>	<u>79,065,737</u>
<b>Net Position:</b>		
Net investment in capital assets	5,771,633	5,589,709
Restricted	-	5,806,604
Unrestricted (Deficit)	1,425,518	11,624,972
<b>Total net position</b>	<u>7,197,151</u>	<u>23,021,285</u>
<b>Total liabilities and net position</b>	<u>\$ 8,176,565</u>	<u>\$ 102,087,022</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>
\$ 1,018,045	\$ 8,776,158	\$ 2,000,136
	5,806,604	-
270,289	1,388,461	22,310
387	5,521	693
-	7,421,128	-
-	148,046	63,802
<u>1,288,721</u>	<u>23,545,918</u>	<u>2,086,941</u>
133,242	88,139,632	1,139,782
<u>133,242</u>	<u>88,139,632</u>	<u>1,139,782</u>
<u>\$ 1,421,963</u>	<u>\$ 111,685,550</u>	<u>\$ 3,226,723</u>
\$ 199,053	\$ 802,866	\$ 135,157
2,404	44,172	7,120
3,298,197	3,645,575	-
-	661,664	-
-	336,823	-
254	9,194	1,322
-	1,306,132	-
<u>3,499,908</u>	<u>6,806,426</u>	<u>143,599</u>
-	93,585	14,483
-	76,645,048	-
-	76,738,633	14,483
<u>3,499,908</u>	<u>83,545,059</u>	<u>158,082</u>
133,242	11,494,584	1,139,782
-	5,806,604	-
(2,211,187)	10,839,303	1,928,859
<u>(2,077,945)</u>	<u>28,140,491</u>	<u>3,068,641</u>
<u>\$ 1,421,963</u>	<u>\$ 111,685,550</u>	<u>\$ 3,226,723</u>

**City of Atwater, California**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2016**

	<u>Water</u>	<u>Sewer</u>
<b>OPERATING REVENUES:</b>		
Charges for service	\$ 3,698,058	\$ 11,461,292
Interdepartmental charges	-	-
Other operating revenue	709,877	9,371
<b>Total operating revenues</b>	<u>4,407,935</u>	<u>11,470,663</u>
<b>OPERATING EXPENSES:</b>		
Salaries and benefits	925,030	472,880
Contractual services	164,089	2,035,212
Materials and supplies	122,490	108,654
Repairs and maintenance	-	-
Utilities	792,119	697,390
Insurance	-	-
Taxes and fees	-	-
Other operating costs	794,995	1,232,277
Depreciation	642,100	828,038
<b>Total operating expenses</b>	<u>3,440,823</u>	<u>5,374,451</u>
<b>OPERATING INCOME (LOSS)</b>	<u>967,112</u>	<u>6,096,212</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Intergovernmental revenues (expenses)	62,768	-
Interest revenue	12,317	29,124
Interest expense	(1,176)	(4,084,539)
<b>Total non-operating revenues, net</b>	<u>73,909</u>	<u>(4,055,415)</u>
<b>NET INCOME BEFORE TRANSFERS</b>	1,041,021	2,040,797
Transfers in	-	422
Transfers out	(142,943)	-
<b>Total transfers</b>	<u>(142,943)</u>	<u>422</u>
<b>CHANGE IN NET POSITION</b>	898,078	2,041,219
<b>NET POSITION (DEFICIT):</b>		
Beginning of year	6,299,073	20,980,066
End of year	<u>\$ 7,197,151</u>	<u>\$ 23,021,285</u>

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



<u>Sanitation</u>	<u>Totals</u>	<u>Governmental</u>
		<u>Internal</u>
		<u>Service Funds</u>
\$ 3,734,437	\$ 18,893,787	\$ -
-	-	2,434,444
56	719,304	46,498
<u>3,734,493</u>	<u>19,613,091</u>	<u>2,480,942</u>
65,106	1,463,016	184,368
2,390,957	4,590,258	384,165
516	231,660	3,842
-	-	369,603
-	1,489,509	-
-	-	1,077,428
-	-	138,844
338,031	2,365,303	150,063
4,045	1,474,183	114,639
<u>2,798,655</u>	<u>11,613,929</u>	<u>2,422,952</u>
<u>935,838</u>	<u>7,999,162</u>	<u>57,990</u>
-	62,768	-
-	41,441	2,954
<u>(9,306)</u>	<u>(4,095,021)</u>	<u>-</u>
<u>(9,306)</u>	<u>(3,990,812)</u>	<u>2,954</u>
926,532	4,008,350	60,944
-	422	-
-	(142,943)	-
<u>-</u>	<u>(142,521)</u>	<u>-</u>
926,532	3,865,829	60,944
<u>(3,004,477)</u>	<u>24,274,662</u>	<u>3,007,697</u>
<u>\$ (2,077,945)</u>	<u>\$ 28,140,491</u>	<u>\$ 3,068,641</u>

**City of Atwater, California**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2016**

	<u>Water</u>	<u>Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers/users for services provided	\$ 4,352,605	\$ 11,430,450
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(1,761,842)	(4,771,460)
Cash payments to employees for services	(916,830)	(466,311)
<b>Net cash provided by operating activities</b>	<u>1,673,933</u>	<u>6,192,679</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers received (paid)	(229,787)	532,524
Intergovernmental activities	62,768	-
<b>Net cash used by noncapital financing activities</b>	<u>(167,019)</u>	<u>532,524</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(306,011)	(224,157)
Proceeds from issuance of long-term debt	-	-
Principal paid on long term debt	-	(1,183,797)
Interest paid on long term debt	(1,176)	(4,093,294)
<b>Net cash (used) by capital and related financing activities</b>	<u>(307,187)</u>	<u>(5,501,248)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income received	9,792	27,225
<b>Net cash provided by investing activities</b>	<u>9,792</u>	<u>27,225</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,209,519	1,251,180
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	869,463	10,234,555
End of year	<u>\$ 2,078,982</u>	<u>\$ 11,485,735</u>
<b>Presentation in Statement of Net Position:</b>		
Cash and investments	\$ 2,078,982	\$ 5,679,131
Restricted cash and investments	-	5,806,604
	<u>\$ 2,078,982</u>	<u>\$ 11,485,735</u>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 967,112	\$ 6,096,212
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	642,100	828,038
(Increase) decrease in current assets:		
Accounts receivable	(55,330)	(40,213)
Prepaid expenses	-	(2,331)
Increase (decrease) in liabilities:		
Accounts payable	82,010	(691,151)
Accrued payroll	4,488	4,769
Deposits payable	29,841	(4,445)
Compensated absences	3,712	1,800
<b>Net cash provided by operating activities</b>	<u>\$ 1,673,933</u>	<u>\$ 6,192,679</u>

**There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2016.**

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

<b>Sanitation</b>	<b>Totals</b>	<b>Governmental</b>
		<b>Activities</b>
		<b>Internal</b>
		<b>Service Funds</b>
\$ 3,680,043	\$ 19,463,098	\$ -
-	-	2,477,026
(2,727,862)	(9,261,164)	(2,159,354)
(64,667)	(1,447,808)	(183,971)
<u>887,514</u>	<u>8,754,126</u>	<u>133,701</u>
(549,699)	(246,962)	-
-	62,768	-
<u>(549,699)</u>	<u>(184,194)</u>	<u>-</u>
(19,428)	(549,596)	(132,050)
-	-	-
-	(1,183,797)	-
<u>(9,306)</u>	<u>(4,103,776)</u>	<u>-</u>
<u>(28,734)</u>	<u>(5,837,169)</u>	<u>(132,050)</u>
(352)	36,665	2,351
<u>(352)</u>	<u>36,665</u>	<u>2,351</u>
308,729	2,769,428	4,002
709,316	11,813,334	1,996,134
<u>\$ 1,018,045</u>	<u>\$ 14,582,762</u>	<u>\$ 2,000,136</u>
\$ 1,018,045	\$ 8,776,158	\$ 2,000,136
-	5,806,604	-
<u>\$ 1,018,045</u>	<u>\$ 14,582,762</u>	<u>\$ 2,000,136</u>
\$ 935,838	\$ 7,999,162	\$ 57,990
4,045	1,474,183	114,639
(54,450)	(149,993)	(3,916)
-	(2,331)	(11,969)
1,642	(607,499)	(23,440)
820	10,077	(339)
-	25,396	-
<u>(381)</u>	<u>5,131</u>	<u>736</u>
<u>\$ 887,514</u>	<u>\$ 8,754,126</u>	<u>\$ 133,701</u>

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## FIDUCIARY ACTIVITIES

Fund	Description
<b>Private Purpose Trust Funds are used for resources held for other individuals and entities in a manner similar to private enterprise.</b>	
<b>Private Purpose Trust Fund</b>	
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
<b>Agency Funds</b>	
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, 2016**

	Successor Agency Former Atwater Community Development Agency	Agency Funds
Current assets:		
Cash and investments	\$ 128,151	\$ 74,225
Cash and investments with trustee/fiscal agent	1,621,282	-
Accounts receivable	10,576	-
Interest receivable	84	25
Assessments receivable	-	2,373
Loans/notes receivable	111,437	-
Prepaid items	254	-
Due from other funds	-	-
<b>Total current assets</b>	<u>1,871,784</u>	<u>76,623</u>
Property, plant and equipment	1,155,151	-
Less accumulated depreciation	(273,475)	-
Property, plant, and equipment, net	<u>881,676</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 2,753,460</u>	<u>\$ 76,623</u>
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 200,259	\$ -
Due to others	-	76,623
Due within one year	624,259	-
<b>Total current liabilities</b>	<u>824,518</u>	<u>76,623</u>
Long-term liabilities:		
Advance from governmental funds/activities	259,265	-
Due after one year	7,381,055	-
<b>Total long-term liabilities</b>	<u>7,640,320</u>	<u>-</u>
<b>Total liabilities</b>	<u>8,464,838</u>	<u>\$ 76,623</u>
<b>Net Position (Deficit):</b>		
Net investment in capital assets	(7,123,638)	
Net position held in trust for Redevelopment Dissolution	1,412,260	
<b>Total Net Position (deficit)</b>	<u>(5,711,378)</u>	
<b>Total liabilities and net position</b>	<u>\$ 2,753,460</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, 2016**

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	<u>Successor Agency</u>
	Former Atwater Community Development Agency
	<u>Agency</u>
<b>ADDITIONS:</b>	
Property taxes	\$ 1,315,333
Investment income	16,708
Other additions	2,242
<b>Total operating revenues</b>	<u>1,334,283</u>
<b>DEDUCTIONS:</b>	
Urban redevelopment and housing	1,676,017
Interest and trustee fees	410,696
Depreciation and amortization	7,741
Transfer to City of Atwater	51,323
<b>Total operating expenses</b>	<u>2,145,777</u>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<u>(811,494)</u>
<b>NET POSITION (DEFICIT):</b>	
Beginning of year	<u>(4,899,884)</u>
End of year	<u>\$ (5,711,378)</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**

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**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, 2016**

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**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, 2016**

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**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, 2016**

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**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, 2016**

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**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, 2016**

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**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, 2016**

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**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, 2016**

---

**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, 2016**

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**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, 2016**

---

**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, 2016**

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**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, 2016**

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**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, 2016. 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, 2016**

**2. CASH AND INVESTMENTS**

At June 30, 2016, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

<b>Cash, cash equivalents and investments pooled</b>	<b>Maturities (in years)</b>			<b>Deposits</b>	<b>Fair Market Value</b>
	<b>&lt;1</b>	<b>1 to 3</b>	<b>3 to 5</b>		
<b>Pooled cash, at fair value</b>					
Cash in bank	\$ -	\$ -	\$ -	\$ 8,702,428	\$ 8,702,428
Petty cash	-	-	-	450	450
Total pooled items	-	-	-	8,702,878	8,702,878
<b>Pooled investments, at fair market value</b>					
Cash and short-term investments	7,427,886	-	-	-	7,427,886
Mutual fund	1,230,802	-	-	-	1,230,802
Money market	50,406	-	-	-	50,406
Central San Joaquin Valley Risk Management Authority (CSJVRMA) investment pool	1,040,050	-	-	-	1,040,050
State of California Local Agency Investment Fund	7,395,320	-	-	-	7,395,320
Total pooled investments	17,144,464	-	-	-	17,144,464
Total cash, cash equivalents and investments pooled	\$ 17,144,464	\$ -	\$ -	\$ 8,702,878	\$ 25,847,342
<b>Amounts reported in:</b>					
Governmental activities					\$ 9,440,922
Business-type activities					8,776,158
Business-type activities - Restricted					5,806,604
Fiduciary activities					202,376
Fiduciary activities - Restricted					1,621,282
Total					\$ 25,847,342

<b>Investment Type</b>	<b>Fair Value</b>
Mutual funds	\$ 1,230,802
Money market	50,406
CSJVRMA investment pool	1,040,050
LAIF	7,395,320
Held by bond trustees:	
Cash and cash equivalent	7,427,886
Total fair value	\$ 17,144,464



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

**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, 2016, 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, 2016**

**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, 2016, 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, 2016**

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**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, 2016, the carrying amount of the City's deposits was \$8,702,878 and the balances in financial institutions were \$10,190,496. Of the balance in financial institutions, \$300,408 was covered by federal depository insurance and \$9,890,088 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, 2016, the City's investments were held by the City's custodial agent, but not in the City's name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million.

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

**Investment in LAIF**

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute, and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2016 was \$22,712,084,628 of which the City had a balance of \$7,395,320. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2016 has a portfolio of \$75,368,905. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2016 has a portfolio with market valuation of \$69,672,945,247 including accrued interest. Of the total invested, 98.45% was invested in non-derivative financial products and 1.55% in structured notes and asset-backed securities. 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, 2016**

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2016:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts receivable	\$ 22,310	\$ 1,388,461	\$ 10,576	\$ 1,421,347
Taxes and assessments receivable	301,920	-	2,373	304,293
Interest receivable	4,158	5,521	109	9,788
Intergovernmental	441,895	-	-	441,895
Other	1,404,445	-	-	1,404,445
Loans/Notes receivable	-	-	111,437	111,437
Total accounts receivable	<u>\$ 2,174,728</u>	<u>\$ 1,393,982</u>	<u>\$ 124,495</u>	<u>\$ 3,693,205</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	20.2%	Financial	0.0%
Individuals/Business	41.5%	Other	38.3%

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, 2016**

**4. CAPITAL ASSETS**

Governmental capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>Governmental activities</b>				
<b>Nondepreciable assets:</b>				
Land	\$ 323,223	\$ -	\$ -	\$ 323,223
Construction in Progress	369,997	1,176,016	-	1,546,013
<b>Total nondepreciable assets</b>	<u>693,220</u>	<u>1,176,016</u>	<u>-</u>	<u>1,869,236</u>
<b>Depreciable assets:</b>				
Buildings and improvements	14,893,298	-	-	14,893,298
Infrastructure	1,156,846	-	-	1,156,846
Roads	49,175,288	27,933	-	49,203,221
Equipment	6,226,075	649,015	-	6,875,090
<b>Total depreciable assets</b>	<u>71,451,507</u>	<u>676,948</u>	<u>-</u>	<u>72,128,455</u>
<b>Total</b>	<u>72,144,727</u>	<u>1,852,964</u>	<u>-</u>	<u>73,997,691</u>
<b>Accumulated depreciation:</b>				
Buildings and improvements	(7,388,299)	(548,785)	-	(7,937,084)
Infrastructure	(258,148)	(44,430)	-	(302,578)
Roads	(37,194,940)	(1,259,817)	-	(38,454,757)
Equipment	(4,369,358)	(201,126)	-	(4,570,484)
<b>Total accumulated depreciation</b>	<u>(49,210,745)</u>	<u>(2,054,158)</u>	<u>-</u>	<u>(51,264,903)</u>
<b>Net depreciable assets</b>	<u>22,240,762</u>	<u>(1,377,210)</u>	<u>-</u>	<u>20,863,552</u>
<b>Total net capital assets</b>	<u>\$ 22,933,982</u>	<u>\$ (201,194)</u>	<u>\$ -</u>	<u>\$ 22,732,788</u>

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

General government	\$ 571,227
Public safety	178,684
Highways and streets	<u>1,304,247</u>
<b>Total</b>	<u>\$ 2,054,158</u>

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

**4. CAPITAL ASSETS, Continued**

Business-type capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b><u>Business-type activities</u></b>				
<b>Nondepreciable assets:</b>				
Land	\$ 764,902	\$ -	\$ -	\$ 764,902
Construction in Progress	72,517,871	520,001	-	73,037,872
<b>Total nondepreciable assets</b>	<u>73,282,773</u>	<u>520,001</u>	<u>-</u>	<u>73,802,774</u>
<b>Depreciable assets:</b>				
Buildings and improvements	37,125,966	1	-	37,125,967
Equipment	10,130,313	29,594	-	10,159,907
<b>Total depreciable assets</b>	<u>47,256,279</u>	<u>29,595</u>	<u>-</u>	<u>47,285,874</u>
<b>Total</b>	<u>120,539,052</u>	<u>549,596</u>	<u>-</u>	<u>121,088,648</u>
<b>Accumulated depreciation:</b>				
Buildings and improvements	(24,936,493)	(1,047,491)	-	(25,983,984)
Equipment	(6,538,340)	(426,692)	-	(6,965,032)
<b>Total accumulated depreciation</b>	<u>(31,474,833)</u>	<u>(1,474,183)</u>	<u>-</u>	<u>(32,949,016)</u>
<b>Net depreciable assets</b>	<u>15,781,446</u>	<u>(1,444,588)</u>	<u>-</u>	<u>14,336,858</u>
<b>Total net capital assets</b>	<u>\$ 89,064,219</u>	<u>\$ (924,587)</u>	<u>\$ -</u>	<u>\$ 88,139,632</u>

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

Water	\$ 642,100
Sewer	828,038
Sanitation	4,045
	<u>\$ 1,474,183</u>

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

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2016:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 991,381	\$ 802,866	\$ 200,259	\$ 1,994,506
Accrued payroll and related liabilities	376,857	44,172	-	421,029
Other liabilities	-	-	76,623	76,623
Total	<u>\$ 1,368,238</u>	<u>\$ 847,038</u>	<u>\$ 276,882</u>	<u>\$ 2,492,158</u>

These amounts resulted in the following concentrations in payables:

Vendors	80%
Employees	17%
Others	3%

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, 2016:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
<b><u>Governmental Activities:</u></b>					
Compensated absences	\$ 792,650	\$ 146,531	\$ (55,138)	\$ 884,043	\$ 55,285
Capital lease obligations	792,954	-	(117,560)	675,394	120,354
Total governmental activities	<u>\$ 1,585,604</u>	<u>\$ 146,531</u>	<u>\$ (172,698)</u>	<u>\$ 1,559,437</u>	<u>\$ 175,639</u>
<b><u>Business-type Activities:</u></b>					
2008 Wastewater Revenue Refunding Bonds	\$ 18,355,000	\$ -	\$ (465,000)	\$ 17,890,000	\$ 485,000
Deferred loss on refunding	(1,028,039)	-	80,350	(947,689)	(80,350)
2010 Wastewater Revenue Bonds	51,755,000	-	(650,000)	51,105,000	675,000
Unamortized bond premium	379,635	-	(12,832)	366,803	12,832
2011 Wastewater Revenue Bonds	9,480,000	-	(140,000)	9,340,000	145,000
Unamortized bond discount	(97,388)	-	3,263	(94,125)	(3,264)
Capital lease obligation	291,191	-	-	291,191	71,914
Compensated absences	97,648	16,369	(11,238)	102,779	9,194
Total business-type activities	<u>\$ 79,233,047</u>	<u>\$ 16,369</u>	<u>\$ (1,195,457)</u>	<u>\$ 78,053,959</u>	<u>\$ 1,315,326</u>

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

**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
2017	\$ 120,354	\$ 17,569
2018	73,208	14,708
2019	75,147	12,768
2020	77,139	10,777
2021	79,183	8,733
2021-2024	250,363	13,386
Total	<u>\$ 675,394</u>	<u>\$ 77,941</u>
Due within one year	\$ 120,354	\$ 17,569
Due after one year	555,040	60,372
Total	<u>\$ 675,394</u>	<u>\$ 77,941</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, 2016, the total principal outstanding is \$17,890,000 and the unamortized portion of the deferred loss on refunding totaled \$947,689, resulting in a net outstanding balance of \$16,942,311.



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

**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, 2016, the total principal outstanding is \$51,105,000, and the unamortized premium totaled \$366,803, resulting in a net outstanding balance of \$50,738,197.

**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, 2016, the total principal outstanding is \$9,340,000 and the unamortized discount totaled \$94,124, resulting in a net outstanding balance of \$9,245,876.

**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
2017	\$ 142,143	\$ 16,598
2018	73,640	14,708
2019	75,408	12,768
Total	<u>\$ 291,191</u>	<u>\$ 44,074</u>
Due within one year	\$ 142,143	\$ 16,598
Due after one year	149,048	27,476
Total	<u>\$ 291,191</u>	<u>\$ 44,074</u>

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

**6. LONG-TERM LIABILITIES, Continued**

Future debt service at June 30, 2016 is as follows for all debt except compensated absences:

Business-type Activities						
Year Ending June 30,	2008 Wastewater Revenue		2010 Wastewater Revenue		2011 Wastewater Revenue	
	Refunding Bonds		Bonds		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 485,000	\$ 862,856	\$ 675,000	\$ 2,569,030	\$ 145,000	\$ 538,100
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
2022-2026	3,280,000	3,460,888	4,570,000	11,644,642	980,000	2,432,919
2027-2031	4,155,000	2,595,000	5,735,000	10,474,857	1,275,000	2,142,470
2032-2036	5,295,000	1,447,500	7,310,000	8,909,837	1,680,000	1,728,680
2037-2041	2,510,000	189,750	13,615,000	6,637,505	2,260,000	1,154,252
2042-2045	-	-	16,185,000	2,178,486	2,360,000	372,094
Total	\$ 17,890,000	\$ 11,785,493	\$ 51,105,000	\$ 52,372,977	\$ 9,340,000	\$ 10,459,708
Due within one year	\$ 485,000	\$ 862,856	\$ 675,000	\$ 2,569,030	\$ 145,000	\$ 538,100
Due after one year	17,405,000	10,922,637	50,430,000	49,803,947	9,195,000	9,921,608
Total	\$ 17,890,000	\$ 11,785,493	\$ 51,105,000	\$ 52,372,977	\$ 9,340,000	\$ 10,459,708
Deferred Amount -						
Year Ending June 30,	2008 Wastewater	Premium -	Discount -	Totals		
	Revenue	2010 Wastewater	2011 Wastewater			
	Refunding Bonds	Revenue Bonds	Revenue Bonds	Principal	Interest	
	Amortization	Amortization	Amortization			
2017	\$ (80,350)	\$ 12,832	\$ (3,264)	\$ 1,234,218	\$ 3,969,986	
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	
2022-2026	(401,750)	64,160	(16,320)	8,476,090	17,538,449	
2027-2031	(144,189)	64,160	(16,320)	11,068,651	15,212,327	
2032-2036	-	64,160	(16,320)	14,332,840	12,086,017	
2037-2041	-	64,160	(16,320)	18,432,840	7,981,507	
2042-2045	-	46,003	(12,525)	18,578,478	2,550,580	
Total	\$ (947,689)	\$ 366,803	\$ (94,125)	\$ 77,659,989	\$ 74,618,178	
Due within one year	\$ (80,350)	\$ 12,832	\$ (3,264)	\$ 1,234,218	\$ 3,969,986	
Due after one year	(867,339)	353,971	(90,861)	76,425,771	70,648,192	
Total	\$ (947,689)	\$ 366,803	\$ (94,125)	\$ 77,659,989	\$ 74,618,178	

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

**8. NET POSITION/ FUND BALANCES**

**Net position**

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Net investment in capital assets	\$ 22,732,788	\$ 11,494,584	\$ (7,123,638)	\$ 27,103,734
Restricted	4,748,643	5,806,604	-	10,555,247
Unrestricted (deficit)	(25,983,233)	10,839,303	1,412,260	(13,731,670)
Total	<u>\$ 1,498,198</u>	<u>\$ 28,140,491</u>	<u>\$ (5,711,378)</u>	<u>\$ 23,927,311</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, 2016:

Nonspendable:	
Prepaid items	\$ 25,368
Investment in land held for resale	3,855,930
<b>Total Nonspendable</b>	<u>\$ 3,881,298</u>
Restricted:	
Governmental Funds:	
Gas Tax	\$ 1,743,619
Facility Impact Fee	2,604,910
HOME Investment Partnership Program	188,575
Neighborhood Stabilization	211,539
<b>Total Restricted</b>	<u>\$ 4,748,643</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, 2016**

**8. NET POSITION/ FUND BALANCES, Continued**

**Net position, 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:

	<b>As of June 30, 2016</b>
<b><u>Major Funds:</u></b>	
<u>Governmental Funds:</u>	
General Fund	\$ 2,862,725
<b><u>Nonmajor Special Revenue Funds:</u></b>	
Police Grants	143,411
Local Transportation	391,191
Community Development Block Grants	12,441
Maintenance District Funds:	
Northwood Village	37,874
Wildwood Estates	12,298
Woodview Garland	8,168
Sierra Parks	31,171
Price Annexation	33,593
Airport Business Park	3,761
CFD Districts	272,824
Total Governmental Funds	\$ 3,809,457
<b><u>Major Funds:</u></b>	
<u>Proprietary Funds:</u>	
Sanitation	\$ 2,077,945
	\$ 2,077,945
<b><u>Fiduciary Funds:</u></b>	
Successor Agency Private Purpose Trust	\$ 5,711,378

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, 2016**

**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, 2016:

	Due from Other Funds	Due to Other Funds
	<u>                    </u>	<u>                    </u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ -	\$ 3,092,991
Total Major Funds	<u>-</u>	<u>3,092,991</u>
<b>Nonmajor Special Revenue Funds:</b>		
Police Grants	-	252,711
Local Transportation	-	417,410
Community Development Block Grants	-	12,441
<b>Maintenance Districts:</b>		
Northwood Village	-	37,540
Wildwood Estates	-	12,289
Woodview Garland	-	8,146
Sierra Parks	-	31,359
Price Annexation	-	32,564
Airport Business Park	-	3,670
Atwater South	142,479	-
Mello Ranch 2	258,306	-
CFD Districts	-	275,217
Total Maintenance Districts	<u>400,785</u>	<u>400,785</u>
Total Non-major Special Revenue Funds	<u>400,785</u>	<u>1,083,347</u>
<b>Total Governmental Funds</b>	<u>400,785</u>	<u>4,176,338</u>
<b><u>Proprietary Funds</u></b>		
Water	-	347,378
Sewer	7,421,128	-
Sanitation	-	3,298,197
<b>Total Proprietary Funds</b>	<u>7,421,128</u>	<u>3,645,575</u>
<b>Total</b>	<u>\$ 7,821,913</u>	<u>\$ 7,821,913</u>

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

**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, 2016:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 1,268,131	\$ 28,999
Measure H Special Revenue	-	1,170,706
Total Major Funds	<u>1,268,131</u>	<u>1,199,705</u>
<b>Non-major Funds:</b>		
<b>Special Revenue Funds:</b>		
Police Grants	70,706	-
Gas Tax	422	-
Bloss Estate	2,037	-
Maintenance District Funds	91,726	91,726
Total Non-major Special Revenue Funds	<u>164,891</u>	<u>91,726</u>
<b>Capital Projects Funds:</b>		
General	13,496	12,566
Total Non-major Capital Projects Funds	<u>13,496</u>	<u>12,566</u>
Total Non-major Funds	<u>178,387</u>	<u>104,292</u>
Total Governmental Funds	<u>1,446,518</u>	<u>1,303,997</u>
<b><u>Proprietary Funds</u></b>		
Water	-	142,943
Sewer	422	-
Total Proprietary Funds	<u>422</u>	<u>142,943</u>
<b>Total Transfers</b>	<u>\$ 1,446,940</u>	<u>\$ 1,446,940</u>

The Water Fund transfer from proprietary funds to governmental funds was to fund programs paid for by General Fund resources. In addition, maintenance district funds transferred \$91,726 amongst themselves to account for interrelated activity.

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

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

**10. RISK MANAGEMENT, Continued**

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

At the termination of the joint venture agreement and after all claims has been settled, any excess or deficit will be divided among the cities in proportion to the aggregate amount of contribution made by each. The financial position results of operations of CSJVRMA are as follows for June 30, 2016:

	<b>Balance as of</b>
	<b>30-Jun-16</b>
Total assets	\$ 80,694,798
Total liabilities	65,440,947
Member's Equity	<u>\$ 15,253,851</u>
	<b>Fiscal Year Ended</b>
	<b>30-Jun-16</b>
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.

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

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

**11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<u>Miscellaneous</u>	
	Prior to November 25, 2011	November 25, 2011 to January 1, 2013
Hire date		
Benefit formula	3% @ 60	2% @ 60
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 60	50 - 63
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.092% to 2.418%
Required employee contribution rates	8%	7%
Required employer contribution rates	28.556%	28.556%
	<u>Safety</u>	
	Prior to January 1, 2013	
Hire date		
Benefit formula	3% @ 50	
Benefit vesting schedule	5 years service	
Benefit payments	monthly for life	
Retirement age	50	
Monthly benefits, as a % of eligible compensation	3.00%	
Required employee contribution rates	9%	
Required employer contribution rates	58.082%	
		<u>PEPRA Miscellaneous</u>
		On or after January 1, 2013
Hire date		
Benefit formula		2% @ 62
Benefit vesting schedule		5 years service
Benefit payments		monthly for life
Retirement age		52 - 67
Monthly benefits, as a % of eligible compensation		1.0% to 2.5%
Required employee contribution rates		50% of normal cost of benefit
Required employer contribution rates		<u>PEPRA Safety - Police</u>
		On or after January 1, 2013
Hire date		
Benefit formula		2.7% @ 57
Benefit vesting schedule		5 years service
Benefit payments		monthly for life
Retirement age		50 - 57
Monthly benefits, as a % of eligible compensation		2.0% to 2.7%
Required employee contribution rates		50% of normal cost of benefit
Required employer contribution rates		

**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.



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

**11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

For the year ended June 30, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Miscellaneous Second Tier	PEPRA - Miscellaneous	Safety Plan	PEPRA - Safety
Contributions - employer	\$ 829,281	\$ 17,805	\$ 20,718	\$ 1,459,774	\$ 21,556

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

As of June 30, 2016, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 10,183,590
Miscellaneous - Second Tier	(1,663)
PEPRA Miscellaneous	(320)
Safety	12,276,084
PEPRA Safety	(231)
Total Net Pension Liability	<u>\$ 22,457,460</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, 2015, 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, 2014 rolled forward to June 30, 2015 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, 2014 and 2015 was as follows:

	Miscellaneous	Miscellaneous Second Tier	PEPRA Miscellaneous	Safety	PEPRA Safety
Proportion - June 30, 2014	0.15531%	N/A	N/A	0.18895%	N/A
Proportion - June 30, 2015	0.37119%	-0.00006%	-0.00001%	0.29793%	-0.00001%
Change - Increase (Decrease)	0.21588%	N/A	N/A	0.10898%	N/A

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

**11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

For the year ended June 30, 2016, the City recognized pension expense of \$556,979. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Pension contributions subsequent to measurement date	\$ 2,609,342	\$ -
Differences between actual and expected experience	43,408	(162,479)
Changes in assumptions	-	(1,157,981)
Net differences between projected and actual earnings on plan investments	2,912,345	(1,815,164)
Differences between employers actual and allocated contributions	-	(2,349,134)
Adjustments due to differences in proportions	(881,932)	-
Total	<u>4,683,163</u>	<u>(5,484,758)</u>

\$2,609,342 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended 30-Jun	
2016	1,115,951
2017	1,115,951
2018	1,115,951
2019	878,684
2020	(815,600)
Thereafter	-

**Actuarial Assumptions** -The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Miscellaneous Second Tier	PEPRA Miscellaneous	Safety	PEPRA Safety
Valuation Date	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14
Measurement	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15
Actuarial Cost Method	Entry-Age Normal Cost Method				
Actuarial Assumptions:					
Discount Rate	7.65%	7.65%	7.65%	7.65%	7.65%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	3%	3%	3%	3%	3%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)

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

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

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

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**11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2015 actuarial experience study for the period 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.

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.

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

**11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

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.

***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, 2015			
Miscellaneous	\$ 17,078,591	\$ 10,183,590	\$ 4,490,966
Miscellaneous Second Tier	(2,789)	(1,663)	(733)
PEPRA Miscellaneous	(537)	(320)	(141)
Safety	19,682,778	12,276,084	3,604,577
PEPRA Safety	(370)	(231)	(117)
Total	\$ 36,757,673	\$ 22,457,460	\$ 8,094,552

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

***E. Payable to the Pension Plan***

At June 30, 2016, the City reported a payable of \$42,640 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

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

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**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 2016, the City contributed \$608,763 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.

*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.

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

**12. OTHER POSTEMPLOYMENT BENEFITS, Continued**

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	\$ 1,392,169
Interest on net OPEB obligation	268,304
Adjustment to annual required contribution	(198,744)
Annual OPEB cost (expense)	\$ 1,461,729
Contributions made	(577,197)
Benefit payments made outside of trust	-
Increase in net OPEB obligation	\$ 884,532
Net OPEB obligation - beginning of year	5,962,319
Net OPEB obligation - end of year	<u>\$ 6,846,851</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 1,274,851	52.5%	\$ 5,178,448
6/30/2015	1,392,634	43.7%	5,962,319
6/30/2016	1,461,729	39.5%	6,846,851

*Funded Status and Funding Progress.* As of June 30, 2013, 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.

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

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**12. OTHER POSTEMPLOYMENT BENEFITS, Continued**

*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 8.0% for 2013; 7.0% for 2016; 6.0% for 2016; and reduced to an ultimate rate of 5.0% thereafter.

*Health insurance premiums*—2011 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 2.0%. Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4.5% was used. The remaining amortization period at June 30, 2016 was twenty-seven years.

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

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**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, 2016**

**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, 2016:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
<b>Trust Activities:</b>					
1998 Tax Allocation Refunding Bonds -					
Series A	\$ 1,100,000	\$ -	\$ (135,000)	\$ 965,000	\$ 140,000
2007 Taxable Housing Tax Allocation Refunding Bonds -					
Series A	5,955,000	-	(375,000)	5,580,000	395,000
Series B	1,640,000	-	(110,000)	1,530,000	115,000
Bond discount	(77,427)	-	7,741	(69,686)	(7,741)
<b>Total trust fund debt</b>	<b>\$ 8,617,573</b>	<b>\$ -</b>	<b>\$ (612,259)</b>	<b>\$ 8,005,314</b>	<b>\$ 642,259</b>

**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, 2016, the total principal outstanding is \$965,000.

**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, 2016, the total principal outstanding is \$5,580,000 and the unamortized discounts total \$52,244, resulting in a net outstanding balance of \$5,527,756.

**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, 2016, the total principal outstanding is \$1,530,000 and the unamortized discounts total \$17,442, resulting in a net balance of \$1,512,558.

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

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

Future debt service for Fiduciary Activities at June 30, 2016, 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
2017		\$ 140,000	\$ 52,790	\$ 395,000	\$ 237,296	\$ 115,000	\$ 92,105
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
2022-2026		185,000	10,175	3,445,000	477,940	875,000	164,864
Total		965,000	194,270	5,580,000	1,496,518	1,530,000	552,511
Less: Discount		-	-	(52,244)	-	(17,442)	-
		\$ 965,000	\$ 194,270	\$ 5,527,756	\$ 1,496,518	\$ 1,512,558	\$ 552,511
Due within one year		\$ 140,000	\$ 52,790	\$ 389,196	\$ 237,296	\$ 113,063	\$ 92,105
Due after one year		825,000	141,480	5,185,000	1,259,222	1,415,000	460,406
Less: Discount		-	-	(46,440)	-	(15,505)	-
Total		\$ 965,000	\$ 194,270	\$ 5,527,756	\$ 1,496,518	\$ 1,512,558	\$ 552,511
Year Ending June 30,		Total					
		Principal	Interest				
2017		\$ 650,000	\$ 382,191				
2018		680,000	352,333				
2019		710,000	320,029				
2020		750,000	286,001				
2021		780,000	249,766				
2022-2026		4,505,000	652,979				
Total		8,075,000	2,243,299				
Less: Discount		(69,686)	-				
		\$ 8,005,314	\$ 2,243,299				
Due within one year		\$ 642,259	\$ 374,450				
Due after one year		7,425,000	1,868,849				
Less: Discount		(61,945)	-				
Total		\$ 8,005,314	\$ 2,243,299				

**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, 2016**

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**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. 72, "Fair Value Measurement and Application". The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2016. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2016.

The GASB has issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments 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 with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, "Accounting and Financial Reporting for Pensions", as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, "Financial Reporting for Pension Plans", and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2016. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. The City will evaluate the applicability of the provisions of this Statement and implement it in the applicable year, accordingly.

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

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**15. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

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, 2016. The City will implement this Statement in fiscal year ending June 30, 2017.

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

The GASB has issued Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The requirements of

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

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**15. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

this Statement are effective for financial statements for periods beginning after June 15, 2016, and should be applied retroactively. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2016.

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, 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 2016-17 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.

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**REQUIRED SUPPLEMENTARY INFORMATION**

## City of Atwater, California

### Required Supplementary Information - Schedule of Contributions

<b>Miscellaneous Plan</b>		
Last 10 Fiscal Years*	2015	2014
Contractually required contribution (actuarially determined)	\$ 829,281	\$ 611,946
Contributions in relation to the actuarially determined contributions	(829,281)	(611,946)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 1,861,099	\$ 2,337,219
Contribution as a percentage of covered-employee payroll	44.56%	26.18%

#### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years are available.

<b>Miscellaneous Tier 2 Plan</b>		
Last 10 Fiscal Years*	2015	2014
Contractually required contribution (actuarially determined)	\$ 17,805	N/A
Contributions in relation to the actuarially determined contributions	(17,805)	N/A
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 156,955	N/A
Contribution as a percentage of covered-employee payroll	11.34%	N/A

#### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years are available.

<b>PEPRA Miscellaneous Plan</b>		
Last 10 Fiscal Years*	2015	2014
Contractually required contribution (actuarially determined)	\$ 20,718	N/A
Contributions in relation to the actuarially determined contributions	(20,718)	N/A
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 424,466	N/A
Contribution as a percentage of covered-employee payroll	4.88%	N/A

#### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years are available.



## City of Atwater, California

### Required Supplementary Information - Schedule of Contributions, Continued

#### Safety Plan

Last 10 Fiscal Years\*

	2015	2014
Contractually required contribution (actuarially determined)	\$ 1,459,774	\$ 1,144,372
Contributions in relation to the actuarially determined contributions	<u>(1,459,774)</u>	<u>(1,144,372)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,875,561	\$ 1,979,002
Contribution as a percentage of covered-employee payroll	77.83%	57.83%

#### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years are available.

#### PEPRA Safety Plan

Last 10 Fiscal Years\*

	2015	2014
Contractually required contribution (actuarially determined)	\$ 21,556	N/A
Contributions in relation to the actuarially determined contributions	<u>(21,556)</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 327,020	N/A
Contribution as a percentage of covered-employee payroll	6.59%	N/A

#### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years are available.

## City of Atwater, California

### Required Supplementary Information - Schedule of Contributions

<b>Miscellaneous Plan</b> Last 10 Fiscal Years*	<b>2015</b>	<b>2014</b>
Plan's Proportion of the Net Pension Liability/(Asset)	0.37119%	0.15531%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 10,183,590	\$ 9,663,919
Plan's Covered-Employee Payroll	\$ 1,861,099	\$ 2,337,219
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	547.18%	413.48%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	68.53%	69.38%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 829,281	\$ 592,151

#### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years are available.

<b>Miscellaneous Tier 2 Plan</b> Last 10 Fiscal Years*	<b>2015</b>	<b>2014</b>
Plan's Proportion of the Net Pension Liability/(Asset)	-0.000061%	N/A
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,663	N/A
Plan's Covered-Employee Payroll	\$ 156,955	N/A
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	1.06%	N/A
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	102.93%	N/A
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 17,805	N/A

#### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years are available.

<b>PEPRA Miscellaneous Plan</b> Last 10 Fiscal Years*	<b>2015</b>	<b>2014</b>
Plan's Proportion of the Net Pension Liability/(Asset)	-0.000012%	N/A
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 320	N/A
Plan's Covered-Employee Payroll	\$ 424,466	N/A
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.08%	N/A
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	101.37%	N/A
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 20,718	N/A

#### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years are available.

# City of Atwater, California

## Required Supplementary Information - Schedule of Contributions, Continued

<b>Safety Plan</b>		
Last 10 Fiscal Years*	<b>2015</b>	<b>2014</b>
Plan's Proportion of the Net Pension Liability/(Asset)	0.29793%	0.18895%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ (12,276,084)	\$ 11,757,643
Plan's Covered-Employee Payroll	\$ 1,875,561	\$ 1,979,002
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	-654.53%	594.12%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	66.45%	65.83%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 1,459,774	\$ 641,333

### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years are available.

<b>PEPRA Safety Plan</b>		
Last 10 Fiscal Years*	<b>2015</b>	<b>2014</b>
Plan's Proportion of the Net Pension Liability/(Asset)	-0.00001%	0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 231	\$ -
Plan's Covered-Employee Payroll	\$ 327,020	\$ -
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.07%	0.00%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	101.16%	0.00%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 21,556	\$ -

### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years are available.

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## NON-MAJOR GOVERNMENTAL FUNDS

<b>Fund Type</b>	<b>Description</b>
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, 2016**

	Governmental Funds			
	Special Revenue Funds	Capital Projects Funds		Non-Major Funds Totals
		General	Performance Bond	
<b>ASSETS</b>				
Cash and investments	\$ 6,885,522	\$ 3,523	\$ 210,214	\$ 7,099,259
Receivables:				
Taxes and assessments	12,104	-	-	12,104
Interest	2,907	-	81	2,988
Intergovernmental	441,895	-	-	441,895
Other receivable	-	2,645	-	2,645
Advance to Successor Agency	259,265	-	-	259,265
Investment in land held for resale	3,855,930	-	-	3,855,930
<b>Total assets</b>	<b>\$ 11,858,408</b>	<b>\$ 6,168</b>	<b>\$ 210,295</b>	<b>\$ 12,074,871</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 114,600	\$ 1,388	\$ -	\$ 115,988
Due to other funds	1,083,347	-	-	1,083,347
Deposits Payable	-	-	111,666	111,666
<b>Total liabilities:</b>	<b>1,197,947</b>	<b>1,388</b>	<b>111,666</b>	<b>1,311,001</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	21,032	1,604	-	22,636
<b>Total deferred inflows of resources</b>	<b>21,032</b>	<b>1,604</b>	<b>-</b>	<b>22,636</b>
<b>Total liabilities and deferred inflows</b>	<b>1,218,979</b>	<b>2,992</b>	<b>111,666</b>	<b>1,333,637</b>
<b>Fund Balances:</b>				
Nonspendable	3,855,930	-	-	3,855,930
Restricted	4,748,643	-	-	4,748,643
Assigned	2,981,588	3,176	98,629	3,083,393
Unassigned (deficit)	(946,732)	-	-	(946,732)
<b>Total fund balances</b>	<b>10,639,429</b>	<b>3,176</b>	<b>98,629</b>	<b>10,741,234</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 11,858,408</b>	<b>\$ 6,168</b>	<b>\$ 210,295</b>	<b>\$ 12,074,871</b>

**City of Atwater, California**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Governmental Funds**

**For the year ended June 30, 2016**

	Governmental Funds			
	Special Revenue Funds	Capital Projects Funds		Non-Major Funds Totals
		General	Performance Bond	
<b>REVENUES:</b>				
Taxes and assessments	\$ 876,975	\$ -	\$ -	\$ 876,975
Intergovernmental	1,900,483	206,430	-	2,106,913
Use of money and property	77,164	5	343	77,512
Reimbursements	4,754	-	-	4,754
Other revenues	808	-	-	808
<b>Total revenues</b>	<b>2,860,184</b>	<b>206,435</b>	<b>343</b>	<b>3,066,962</b>
<b>EXPENDITURES:</b>				
Current:				
General government	27,624	-	6,639	34,263
Public safety	501,236	10,058	-	511,294
Highways and Streets	959,424	-	-	959,424
Urban redevelopment and housing	231,690	-	-	231,690
Capital outlay	257,062	148,448	-	405,510
<b>Total expenditures</b>	<b>1,977,036</b>	<b>158,506</b>	<b>6,639</b>	<b>2,142,181</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>883,148</b>	<b>47,929</b>	<b>(6,296)</b>	<b>924,781</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	164,891	13,496	-	178,387
Transfers out	(91,726)	(12,566)	-	(104,292)
<b>Total other financing sources (uses)</b>	<b>73,165</b>	<b>930</b>	<b>-</b>	<b>74,095</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>956,313</b>	<b>48,859</b>	<b>(6,296)</b>	<b>998,876</b>
<b>FUND BALANCES:</b>				
Beginning of year	9,683,116	(45,683)	104,925	9,742,358
End of year	\$ 10,639,429	\$ 3,176	\$ 98,629	\$ 10,741,234



## 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 Development 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**

<b>Fund</b>	<b>Description</b>
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, 2016**

	Police Grants	Gas Tax	Local Transportation	Facility Impact Fee
<b>ASSETS</b>				
Cash and investments	\$ 18,366	\$ 1,500,896	\$ 27,060	\$ 2,618,305
Receivables:				
Taxes and assessments				
Interest	45	620	10	1,011
Intergovernmental	127,392	314,503	-	-
Other receivable	-	-	-	-
Due from other funds	-	-	-	-
Advance to Successor Agency	-	-	-	-
Investment in land held for resale	-	-	-	-
<b>Total assets</b>	<u>\$ 145,803</u>	<u>\$ 1,816,019</u>	<u>\$ 27,070</u>	<u>\$ 2,619,316</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 15,442	\$ 72,400	\$ 851	\$ 14,406
Due to other funds	252,711	-	417,410	-
<b>Total liabilities:</b>	<u>268,153</u>	<u>72,400</u>	<u>418,261</u>	<u>14,406</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	21,061	-	-	-
<b>Total deferred inflows of resources</b>	<u>21,061</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and deferred inflows</b>	<u>289,214</u>	<u>72,400</u>	<u>418,261</u>	<u>14,406</u>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	-	1,743,619	-	2,604,910
Assigned	-	-	-	-
Unassigned (deficit)	(143,411)	-	(391,191)	-
<b>Total fund balances</b>	<u>(143,411)</u>	<u>1,743,619</u>	<u>(391,191)</u>	<u>2,604,910</u>
<b>Total liabilities deferred inflows and fund balances</b>	<u>\$ 145,803</u>	<u>\$ 1,816,019</u>	<u>\$ 27,070</u>	<u>\$ 2,619,316</u>

Community Development Block Grants	CDBG Program Income	HOME Investment Partnership Program	Housing Authority	Bloss Estate	Narcotics Program	Neighborhood Stabilization
\$ -	\$ 29,272	\$ 188,502	\$ -	\$ -	\$ 5,267	\$ 211,458
-	7	73	-	-	2	81
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	259,265	-	-	-
-	-	-	3,855,930	-	-	-
<u>\$ -</u>	<u>\$ 29,279</u>	<u>\$ 188,575</u>	<u>\$ 4,115,195</u>	<u>\$ -</u>	<u>\$ 5,269</u>	<u>\$ 211,539</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12,441	-	-	-	-	-	-
<u>12,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(29)	-	-	-	-	-
<u>-</u>	<u>(29)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
12,441	(29)	-	-	-	-	-
-	-	-	3,855,930	-	-	-
-	-	188,575	-	-	-	211,539
-	29,308	-	259,265	-	5,269	-
<u>(12,441)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(12,441)</u>	<u>29,308</u>	<u>188,575</u>	<u>4,115,195</u>	<u>-</u>	<u>5,269</u>	<u>211,539</u>
<u>\$ -</u>	<u>\$ 29,279</u>	<u>\$ 188,575</u>	<u>\$ 4,115,195</u>	<u>\$ -</u>	<u>\$ 5,269</u>	<u>\$ 211,539</u>

(continued)

**City of Atwater, California**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds, continued**  
**June 30, 2016**

	Applegate Interchange	Maintenance District Funds	Totals
<b>ASSETS</b>			
Cash and investments	\$ 723,654	\$ 1,562,742	\$ 6,885,522
Receivables:			
Taxes and assessments	-	12,104	12,104
Interest	279	779	2,907
Intergovernmental	-	-	441,895
Other receivable	-	-	-
Due from other funds	-	400,785	400,785
Advance to Successor Agency	-	-	259,265
Investment in land held for resale	-	-	3,855,930
<b>Total assets</b>	<b>\$ 723,933</b>	<b>\$ 1,976,410</b>	<b>\$ 11,858,408</b>
<b>AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ -	\$ 11,501	\$ 114,600
Due to other funds	-	400,785	1,083,347
Total liabilities:	-	412,286	1,197,947
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	-	21,032
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>21,032</b>
<b>Total liabilities and deferred inflows</b>	<b>-</b>	<b>412,286</b>	<b>1,218,979</b>
<b>Fund Balances:</b>			
Nonspendable	-	-	3,855,930
Restricted	-	-	4,748,643
Assigned	723,933	1,963,813	2,981,588
Unassigned (deficit)	-	(399,689)	(946,732)
<b>Total fund balances</b>	<b>723,933</b>	<b>1,564,124</b>	<b>10,639,429</b>
<b>Total liabilities deferred inflows and fund balances</b>	<b>\$ 723,933</b>	<b>\$ 1,976,410</b>	<b>\$ 11,858,408</b>

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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, 2016**

	Police Grants	Gas Tax	Local Transportation	Facility Impact Fee
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 302,213
Fines and forfeitures	-	-	-	-
Intergovernmental	606,301	1,225,186	15,324	4,032
Use of money and property	147	2,770	39	4,201
Reimbursements	-	-	-	4,754
Other revenues	-	808	-	-
<b>Total revenues</b>	<u>606,448</u>	<u>1,228,764</u>	<u>15,363</u>	<u>315,200</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	27,624
Public safety	501,236	-	-	-
Highways and Streets	-	959,424	-	-
Urban redevelopment and housing	-	-	-	-
Capital outlay	40	164,134	-	92,888
<b>Total expenditures</b>	<u>501,276</u>	<u>1,123,558</u>	<u>-</u>	<u>120,512</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>105,172</u>	<u>105,206</u>	<u>15,363</u>	<u>194,688</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	70,706	422	-	-
Transfers out	-	-	-	-
<b>Total other financing sources and uses</b>	<u>70,706</u>	<u>422</u>	<u>-</u>	<u>-</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<u>175,878</u>	<u>105,628</u>	<u>15,363</u>	<u>194,688</u>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(319,289)	1,637,991	(406,554)	2,410,222
End of year	<u>\$ (143,411)</u>	<u>\$ 1,743,619</u>	<u>\$ (391,191)</u>	<u>\$ 2,604,910</u>



Community Development Block Grants	CDBG Program Income	HOME Investment Partnership Program	Housing Authority	Bloss Estate	Narcotics Program	Neighborhood Stabilization
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	49,640
-	18,625	46,590	-	-	9	307
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	18,625	46,590	-	-	9	49,947
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	18,625	46,590	-	-	9	49,947
-	-	-	-	2,037	-	-
-	-	-	-	-	-	-
-	-	-	-	2,037	-	-
-	18,625	46,590	-	2,037	9	49,947
(12,441)	10,683	141,985	4,115,195	(2,037)	5,260	161,592
<u>\$ (12,441)</u>	<u>\$ 29,308</u>	<u>\$ 188,575</u>	<u>\$ 4,115,195</u>	<u>\$ -</u>	<u>\$ 5,269</u>	<u>\$ 211,539</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, 2016**

	Applegate Interchange	Maintenance District Funds	Totals
<b>REVENUES:</b>			
Taxes and assessments	\$ -	\$ 574,762	\$ 876,975
Fines and forfeitures	-	-	-
Intergovernmental	-	-	1,900,483
Use of money and property	1,159	3,317	77,164
Reimbursements	-	-	4,754
Other revenues	-	-	808
<b>Total revenues</b>	<b>1,159</b>	<b>578,079</b>	<b>2,860,184</b>
<b>EXPENDITURES:</b>			
Current:			
General government	-	-	27,624
Public safety	-	-	501,236
Highways and Streets	-	-	959,424
Urban redevelopment and housing	-	231,690	231,690
Capital outlay	-	-	257,062
<b>Total expenditures</b>	<b>-</b>	<b>231,690</b>	<b>1,977,036</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,159</b>	<b>346,389</b>	<b>883,148</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	91,726	164,891
Transfers out	-	(91,726)	(91,726)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>73,165</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>1,159</b>	<b>346,389</b>	<b>956,313</b>
<b>FUND BALANCES (DEFICITS):</b>			
Beginning of year	722,774	1,217,735	9,683,116
End of year	\$ 723,933	\$ 1,564,124	\$ 10,639,429

(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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 217,216	\$ 435,863	\$ 606,301	\$ 170,438
Use of money and property	-	-	147	147
<b>Total revenues</b>	<b>217,216</b>	<b>435,863</b>	<b>606,448</b>	<b>170,585</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	266,685	537,462	501,236	36,226
Capital outlay	-	-	40	(40)
<b>Total expenditures</b>	<b>266,685</b>	<b>537,462</b>	<b>501,276</b>	<b>36,186</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(49,469)</b>	<b>(101,599)</b>	<b>105,172</b>	<b>206,771</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	31,657	31,657	70,706	39,049
<b>Total other financing sources (uses)</b>	<b>31,657</b>	<b>31,657</b>	<b>70,706</b>	<b>39,049</b>
<b>Net change in fund balances</b>	<b>(17,812)</b>	<b>(69,942)</b>	<b>175,878</b>	<b>245,820</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(319,289)	(319,289)	(319,289)	-
End of year	\$ (337,101)	\$ (389,231)	\$ (143,411)	\$ 245,820

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 926,831	\$ 926,831	\$ 1,225,186	\$ 298,355
Use of money and property	-	-	2,770	2,770
Other revenues	1,000	1,000	808	(192)
<b>Total revenues</b>	<b>927,831</b>	<b>927,831</b>	<b>1,228,764</b>	<b>300,933</b>
<b>EXPENDITURES:</b>				
Current:				
Highways and Streets	1,082,766	1,082,766	959,424	123,342
Capital outlay	580,500	580,500	164,134	416,366
<b>Total expenditures</b>	<b>1,663,266</b>	<b>1,663,266</b>	<b>1,123,558</b>	<b>539,708</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(735,435)</b>	<b>(735,435)</b>	<b>105,206</b>	<b>840,641</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	422	422
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>422</b>	<b>422</b>
<b>Net change in fund balances</b>	<b>(735,435)</b>	<b>(735,435)</b>	<b>105,628</b>	<b>841,063</b>
<b>FUND BALANCES:</b>				
Beginning of year	1,637,991	1,637,991	1,637,991	-
End of year	\$ 902,556	\$ 902,556	\$ 1,743,619	\$ 841,063

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 15,324	\$ 15,324
Use of money and property	-	-	39	39
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>15,363</b>	<b>15,363</b>
<b>EXPENDITURES:</b>				
Current:				
Highways and Streets	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>15,363</b>	<b>15,363</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>15,363</b>	<b>15,363</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(406,554)	(406,554)	(406,554)	-
End of year	<u>\$ (406,554)</u>	<u>\$ (406,554)</u>	<u>\$ (391,191)</u>	<u>\$ 15,363</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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ 22,000	\$ 115,700	\$ 302,213	\$ 186,513
Intergovernmental	9,500	9,500	4,032	(5,468)
Use of money and property	4,250	1,055	4,201	3,146
Reimbursements	-	15,205	4,754	(10,451)
<b>Total revenues</b>	<b>35,750</b>	<b>141,460</b>	<b>315,200</b>	<b>173,740</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	27,624	(27,624)
Capital outlay	343,000	171,000	92,888	78,112
<b>Total expenditures</b>	<b>343,000</b>	<b>171,000</b>	<b>120,512</b>	<b>50,488</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(307,250)</b>	<b>(29,540)</b>	<b>194,688</b>	<b>224,228</b>
<b>Net change in fund balances</b>	<b>(307,250)</b>	<b>(29,540)</b>	<b>194,688</b>	<b>224,228</b>
<b>FUND BALANCES:</b>				
Beginning of year	2,410,222	2,410,222	2,410,222	-
End of year	\$ 2,102,972	\$ 2,380,682	\$ 2,604,910	\$ 224,228

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-
<b>Net change in fund balances</b>	-	-	-	-
<b>FUND BALANCES (DEFICITS):</b>				
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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 18,625	\$ 18,625
<b>Total revenues</b>	-	-	18,625	18,625
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	18,625	18,625
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Net change in fund balances</b>	-	-	18,625	18,625
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	10,683	10,683	10,683	-
End of year	\$ 10,683	\$ 10,683	\$ 29,308	\$ 18,625



**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 46,590	\$ 46,590
<b>Total revenues</b>	-	-	46,590	46,590
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	-	-	46,590	46,590
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in			0	
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Net change in fund balances</b>	-	-	46,590	46,590
<b>FUND BALANCES:</b>				
Beginning of year	141,985	141,985	141,985	-
End of year	\$ 141,985	\$ 141,985	\$ 188,575	\$ 46,590

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-
<b>Net change in fund balances</b>	-	-	-	-
<b>FUND BALANCES:</b>				
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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
General government	0	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	2,037	2,037
<b>Total other financing sources (uses)</b>	-	-	2,037	2,037
<b>Net change in fund balances</b>	-	-	2,037	2,037
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(2,037)	(2,037)	(2,037)	-
End of year	<u>\$ (2,037)</u>	<u>\$ (2,037)</u>	<u>\$ -</u>	<u>\$ 2,037</u>

**City of Atwater, California**

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

**Narcotics Program Special Revenue Fund**

**For the year ended June 30, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	9	9
<b>Total revenues</b>	-	-	9	9
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	9	9
<b>Net change in fund balances</b>	-	-	9	9
<b>FUND BALANCES:</b>				
Beginning of year	5,260	5,260	5,260	-
End of year	\$ 5,260	\$ 5,260	\$ 5,269	\$ 9

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 49,640	\$ 49,640
Use of money and property	435	435	307	(128)
<b>Total revenues</b>	<b>435</b>	<b>435</b>	<b>49,947</b>	<b>49,512</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	162,482	162,482	-	162,482
<b>Total expenditures</b>	<b>162,482</b>	<b>162,482</b>	<b>-</b>	<b>162,482</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(162,047)</b>	<b>(162,047)</b>	<b>49,947</b>	<b>211,994</b>
<b>Net change in fund balances</b>	<b>(162,047)</b>	<b>(162,047)</b>	<b>49,947</b>	<b>211,994</b>
<b>FUND BALANCES:</b>				
Beginning of year	161,592	161,592	161,592	-
End of year	\$ (455)	\$ (455)	\$ 211,539	\$ 211,994

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	1,159	1,159
<b>Total revenues</b>	-	-	1,159	1,159
<b>EXPENDITURES:</b>				
Current:				
Highways and Streets	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	1,159	1,159
<b>Net change in fund balances</b>	-	-	1,159	1,159
<b>FUND BALANCES:</b>				
Beginning of year	722,774	722,774	722,774	-
End of year	\$ 722,774	\$ 722,774	\$ 723,933	\$ 1,159

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**City of Atwater, California**  
**Combining Balance Sheet**  
**Maintenance District Special Revenue Funds**  
**June 30, 2016**

	Northwood Village	Orchard Parks Estates	Wildwood Estates	Woodview Garland
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 113,164	\$ -	\$ -
Receivables:				
Taxes and assessments	56	-	86	22
Interest	-	45	-	-
<b>Total assets</b>	<u>\$ 56</u>	<u>\$ 113,209</u>	<u>\$ 86</u>	<u>\$ 22</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 390	\$ 316	\$ 95	\$ 44
Due to other funds	37,540	-	12,289	8,146
<b>Total liabilities</b>	<u>37,930</u>	<u>316</u>	<u>12,384</u>	<u>8,190</u>
<b>Fund Balances (Deficits):</b>				
Assigned	-	112,893	-	-
Unassigned (deficit)	(37,874)	-	(12,298)	(8,168)
<b>Total fund balances</b>	<u>(37,874)</u>	<u>112,893</u>	<u>(12,298)</u>	<u>(8,168)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 56</u>	<u>\$ 113,209</u>	<u>\$ 86</u>	<u>\$ 22</u>



Shaffer Lakes West	Woodhaven	Sierra Parks	Shaffer Lakes East	Price Annexation	Sandlewood Square	Sub- Totals
\$ 22,762	\$ 21,710	\$ -	\$ 108,144	\$ -	\$ 6,051	\$ 271,831
142	-	291	120	1,247	226	2,190
9	8	-	43	1	5	111
<u>\$ 22,913</u>	<u>\$ 21,718</u>	<u>\$ 291</u>	<u>\$ 108,307</u>	<u>\$ 1,248</u>	<u>\$ 6,282</u>	<u>\$ 274,132</u>
\$ 151	\$ 44	103	\$ 515	\$ 2,277	\$ 263	\$ 4,198
-	-	31,359	-	32,564	-	121,898
151	44	31,462	515	34,841	263	126,096
22,762	21,674	-	107,792	-	6,019	271,140
-	-	(31,171)	-	(33,593)	-	(123,104)
<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>\$ 22,913</u>	<u>\$ 21,718</u>	<u>\$ 291</u>	<u>\$ 108,307</u>	<u>\$ 1,248</u>	<u>\$ 6,282</u>	<u>\$ 274,132</u>

(continued)

**City of Atwater, California**  
**Combining Balance Sheet**  
**Maintenance District Special Revenue Funds**  
**June 30, 2016**

	Pajaro Dunes	Redwood Estates	Cottage Gardens	Airport Business Park
<b>ASSETS</b>				
Cash and investments	\$ 40,173	\$ 78,735	\$ 34,832	\$ -
Receivables:				
Taxes and assessments	1	70	-	342
Interest	19	31	16	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<u>\$ 40,193</u>	<u>\$ 78,836</u>	<u>\$ 34,848</u>	<u>\$ 342</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 395	\$ 17	\$ 45	\$ 433
Due to other funds	-	-	-	3,670
<b>Total liabilities</b>	<u>395</u>	<u>17</u>	<u>45</u>	<u>4,103</u>
<b>Fund Balances:</b>				
Assigned	39,798	78,819	34,803	-
Unassigned (deficit)	-	-	-	(3,761)
<b>Total fund balances</b>	<u>39,798</u>	<u>78,819</u>	<u>34,803</u>	<u>(3,761)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 40,193</u>	<u>\$ 78,836</u>	<u>\$ 34,848</u>	<u>\$ 342</u>

Silva Ranch	Mello Ranch	Camelia Estates	Juniper Meadows	Camelia Meadows	Sub- Totals
\$ 138,249	\$ 161,517	\$ 27,731	\$ 3,480	\$ 56,117	\$ 540,834
-	105	7	-	0	525
54	62	11	5	22	220
0	0	-	-	-	-
<u>\$ 138,303</u>	<u>\$ 161,684</u>	<u>\$ 27,749</u>	<u>\$ 3,485</u>	<u>\$ 56,139</u>	<u>\$ 541,579</u>
\$ 44	\$ 808	\$ 99	\$ 25	\$ 143	\$ 2,009
-	-	-	-	-	3,670
<u>44</u>	<u>808</u>	<u>99</u>	<u>25</u>	<u>143</u>	<u>5,679</u>
138,259	160,876	27,650	3,460	55,996	539,661
-	-	-	-	-	(3,761)
<u>138,259</u>	<u>160,876</u>	<u>27,650</u>	<u>3,460</u>	<u>55,996</u>	<u>535,900</u>
<u>\$ 138,303</u>	<u>\$ 161,684</u>	<u>\$ 27,749</u>	<u>\$ 3,485</u>	<u>\$ 56,139</u>	<u>\$ 541,579</u>

(continued)

**City of Atwater, California**  
**Combining Balance Sheet**  
**Maintenance District Special Revenue Funds**  
**June 30, 2016**

	Stone Creek	America West	Bell Crossing	Atwater South
<b>ASSETS</b>				
Cash and investments	\$ 225,582	\$ 74,022	\$ 33,118	\$ 96,373
Receivables:				
Taxes and assessments	2,443	1	30	131
Interest	88	29	13	93
Due from other funds	-	-	-	142,479
<b>Total assets</b>	<u>\$ 228,113</u>	<u>\$ 74,052</u>	<u>\$ 33,161</u>	<u>\$ 239,076</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 687	\$ 238	\$ 562	\$ 1,155
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<u>687</u>	<u>238</u>	<u>562</u>	<u>1,155</u>
<b>Fund Balances:</b>				
Assigned	227,426	73,814	32,599	237,921
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<u>227,426</u>	<u>73,814</u>	<u>32,599</u>	<u>237,921</u>
<b>Total liabilities and fund balances</b>	<u>\$ 228,113</u>	<u>\$ 74,052</u>	<u>\$ 33,161</u>	<u>\$ 239,076</u>

Beluga Court	Mello Ranch 2	Meadow View	Aspenwood	Applegate Ranch	Reserve	Sub-Totals
\$ 5,701	\$ -	\$ 166,762	\$ 100,072	\$ 35,346	\$ 13,101	\$ 750,077
37	4	295	4,053	1	5	7,000
2	101	65	39	14	-	444
-	258,306	-	-	-	-	400,785
<u>\$ 5,740</u>	<u>\$ 258,411</u>	<u>\$ 167,122</u>	<u>\$ 104,164</u>	<u>\$ 35,361</u>	<u>\$ 13,106</u>	<u>\$ 1,158,306</u>
\$ -	\$ 943	\$ 653	\$ 307	\$ 731	\$ 18	\$ 5,294
-	-	-	-	-	-	-
-	943	653	307	731	18	5,294
5,740	257,468	166,469	103,857	34,630	13,088	1,153,012
-	-	-	-	-	-	-
<u>5,740</u>	<u>257,468</u>	<u>166,469</u>	<u>103,857</u>	<u>34,630</u>	<u>13,088</u>	<u>1,153,012</u>
<u>\$ 5,740</u>	<u>\$ 258,411</u>	<u>\$ 167,122</u>	<u>\$ 104,164</u>	<u>\$ 35,361</u>	<u>\$ 13,106</u>	<u>\$ 1,158,306</u>

(continued)

**City of Atwater, California**  
**Combining Balance Sheet**  
**Maintenance District Special Revenue Funds**  
**June 30, 2016**

	<u>CFD Districts</u>	<u>Sub-Totals</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ 1,562,742
Receivables:			
Taxes and assessments	2,389	2,389	12,104
Interest	4	4	779
Due from other funds	-	-	400,785
<b>Total assets</b>	<u>\$ 2,393</u>	<u>\$ 2,393</u>	<u>\$ 1,976,410</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 11,501
Due to other funds	275,217	275,217	400,785
<b>Total liabilities</b>	<u>275,217</u>	<u>275,217</u>	<u>412,286</u>
<b>Fund Balances:</b>			
Assigned	-	-	1,963,813
Unassigned (deficit)	(272,824)	(272,824)	(399,689)
<b>Total fund balances</b>	<u>(272,824)</u>	<u>(272,824)</u>	<u>1,564,124</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,393</u>	<u>\$ 2,393</u>	<u>\$ 1,976,410</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, 2016**

	Northwood Village	Orchard Parks Estates	Wildwood Estates	Woodview Garland
<b>REVENUES:</b>				
Taxes and assessments	\$ 4,534	\$ -	\$ 2,098	\$ 391
Use of money and property	-	190	-	-
<b>Total revenues</b>	<b>4,534</b>	<b>190</b>	<b>2,098</b>	<b>391</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	8,923	5,623	2,076	893
<b>Total expenditures</b>	<b>8,923</b>	<b>5,623</b>	<b>2,076</b>	<b>893</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,389)</b>	<b>(5,433)</b>	<b>22</b>	<b>(502)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out		(5,151)		
<b>Total other financing sources and uses</b>	<b>-</b>	<b>(5,151)</b>	<b>-</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>(4,389)</b>	<b>(10,584)</b>	<b>22</b>	<b>(502)</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(33,485)	123,477	(12,320)	(7,666)
End of year	\$ (37,874)	\$ 112,893	\$ (12,298)	\$ (8,168)



Shaffer Lakes West	Woodhaven	Sierra Parks	Shaffer Lakes East	Price Annexation	Sandlewood Square	Sub- Totals
\$ 2,283	\$ -	\$ 1,970	\$ 5,102	\$ 53,621	\$ 5,744	\$ 75,743
37	36	-	179	3	23	468
<u>2,320</u>	<u>36</u>	<u>1,970</u>	<u>5,281</u>	<u>53,624</u>	<u>5,767</u>	<u>76,211</u>
2,664	1,089	2,365	9,871	81,043	5,608	120,155
<u>2,664</u>	<u>1,089</u>	<u>2,365</u>	<u>9,871</u>	<u>81,043</u>	<u>5,608</u>	<u>120,155</u>
(344)	(1,053)	(395)	(4,590)	(27,419)	159	(43,944)
(1,044)	(989)	-	(4,945)	(292)	(624)	(13,045)
<u>(1,044)</u>	<u>(989)</u>	<u>-</u>	<u>(4,945)</u>	<u>(292)</u>	<u>(624)</u>	<u>(13,045)</u>
(1,388)	(2,042)	(395)	(9,535)	(27,711)	(465)	(56,989)
24,150	23,716	(30,776)	117,327	(5,882)	6,484	205,025
<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>

(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, 2016**

	Pajaro Dunes	Redwood Estates	Cottage Gardens	Airport Business Park
<b>REVENUES:</b>				
Taxes and assessments	\$ 3,440	\$ 3,630	\$ 409	\$ 4,954
Use of money and property	82	133	66	-
<b>Total revenues</b>	<b>3,522</b>	<b>3,763</b>	<b>475</b>	<b>4,954</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	3,571	4,878	1,129	7,538
<b>Total expenditures</b>	<b>3,571</b>	<b>4,878</b>	<b>1,129</b>	<b>7,538</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(49)</b>	<b>(1,115)</b>	<b>(654)</b>	<b>(2,584)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(2,254)	(3,659)	(1,829)	-
<b>Total other financing sources and uses</b>	<b>(2,254)</b>	<b>(3,659)</b>	<b>(1,829)</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>(2,303)</b>	<b>(4,774)</b>	<b>(2,483)</b>	<b>(2,584)</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	42,101	83,593	37,286	(1,177)
End of year	\$ 39,798	\$ 78,819	\$ 34,803	\$ (3,761)

Silva Ranch	Mello Ranch	Camelia Estates	Juniper Meadows	Camelia Meadows	Sub- Totals
\$ -	\$ 15,160	\$ 87	\$ 1,008	\$ 1,805	\$ 30,493
237	274	46	21	93	952
237	15,434	133	1,029	1,898	31,445
6,536	17,910	1,109	816	2,068	45,555
6,536	17,910	1,109	816	2,068	45,555
(6,299)	(2,476)	(976)	213	(170)	(14,110)
(6,295)	(7,385)	(1,259)	(563)	(2,550)	(25,794)
(6,295)	(7,385)	(1,259)	(563)	(2,550)	(25,794)
(12,594)	(9,861)	(2,235)	(350)	(2,720)	(39,904)
150,853	170,737	29,885	3,810	58,716	575,804
\$ 138,259	\$ 160,876	\$ 27,650	\$ 3,460	\$ 55,996	\$ 535,900

(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, 2016**

	Stone Creek	America West	Bell Crossing	Atwater South
<b>REVENUES:</b>				
Taxes and assessments	\$ 6,969	\$ 8,159	\$ 10,930	\$ 10,779
Use of money and property	371	110	54	393
<b>Total revenues</b>	<b>7,340</b>	<b>8,269</b>	<b>10,984</b>	<b>11,172</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	10,822	1,868	11,278	19,491
<b>Total expenditures</b>	<b>10,822</b>	<b>1,868</b>	<b>11,278</b>	<b>19,491</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,482)</b>	<b>6,401</b>	<b>(294)</b>	<b>(8,319)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(10,258)	(3,356)	(1,554)	(10,912)
<b>Total other financing sources and uses</b>	<b>(10,258)</b>	<b>(3,356)</b>	<b>(1,554)</b>	<b>(10,912)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>(13,740)</b>	<b>3,045</b>	<b>(1,848)</b>	<b>(19,231)</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	241,166	70,769	34,447	257,152
End of year	<b>\$ 227,426</b>	<b>\$ 73,814</b>	<b>\$ 32,599</b>	<b>\$ 237,921</b>

Beluga Court	Mello Ranch 2	Meadow View	Aspenwood	Applegate Ranch	Reserve	Sub- Totals
\$ 83	\$ 15,500	\$ 9,318	\$ 11,721	\$ 6,616	\$ -	\$ 80,075
9	433	274	161	55	23	1,883
92	15,933	9,592	11,882	6,671	23	81,958
66	13,512	9,874	4,357	5,847	1,484	78,599
66	13,512	9,874	4,357	5,847	1,484	78,599
26	2,421	(282)	7,525	824	(1,461)	3,359
-	-	-	-	-	91,726	91,726
(259)	(11,743)	(7,582)	(4,543)	(1,605)	(595)	(52,407)
(259)	(11,743)	(7,582)	(4,543)	(1,605)	91,131	39,319
(233)	(9,322)	(7,864)	2,982	(781)	89,670	42,678
5,973	266,790	174,333	100,875	35,411	(76,582)	1,110,334
\$ 5,740	\$ 257,468	\$ 166,469	\$ 103,857	\$ 34,630	\$ 13,088	\$ 1,153,012

(continued)

**City of Atwater, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Maintenance District Special Revenue Funds**  
**For the year ended June 30, 2016**

	CFD Districts	Sub-Totals	Totals
<b>REVENUES:</b>			
Taxes and assessments	\$ 388,451	\$ 388,451	\$ 574,762
Use of money and property	14	14	3,317
<b>Total revenues</b>	<u>388,465</u>	<u>388,465</u>	<u>578,079</u>
<b>EXPENDITURES:</b>			
Current:			
Urban redevelopment and housing	(12,619)	(12,619)	231,690
<b>Total expenditures</b>	<u>(12,619)</u>	<u>(12,619)</u>	<u>231,690</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>401,084</u>	<u>401,084</u>	<u>346,389</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	91,726
Transfers out	(480)	(480)	(91,726)
<b>Total other financing sources and uses</b>	(480)	(480)	-
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	400,604	400,604	346,389
<b>FUND BALANCES (DEFICITS):</b>			
Beginning of year	(673,428)	(673,428)	1,217,735
End of year	<u>\$ (272,824)</u>	<u>\$ (272,824)</u>	<u>\$ 1,564,124</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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 4,534	\$ 4,534
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>4,534</u>	<u>4,534</u>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	8,923	(8,923)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>8,923</u>	<u>(8,923)</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(4,389)</u>	<u>(4,389)</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>(4,389)</u>	<u>(4,389)</u>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	<u>(33,485)</u>	<u>(33,485)</u>	<u>(33,485)</u>	<u>-</u>
End of year	<u>\$ (33,485)</u>	<u>\$ (33,485)</u>	<u>\$ (37,874)</u>	<u>\$ (4,389)</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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	190	190
<b>Total revenues</b>	-	-	190	190
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	5,623	(5,623)
<b>Total expenditures</b>	-	-	5,623	(5,623)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(5,433)	(5,433)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(5,151)	(5,151)
<b>Total other financing sources (uses)</b>	-	-	(5,151)	(5,151)
<b>Net change in fund balances</b>	-	-	(10,584)	(10,584)
<b>FUND BALANCES:</b>				
Beginning of year	123,477	123,477	123,477	-
End of year	\$ 123,477	\$ 123,477	\$ 112,893	\$ (10,584)



**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 2,098	\$ 2,098
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>2,098</u>	<u>2,098</u>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	2,076	(2,076)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>2,076</u>	<u>(2,076)</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
<b>Net change in fund balances</b>	-	-	22	22
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(12,320)	(12,320)	(12,320)	-
End of year	<u>\$ (12,320)</u>	<u>\$ (12,320)</u>	<u>\$ (12,298)</u>	<u>\$ 22</u>

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 391	\$ 391
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>391</b>	<b>391</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	893	(893)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>893</b>	<b>(893)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(502)</b>	<b>(502)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(502)</b>	<b>(502)</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(7,666)	(7,666)	(7,666)	-
End of year	<u>\$ (7,666)</u>	<u>\$ (7,666)</u>	<u>\$ (8,168)</u>	<u>\$ (502)</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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 2,283	\$ 2,283
Use of money and property	-	-	37	37
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>2,320</b>	<b>2,320</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	2,664	(2,664)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>2,664</b>	<b>(2,664)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(344)</b>	<b>(344)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(1,044)	(1,044)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,044)</b>	<b>(1,044)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(1,388)</b>	<b>(1,388)</b>
<b>FUND BALANCES:</b>				
Beginning of year	24,150	24,150	24,150	-
End of year	\$ 24,150	\$ 24,150	\$ 22,762	\$ (1,388)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	36	36
<b>Total revenues</b>	-	-	36	36
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	1,089	(1,089)
<b>Total expenditures</b>	-	-	1,089	(1,089)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(1,053)	(1,053)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(989)	(989)
<b>Total other financing sources (uses)</b>	-	-	(989)	(989)
<b>Net change in fund balances</b>	-	-	(2,042)	(2,042)
<b>FUND BALANCES:</b>				
Beginning of year	23,716	23,716	23,716	-
End of year	\$ 23,716	\$ 23,716	\$ 21,674	\$ (2,042)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 1,970	\$ 1,970
<b>Total revenues</b>	-	-	1,970	1,970
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	2,365	(2,365)
<b>Total expenditures</b>	-	-	2,365	(2,365)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(395)	(395)
<b>Net change in fund balances</b>	-	-	(395)	(395)
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(30,776)	(30,776)	(30,776)	-
End of year	<u>\$ (30,776)</u>	<u>\$ (30,776)</u>	<u>\$ (31,171)</u>	<u>\$ (395)</u>

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 5,102	\$ 5,102
Use of money and property	-	-	179	179
<b>Total revenues</b>	-	-	5,281	5,281
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	9,871	(9,871)
<b>Total expenditures</b>	-	-	9,871	(9,871)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(4,590)	(4,590)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(4,945)	(4,945)
<b>Total other financing sources (uses)</b>	-	-	(4,945)	(4,945)
<b>Net change in fund balances</b>	-	-	(9,535)	(9,535)
<b>FUND BALANCES:</b>				
Beginning of year	117,327	117,327	117,327	-
End of year	\$ 117,327	\$ 117,327	\$ 107,792	\$ (9,535)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 53,621	\$ 53,621
Use of money and property	-	-	3	3
<b>Total revenues</b>	-	-	53,624	53,624
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	81,043	(81,043)
<b>Total expenditures</b>	-	-	81,043	(81,043)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(27,419)	(27,419)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(292)	(292)
<b>Total other financing sources (uses)</b>	-	-	(292)	(292)
<b>Net change in fund balances</b>	-	-	(27,711)	(27,711)
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(5,882)	(5,882)	(5,882)	-
End of year	\$ (5,882)	\$ (5,882)	\$ (33,593)	\$ (27,711)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 5,744	\$ 5,744
Use of money and property	-	-	23	23
<b>Total revenues</b>	-	-	<b>5,767</b>	<b>5,767</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	5,608	(5,608)
<b>Total expenditures</b>	-	-	<b>5,608</b>	<b>(5,608)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	<b>159</b>	<b>159</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(624)	(624)
<b>Total other financing sources (uses)</b>	-	-	<b>(624)</b>	<b>(624)</b>
<b>Net change in fund balances</b>	-	-	<b>(465)</b>	<b>(465)</b>
<b>FUND BALANCES:</b>				
Beginning of year	6,484	6,484	6,484	-
End of year	\$ 6,484	\$ 6,484	\$ 6,019	\$ (465)



**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 3,440	\$ 3,440
Use of money and property	-	-	82	82
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>3,522</b>	<b>3,522</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	3,571	(3,571)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>3,571</b>	<b>(3,571)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(49)</b>	<b>(49)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(2,254)	(2,254)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(2,254)</b>	<b>(2,254)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(2,303)</b>	<b>(2,303)</b>
<b>FUND BALANCES:</b>				
Beginning of year	42,101	42,101	42,101	-
End of year	\$ 42,101	\$ 42,101	\$ 39,798	\$ (2,303)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 3,630	\$ 3,630
Use of money and property	-	-	133	133
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>3,763</b>	<b>3,763</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	4,878	(4,878)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>4,878</b>	<b>(4,878)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(1,115)</b>	<b>(1,115)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(3,659)	(3,659)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(3,659)</b>	<b>(3,659)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(4,774)</b>	<b>(4,774)</b>
<b>FUND BALANCES:</b>				
Beginning of year	83,593	83,593	83,593	-
End of year	\$ 83,593	\$ 83,593	\$ 78,819	\$ (4,774)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 409	\$ 409
Use of money and property	-	-	66	66
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>475</b>	<b>475</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	1,129	(1,129)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>1,129</b>	<b>(1,129)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(654)</b>	<b>(654)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(1,829)	(1,829)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,829)</b>	<b>(1,829)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(2,483)</b>	<b>(2,483)</b>
<b>FUND BALANCES:</b>				
Beginning of year	37,286	37,286	37,286	-
End of year	\$ 37,286	\$ 37,286	\$ 34,803	\$ (2,483)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 4,954	\$ 4,954
<b>Total revenues</b>	-	-	4,954	4,954
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	7,538	(7,538)
<b>Total expenditures</b>	-	-	7,538	(7,538)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(2,584)	(2,584)
<b>Net change in fund balances</b>	-	-	(2,584)	(2,584)
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(1,177)	(1,177)	(1,177)	-
End of year	\$ (1,177)	\$ (1,177)	\$ (3,761)	\$ (2,584)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 237	\$ 237
<b>Total revenues</b>	-	-	237	237
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	6,536	(6,536)
<b>Total expenditures</b>	-	-	6,536	(6,536)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(6,299)	(6,299)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(6,295)	(6,295)
<b>Total other financing sources (uses)</b>	-	-	(6,295)	(6,295)
<b>Net change in fund balances</b>	-	-	(12,594)	(12,594)
<b>FUND BALANCES:</b>				
Beginning of year	150,853	150,853	150,853	-
End of year	\$ 150,853	\$ 150,853	\$ 138,259	\$ (12,594)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 15,160	\$ 15,160
Use of money and property	-	-	274	274
<b>Total revenues</b>	-	-	15,434	15,434
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	17,910	(17,910)
<b>Total expenditures</b>	-	-	17,910	(17,910)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(2,476)	(2,476)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(7,385)	(7,385)
<b>Total other financing sources (uses)</b>	-	-	(7,385)	(7,385)
<b>Net change in fund balances</b>	-	-	(9,861)	(9,861)
<b>FUND BALANCES:</b>				
Beginning of year	170,737	170,737	170,737	-
End of year	\$ 170,737	\$ 170,737	\$ 160,876	\$ (9,861)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 87	\$ 87
Use of money and property	-	-	46	46
<b>Total revenues</b>	-	-	133	133
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	1,109	(1,109)
<b>Total expenditures</b>	-	-	1,109	(1,109)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(976)	(976)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(1,259)	(1,259)
<b>Total other financing sources (uses)</b>	-	-	(1,259)	(1,259)
<b>Net change in fund balances</b>	-	-	(2,235)	(2,235)
<b>FUND BALANCES:</b>				
Beginning of year	29,885	29,885	29,885	-
End of year	\$ 29,885	\$ 29,885	\$ 27,650	\$ (2,235)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 1,008	\$ 1,008
Use of money and property	-	-	21	21
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>1,029</b>	<b>1,029</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	816	(816)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>816</b>	<b>(816)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>213</b>	<b>213</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(563)	(563)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(563)</b>	<b>(563)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(350)</b>	<b>(350)</b>
<b>FUND BALANCES:</b>				
Beginning of year	3,810	3,810	3,810	-
End of year	<u>\$ 3,810</u>	<u>\$ 3,810</u>	<u>\$ 3,460</u>	<u>\$ (350)</u>



**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 1,805	\$ 1,805
Use of money and property	-	-	93	93
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>1,898</b>	<b>1,898</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	2,068	(2,068)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>2,068</b>	<b>(2,068)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(170)</b>	<b>(170)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(2,550)	(2,550)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(2,550)</b>	<b>(2,550)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(2,720)</b>	<b>(2,720)</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	58,716	58,716	58,716	-
End of year	\$ 58,716	\$ 58,716	\$ 55,996	\$ (2,720)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 6,969	\$ 6,969
Use of money and property	-	-	371	371
<b>Total revenues</b>	-	-	7,340	7,340
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	10,822	(10,822)
<b>Total expenditures</b>	-	-	10,822	(10,822)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(3,482)	(3,482)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(10,258)	(10,258)
<b>Total other financing sources (uses)</b>	-	-	(10,258)	(10,258)
<b>Net change in fund balances</b>	-	-	(13,740)	(13,740)
<b>FUND BALANCES:</b>				
Beginning of year	241,166	241,166	241,166	-
End of year	\$ 241,166	\$ 241,166	\$ 227,426	\$ (13,740)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 8,159	\$ 8,159
Use of money and property	-	-	110	110
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>8,269</b>	<b>8,269</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	1,868	(1,868)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>1,868</b>	<b>(1,868)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>6,401</b>	<b>6,401</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(3,356)	(3,356)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(3,356)</b>	<b>(3,356)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>3,045</b>	<b>3,045</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	70,769	70,769	70,769	-
End of year	\$ 70,769	\$ 70,769	\$ 73,814	\$ 3,045

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 10,930	\$ 10,930
Use of money and property	-	-	54	54
<b>Total revenues</b>	-	-	10,984	10,984
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	11,278	(11,278)
<b>Total expenditures</b>	-	-	11,278	(11,278)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(294)	(294)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(1,554)	(1,554)
<b>Total other financing sources (uses)</b>	-	-	(1,554)	(1,554)
<b>Net change in fund balances</b>	-	-	(1,848)	(1,848)
<b>FUND BALANCES:</b>				
Beginning of year	34,447	34,447	34,447	-
End of year	\$ 34,447	\$ 34,447	\$ 32,599	\$ (1,848)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 10,779	\$ 10,779
Use of money and property	-	-	393	393
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>11,172</b>	<b>11,172</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	19,491	(19,491)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>19,491</b>	<b>(19,491)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(8,319)</b>	<b>(8,319)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(10,912)	(10,912)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(10,912)</b>	<b>(10,912)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(19,231)</b>	<b>(19,231)</b>
<b>FUND BALANCES:</b>				
Beginning of year	257,152	257,152	257,152	-
End of year	\$ 257,152	\$ 257,152	\$ 237,921	\$ (19,231)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 83	\$ 83
Use of money and property	-	-	9	9
<b>Total revenues</b>	-	-	92	92
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	66	(66)
<b>Total expenditures</b>	-	-	66	(66)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	26	26
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(259)	(259)
<b>Total other financing sources (uses)</b>	-	-	(259)	(259)
<b>Net change in fund balances</b>	-	-	(233)	(233)
<b>FUND BALANCES:</b>				
Beginning of year	5,973	5,973	5,973	-
End of year	\$ 5,973	\$ 5,973	\$ 5,740	\$ (233)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 15,500	\$ 15,500
Use of money and property	-	-	433	433
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>15,933</b>	<b>15,933</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	13,512	(13,512)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>13,512</b>	<b>(13,512)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>2,421</b>	<b>2,421</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(11,743)	(11,743)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(11,743)</b>	<b>(11,743)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(9,322)</b>	<b>(9,322)</b>
<b>FUND BALANCES:</b>				
Beginning of year	266,790	266,790	266,790	-
End of year	\$ 266,790	\$ 266,790	\$ 257,468	\$ (9,322)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 9,318	\$ 9,318
Use of money and property	-	-	274	274
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>9,592</b>	<b>9,592</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	9,874	(9,874)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>9,874</b>	<b>(9,874)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(282)</b>	<b>(282)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(7,582)	(7,582)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(7,582)</b>	<b>(7,582)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(7,864)</b>	<b>(7,864)</b>
<b>FUND BALANCES:</b>				
Beginning of year	174,333	174,333	174,333	-
End of year	\$ 174,333	\$ 174,333	\$ 166,469	\$ (7,864)



**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 11,721	\$ 11,721
Use of money and property	-	-	161	161
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>11,882</b>	<b>11,882</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	4,357	(4,357)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>4,357</b>	<b>(4,357)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>7,525</b>	<b>7,525</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out			(4,543)	(4,543)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(4,543)</b>	<b>(4,543)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>2,982</b>	<b>2,982</b>
<b>FUND BALANCES:</b>				
Beginning of year	100,875	100,875	100,875	-
End of year	<u>\$ 100,875</u>	<u>\$ 100,875</u>	<u>\$ 103,857</u>	<u>\$ 2,982</u>

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 6,616	\$ 6,616
Use of money and property	-	-	55	55
<b>Total revenues</b>	-	-	6,671	6,671
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	5,847	(5,847)
<b>Total expenditures</b>	-	-	5,847	(5,847)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	824	824
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(1,605)	(1,605)
<b>Total other financing sources (uses)</b>	-	-	(1,605)	(1,605)
<b>Net change in fund balances</b>	-	-	(781)	(781)
<b>FUND BALANCES:</b>				
Beginning of year	35,411	35,411	35,411	-
End of year	\$ 35,411	\$ 35,411	\$ 34,630	\$ (781)

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 23	23
<b>Total revenues</b>	-	-	23	23
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	1,950	1,950	1,484	466
<b>Total expenditures</b>	1,950	1,950	1,484	466
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(1,950)	(1,950)	(1,461)	489
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	91,726	91,726
Transfers out	-	-	(595)	(595)
<b>Total other financing sources (uses)</b>	-	-	91,131	91,131
<b>Net change in fund balances</b>	(1,950)	(1,950)	89,670	91,620
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(76,582)	(76,582)	(76,582)	-
End of year	\$ (78,532)	\$ (78,532)	\$ 13,088	\$ 91,620

**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, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 365,658	\$ 365,658	\$ 388,451	\$ 22,793
Use of money and property	-	-	14	14
<b>Total revenues</b>	<b>365,658</b>	<b>365,658</b>	<b>388,465</b>	<b>22,807</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	371,800	371,800	(12,619)	384,419
<b>Total expenditures</b>	<b>371,800</b>	<b>371,800</b>	<b>(12,619)</b>	<b>384,419</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(6,142)</b>	<b>(6,142)</b>	<b>401,084</b>	<b>407,226</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(480)	(480)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(480)</b>	<b>(480)</b>
<b>Net change in fund balances</b>	<b>(6,142)</b>	<b>(6,142)</b>	<b>400,604</b>	<b>406,746</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(673,428)	(673,428)	(673,428)	-
End of year	\$ (679,570)	\$ (679,570)	\$ (272,824)	\$ 406,746

## INTERNAL SERVICE FUNDS

<b>Fund Type</b>	<b>Description</b>
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, 2016**

<b>ASSETS</b>	<b>Building Maintenance</b>	<b>Employee Benefits</b>	<b>Risk Management</b>
<b>Current assets:</b>			
Cash and investments	\$ 587,081	\$ 773,169	\$ 570,103
Receivables:			
Accounts	21,377	933	-
Interest	194	281	192
Prepaid expenses	-	425	4,084
<b>Total current assets</b>	<b>608,652</b>	<b>774,808</b>	<b>574,379</b>
<b>Noncurrent assets:</b>			
Capital assets, net	654,742	-	83,920
<b>Total noncurrent assets</b>	<b>654,742</b>	<b>-</b>	<b>83,920</b>
<b>Total assets</b>	<b>\$ 1,263,394</b>	<b>\$ 774,808</b>	<b>\$ 658,299</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 62,588	16,287	\$ 5,764
Accrued liabilities	5,295	1,825	-
Compensated absences - current portion	1,322	-	-
<b>Total current liabilities</b>	<b>69,205</b>	<b>18,112</b>	<b>5,764</b>
<b>Noncurrent liabilities:</b>			
Compensated absences	14,483	-	-
<b>Total liabilities</b>	<b>83,688</b>	<b>18,112</b>	<b>5,764</b>
<b>Net Position:</b>			
Net investment in capital assets	654,742	-	83,920
Unrestricted	524,964	756,696	568,615
<b>Total net position</b>	<b>1,179,706</b>	<b>756,696</b>	<b>652,535</b>
<b>Total liabilities and net position</b>	<b>\$ 1,263,394</b>	<b>\$ 774,808</b>	<b>\$ 658,299</b>

<b>Information Technology</b>	<b>Totals</b>
\$ 69,783	\$ 2,000,136
-	22,310
26	693
59,293	63,802
<u>129,102</u>	<u>2,086,941</u>
401,120	1,139,782
<u>401,120</u>	<u>1,139,782</u>
<u>\$ 530,222</u>	<u>\$ 3,226,723</u>

\$ 50,518	\$ 135,157
-	7,120
-	1,322
<u>50,518</u>	<u>143,599</u>
-	14,483
<u>50,518</u>	<u>158,082</u>

401,120	1,139,782
78,584	1,928,859
<u>479,704</u>	<u>3,068,641</u>
<u>\$ 530,222</u>	<u>\$ 3,226,723</u>

**City of Atwater, California**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the year ended June 30, 2016**

	<b>Building Maintenance</b>	<b>Employee Benefits</b>	<b>Risk Management</b>
<b>OPERATING REVENUES:</b>			
Interdepartmental charges	\$ 868,407	\$ 837,102	\$ 465,854
Other	3,929	19,364	23,205
<b>Total operating revenues</b>	<b>872,336</b>	<b>856,466</b>	<b>489,059</b>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	184,368	-	-
Contractual services	104,110	66,637	64,706
Materials and supplies	3,842	-	-
Repairs and maintenance	369,603	-	-
Insurance	-	710,928	366,500
Utilities	138,844	-	-
Other operating costs	-	-	11,939
Depreciation	59,626	-	3,269
<b>Total operating expenses</b>	<b>860,393</b>	<b>777,565</b>	<b>446,414</b>
<b>OPERATING INCOME (LOSS)</b>	<b>11,943</b>	<b>78,901</b>	<b>42,645</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	907	1,225	725
<b>Total non-operating revenues (expenses)</b>	<b>907</b>	<b>1,225</b>	<b>725</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>12,850</b>	<b>80,126</b>	<b>43,370</b>
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>12,850</b>	<b>80,126</b>	<b>43,370</b>
<b>NET POSITION:</b>			
Beginning of year	1,166,856	676,570	609,165
End of year	<u>\$ 1,179,706</u>	<u>\$ 756,696</u>	<u>\$ 652,535</u>



<b>Information Technology</b>	<b>Totals</b>
\$ 263,081	\$ 2,434,444
-	46,498
<u>263,081</u>	<u>2,480,942</u>
-	184,368
148,712	384,165
-	3,842
-	369,603
-	1,077,428
-	138,844
138,124	150,063
51,744	114,639
<u>338,580</u>	<u>2,422,952</u>
<u>(75,499)</u>	<u>57,990</u>
97	2,954
<u>97</u>	<u>2,954</u>
(75,402)	60,944
-	-
-	-
-	-
(75,402)	60,944
<u>555,106</u>	<u>3,007,697</u>
<u>\$ 479,704</u>	<u>\$ 3,068,641</u>

**City of Atwater, California**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2016**

	<b>Building Maintenance</b>	<b>Employee Benefits</b>	<b>Risk Management</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from interfund services provided	\$ 864,853	\$ 856,533	\$ 492,559
Cash paid to suppliers for goods and services	(655,889)	(777,597)	(442,747)
Cash paid to employees for services	(183,481)	(490)	-
<b>Net cash provided (used) by operating activities</b>	<b>25,483</b>	<b>78,446</b>	<b>49,812</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers received	-	-	-
Transfers paid	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(92,979)	-	-
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	-	-	-
<b>Net cash (used) by capital and related financing activities</b>	<b>(92,979)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on investments	742	975	557
<b>Net cash provided by investing activities</b>	<b>742</b>	<b>975</b>	<b>557</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(66,754)</b>	<b>79,421</b>	<b>50,369</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	653,835	693,748	519,734
End of year	<u>\$ 587,081</u>	<u>\$ 773,169</u>	<u>\$ 570,103</u>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 11,943	\$ 78,901	\$ 42,645
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	59,626	-	3,269
(Increase) decrease in current assets:			
Accounts receivable	(7,483)	67	3,500
Prepaid expenses	-	(425)	(4,084)
Increase (decrease) in liabilities:			
Accounts payable	(39,490)	393	4,482
Accrued liabilities	151	(490)	-
Compensated absences	736	-	-
<b>Net cash provided by operating activities</b>	<b>\$ 25,483</b>	<b>\$ 78,446</b>	<b>\$ 49,812</b>

<b>Information Technology</b>	<b>Totals</b>
\$ 263,081	\$ 2,477,026
(283,121)	(2,159,354)
-	(183,971)
(20,040)	133,701
-	-
-	-
-	-
-	-
(39,071)	(132,050)
-	-
-	-
-	-
(39,071)	(132,050)
77	2,351
77	2,351
(59,034)	4,002
128,817	1,996,134
\$ 69,783	\$ 2,000,136
\$ (75,499)	\$ 57,990
51,744	114,639
-	(3,916)
(7,460)	(11,969)
11,175	(23,440)
-	(339)
-	736
\$ (20,040)	\$ 133,701

**City of Atwater, California**  
**Combining Statement of Assets and Liabilities**  
Agency Funds  
June 30, 2016

	<b>Sec 125 Medical</b>	<b>Sec 125 Dep Care</b>	<b>Community Facilities District #1</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash and investments	\$ 240	\$ -	\$ 73,985	\$ 74,225
Receivables:				
Interest	-	-	25	25
Assessments	-	-	2,373	2,373
Due from other funds	0	-	407	407
<b>Total assets</b>	<u>\$ 240</u>	<u>\$ -</u>	<u>\$ 76,790</u>	<u>\$ 77,030</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	407	-	407
Due to others	240	(407)	76,790	76,623
<b>Total liabilities</b>	<u>\$ 240</u>	<u>\$ -</u>	<u>\$ 76,790</u>	<u>\$ 77,030</u>

**City of Atwater, California**  
**Combining Statement of Changes in Assets and Liabilities**  
Agency Funds  
For the year ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>SECTION 125 MEDICAL</b>				
<b>ASSETS</b>				
Cash and investments	\$ 484	\$ 240	\$ (484)	\$ 240
Due from other funds	-	-	-	-
<b>Total assets</b>	<u>\$ 484</u>	<u>\$ 240</u>	<u>\$ (484)</u>	<u>\$ 240</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to (from) others	484	240	(484)	240
<b>Total liabilities</b>	<u>\$ 484</u>	<u>\$ 240</u>	<u>\$ (484)</u>	<u>\$ 240</u>
<b>SECTION 125 DEPENDENT CARE</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,200	\$ -	\$ (1,200)	\$ -
<b>Total assets</b>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ (1,200)</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 407	\$ -	\$ 407
Due to (from) others	1,200	(407)	(1,200)	(407)
<b>Total liabilities</b>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ (1,200)</u>	<u>\$ -</u>
<b>COMMUNITY FACILITIES DISTRICT #1</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,574,185	\$ 73,985	\$ (1,574,185)	\$ 73,985
Cash and investments held by trustees	689,427	-	(689,427)	-
Receivables:				
Interest	13	25	(13)	25
Assessments	72,224	2,373	(72,224)	2,373
Due from other funds	-	407	-	407
<b>Total assets</b>	<u>\$ 2,335,849</u>	<u>\$ 76,790</u>	<u>\$ (2,335,849)</u>	<u>\$ 76,790</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	2,335,849	76,790	(2,335,849)	76,790
<b>Total liabilities</b>	<u>\$ 2,335,849</u>	<u>\$ 76,790</u>	<u>\$ (2,335,849)</u>	<u>\$ 76,790</u>

(continued)

**City of Atwater, California**  
**Combining Statement of Changes in Assets and Liabilities**  
Agency Funds  
For the year ended June 30, 2016

<b>TOTAL OF ALL AGENCY FUNDS</b>	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>ASSETS</b>				
Cash and investments	\$ 1,575,869	\$ 74,225	\$ (1,575,869)	\$ 74,225
Cash and investments held by trustees	689,427	-	(689,427)	-
Receivables:				
Interest	13	25	(13)	25
Assessments	72,224	2,373	(72,224)	2,373
Due from other funds	-	407		407
<b>Total assets</b>	<b>\$ 2,337,533</b>	<b>\$ 77,030</b>	<b>\$ (2,337,533)</b>	<b>\$ 77,030</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	407	-	407
Due to (from) others	2,337,533	76,623	(2,337,533)	76,623
<b>Total liabilities</b>	<b>\$ 2,337,533</b>	<b>\$ 77,030</b>	<b>\$ (2,337,533)</b>	<b>\$ 77,030</b>

(concluded)

**SUPPLEMENTAL SCHEDULE**

**City of Atwater, California**  
**Schedule of Debt Service Coverage**  
**June 30, 2016 and 2015**

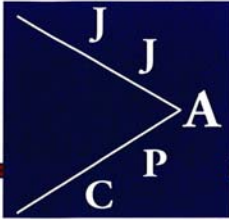
collect rates and charges for the Wastewater System, respectively, which will be at least sufficient to yield "Net Revenues" equal to 120% of debt service (including the Installment Payments and debt service on other Parity Debt) coming due and payable during such Fiscal Year.

	2016	2015
Service charges	\$ 11,127,331	\$ 11,315,036
Connection fees	333,961	211,360
Total service charges	<u>11,461,292</u>	<u>11,526,396</u>
Investment income	29,124	2,371
Other income	9,371	34,878
Total miscellaneous revenue	<u>38,495</u>	<u>37,249</u>
<b>Total Revenue</b>	<u>\$ 11,499,787</u>	<u>\$ 11,563,645</u>
Personnel costs	472,880	404,937
Supplies (1)	154,238	149,525
Professional Services (2)	1,515,931	1,388,077
Wastewater Treatment Plant Mgmt. Service (3)	1,886,743	2,255,545
Other Charges (1), (4)	436,453	415,205
<b>Total Operations and Maintenance</b>	<u>4,466,245</u>	<u>4,613,289</u>
<b>Net Revenue Available For Debt Service</b>	<u>\$ 7,033,542</u>	<u>\$ 6,950,356</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>
<b>Net Revenue After Debt Service</b>		
Calculated coverage	<u>1.33</u>	<u>1.32</u>
<b>Meets covenant restrictions</b>	<b>Yes</b>	<b>Yes</b>

**Notes:**

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





**JJACPA, Inc.**

A Professional Accounting Services Corp.

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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Atwater (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 10, 2017.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

February 10, 2017

*JJACPA, Inc.*

**JJACPA, Inc.**  
**Dublin, CA**