

**CITY OF ATWATER, CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2014**



Prepared by:

**Finance Department**

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**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

**Table of Contents**

**Page**

**INTRODUCTORY SECTION**

**Table of Contents** ..... i

**Letter of Transmittal** ..... v

**Organization Chart** ..... viii

**List of Officials** ..... ix

**FINANCIAL SECTION**

**Independent Auditors’ Report** ..... 1

**Management’s Discussion and Analysis (Required Supplementary Information)** ..... 3

**Basic Financial Statements:**

***Government-Wide Financial Statements:***

Statement of Net Position ..... 19

Statement of Activities ..... 20

***Fund Financial Statements:***

**Governmental Funds:**

Balance Sheet ..... 24

Reconciliation of Governmental Funds Balance Sheet to the  
Statement of Net position ..... 25

Reconciliation of Fund Basis Balance Sheet to Government-wide  
Statement of Net position – Governmental Activities ..... 26

Statement of Revenues, Expenditures, and Changes  
in Fund Balances – Governmental Funds ..... 27

Reconciliation of Fund Basis Statements to Government-wide  
Statement of Activities ..... 28

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities ..... 29

Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Budget to Actual – General Fund ..... 30

**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

**Table of Contents, Continued**

---



---

	<u>Page</u>
<b>Basic Financial Statements, Continued:</b>	
<i>Fund Financial Statements, Continued:</i>	
<b>Proprietary Funds:</b>	
Statement of Net position – Proprietary Funds.....	32
Statement of Revenues, Expenses, and Changes in Fund Net position – Proprietary Funds.....	34
Statement of Cash Flows – Proprietary Funds .....	36
<b>Fiduciary Activities:</b>	
Statement of Fiduciary Net position – Fiduciary Activities .....	40
Statement of Changes in Fiduciary Net position – Private Purpose Trust Funds.....	41
<b>Notes to Basic Financial Statements</b> .....	46
<b>Other Supplemental Information:</b>	
<b>Combining and Individual Fund Financial Statements and Schedules:</b>	
<b>Nonmajor Governmental Funds:</b>	
Combining Balance Sheet.....	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	89
<b>Nonmajor Special Revenue Funds:</b>	
Combining Balance Sheet.....	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	98
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Police Grants .....	101
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Gas Tax.....	102
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Local Transportation .....	103
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Facility Impact Fee Revolving .....	104

**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

**Table of Contents, Continued**

---

	<u>Page</u>
<b>Combining and Individual Fund Financial Statements and Schedules, Continued:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Community Development Block Grants .....	105
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – CDBG Program Income .....	106
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Home Investment Partnership Program .....	107
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Housing Authority .....	108
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Bloss Estate .....	109
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Narcotics Program .....	110
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Neighborhood Stabilization.....	111
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Applegate Interchange.....	112
Combining Balance Sheet – Maintenance District Special Revenue Funds .....	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Maintenance District Special Revenue Funds .....	122
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Maintenance District Special Revenue Funds.....	129
<b>Internal Service Funds:</b>	
Combining Statement of Net position – Internal Service Funds .....	160
Combining Statement of Revenues, Expenses, and Changes in Net position – Internal Service Funds .....	162
Combining Statement of Cash Flows – Internal Service Funds .....	164
<b>Agency:</b>	
Combining Statement of Assets and Liabilities – Agency Funds .....	166
Combining Statement of Changes in Assets and Liabilities– Agency Funds .....	167
<b>Other Supplemental Information:</b>	
Schedule of Debt Service Coverage .....	170
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 .....	171

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**February 27, 2015**

***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, 2014. 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, 2014, 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, 2014, 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

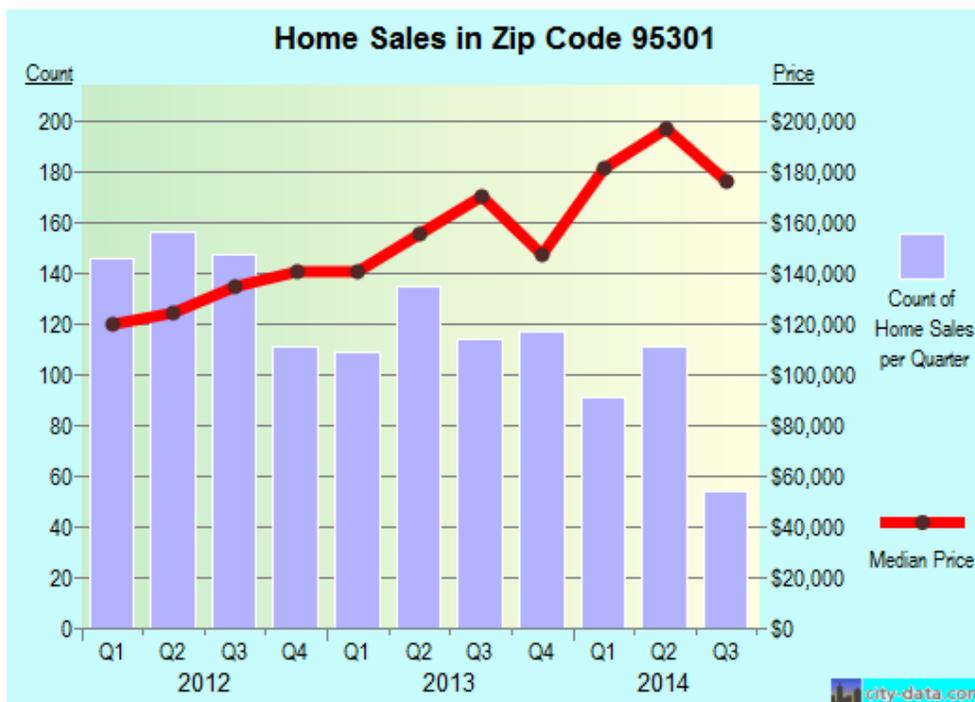
The City of Atwater was incorporated in 1922 and is located on State Route 99 in Merced County, California in a 6 square mile area approximately 8 miles west-northwest of Merced. The City has a current population of 28,153. The City of Atwater operates under a Council-Manager form of government and provides 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,



Frank Pietro  
City Manager

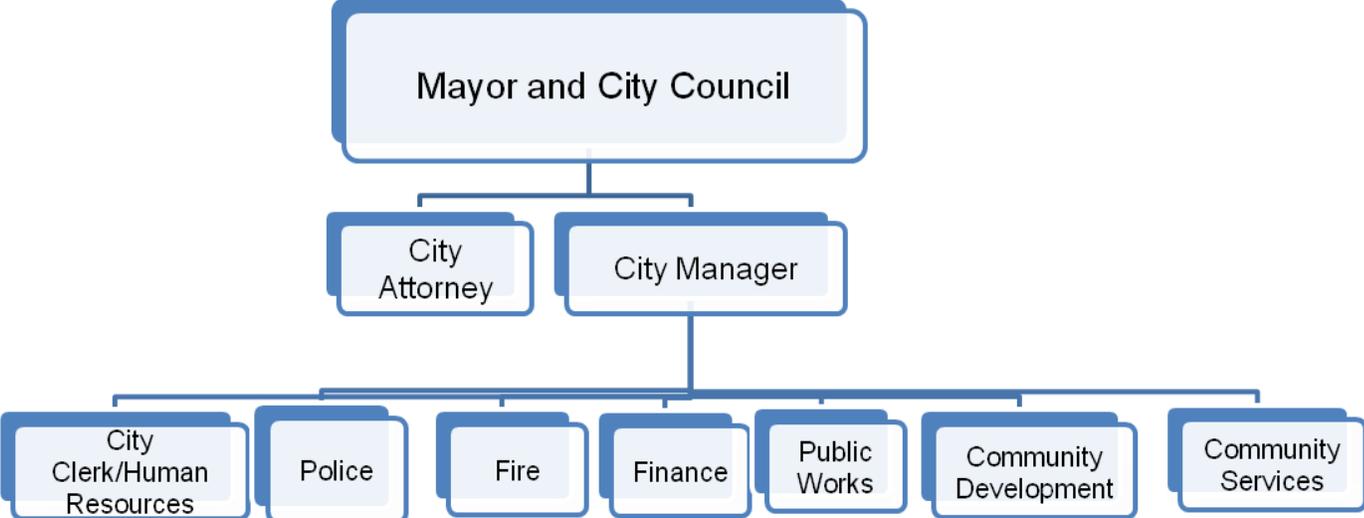
**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

**Organization Chart**

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**City of Atwater**

*Organizational Chart*



**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

**List of Officials**

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***CITY COUNCIL***

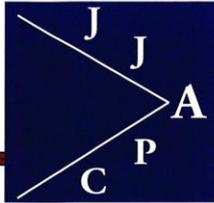
- James Price, Mayor
- Larry Bergman, Mayor Pro Tem
- Brian Raymond, Council Member
- Joe Rivero, Council Member
- James Vineyard, Council Member

***CITY OFFICIALS***

- Frank Pietro, City Manager
- Jeanna Del Real, City Clerk
- Jim Heller, City Treasurer
- Thomas H. Terpstra, City Attorney
- Patrick Faretta, Public Works Director
- Scott McBride, Community Development Director

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**JJACPA, Inc.**

A Professional Accounting Services Corp.

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## 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, 2014, 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, 2014, 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 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 27, 2015 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 27, 2015

*JJACPA, Inc.*

JJACPA, Inc.  
Dublin, CA

**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

**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, 2014. 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 \$1.8 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 about \$46.7 million at the end of the 2014 fiscal year. Of that amount, \$2.8 million (the unrestricted net position) may be used to meet the City's ongoing obligations and operating expenses for the next fiscal year.
- ◆ Overall City-wide revenues from all governmental and business-type activities increased by about \$4.1 million compared to the 2013 fiscal year. Most of the increase resulted from increases in enterprise fund charges for service and increased sales tax revenue.
- ◆ The City's total expense of all programs in fiscal 2014 decreased by \$1.7 million (5.7 percent) compared to the 2013 fiscal year. This decrease included a reduction in general government expenditures associated with the former Atwater Redevelopment Agency which was dissolved on January 31, 2012. Prior to this dissolution, the City of Atwater had reported the agency within the reporting entity of the City as a blended component unit.
- ◆ The City's total net capital asset balance for governmental activities was \$23,316,633 and \$89,614,760 for business-type activities.
- ◆ The City also ended the fiscal year with \$5.0 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, 2014**

**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, 2014**

**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, 2014, the City's major funds are as follows:

**GOVERNMENTAL FUNDS:**

- ◆ General 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, 2014**

**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, 2014, 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 46–83 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 88–168 of this report.

**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

**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 exceeded liabilities by \$46,670,365 (net position) as of June 30, 2014. The Summary of Net position as of June 30, 2014, and 2013, follows:

	<b>Summary of Net Position</b>					
	<b>2014</b>			<b>2013</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	\$ 5,684,366	\$ 13,509,928	\$ 19,194,294	\$ 8,901,193	\$ 8,498,437	\$ 17,399,630
Noncurrent assets	27,762,926	89,614,760	117,377,686	28,857,547	99,846,268	128,703,815
Total assets	<u>33,447,292</u>	<u>103,124,688</u>	<u>136,571,980</u>	<u>37,758,740</u>	<u>108,344,705</u>	<u>146,103,445</u>
Current and other liabilities	2,811,444	2,690,614	5,502,058	6,870,699	5,093,558	11,964,257
Long-term liabilities	5,555,349	78,844,208	84,399,557	7,082,440	82,173,923	89,256,363
Total liabilities	<u>8,366,793</u>	<u>81,534,822</u>	<u>89,901,615</u>	<u>13,953,139</u>	<u>87,267,481</u>	<u>101,220,620</u>
Net position:						
Net investment in capital assets	23,316,633	10,770,552	34,087,185	24,630,519	15,728,626	40,359,145
Restricted	3,944,583	5,806,295	9,750,878	1,389,482	-	1,389,482
Unrestricted (deficit)	(2,180,717)	5,013,019	2,832,302	(2,214,400)	5,348,598	3,134,198
<b>Total net position</b>	<u>\$ 25,080,499</u>	<u>\$ 21,589,866</u>	<u>\$ 46,670,365</u>	<u>\$ 23,805,601</u>	<u>\$ 21,077,224</u>	<u>\$ 44,882,825</u>

Overall, total net position increased by approximately \$1.8 million. Of this amount, net position for governmental activities increased by approximately \$1.3 million and net position for business-type activities increased by approximately \$0.5 million. About 73.0 percent of the net position of the City is represented by the City's net investment in its capital assets such as buildings, land, equipment, utility systems, and facilities.

Restricted net position increased by \$8,361,396 and unrestricted net position decreased by \$301,896. The increase in restricted net position is due mainly to the treatment of the inter-fund loans receivable due to the Sewer Fund as a restricted fund balance of that fund.

**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

**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 \$32,663,369 for the fiscal year ended June 30, 2014. Significant revenues for the City for fiscal year 2013-14 were derived from charges for services (60%), grants and contributions (8%), property taxes and assessments (12%) and sales and use tax (11%).

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

1. **Charges for Services.** Charges for services increased by \$1,773,114 or 10% due to increased operating revenue in the water, sewer and sanitation enterprise funds.
2. **Grants and Contributions – Governmental Activities Operating.** Annual receipts increased by \$587,912 or 32% due to increased public safety grant funding and increased revenue to the Water enterprise fund from the DBCP settlement.
3. **Property Taxes and Assessments.** Property taxes decreased by \$71,000, or 2%. This is due primarily to the dissolution of the Atwater Redevelopment Agency on January 31, 2012. Prior to this dissolution, the City of Atwater had previously reported the agency within the reporting entity of the City as a blended component unit
4. **Sales and Use Tax.** Sales tax revenue increased by \$1,398,856, or 68%. This results from a rebound from the recent economic recession and also represents the first full year of revenue from the Measure H public safety sales tax initiative which took effect on July 1, 2013.

**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The change in net position for the fiscal years ended June 30, 2014, and 2013, follows:

	2014			2013		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,099,066	\$ 17,499,163	\$ 19,598,229	\$ 2,844,390	\$ 14,980,725	\$ 17,825,115
Grants and contributions:						
Operating	2,261,480	161,033	2,422,513	1,834,601	-	1,834,601
Capital	252,208	-	252,208	170,369	-	170,369
General revenues:						
Property taxes and assessments	4,033,132	-	4,033,132	4,104,132	-	4,104,132
Transient occupancy taxes	38,253	-	38,253	-	-	-
Sales and use tax	3,453,165	-	3,453,165	2,054,309	-	2,054,309
Franchise taxes	694,435	-	694,435	-	-	-
Other taxes	962,743	-	962,743	655,042	-	655,042
Intergovernmental	141,228	-	141,228	12,274	-	12,274
Investment income	369,200	8,779	377,979	500,676	119,241	619,917
Other	689,484	-	689,484	1,213,280	20,957	1,234,237
Total revenues	14,994,394	17,668,975	32,663,369	13,389,073	15,120,923	28,509,996
Expenses:						
Governmental activities:						
General government	1,024,626	-	1,024,626	3,315,080	-	3,315,080
Public safety	8,200,472	-	8,200,472	8,179,968	-	8,179,968
Highways and streets	2,417,310	-	2,417,310	1,936,026	-	1,936,026
Urban redevelopment and housing	1,300,473	-	1,300,473	1,042,782	-	1,042,782
Culture and recreation	928,990	-	928,990	1,381,797	-	1,381,797
Business-type activities:						
Water	-	3,322,797	3,322,797	-	3,061,171	3,061,171
Sewer	-	8,967,521	8,967,521	-	8,995,700	8,995,700
Sanitation	-	2,784,077	2,784,077	-	2,783,129	2,783,129
Total expenses	13,871,871	15,074,395	28,946,266	15,855,653	14,840,000	30,695,653
Change in net position before transfers	1,122,523	2,594,580	3,717,103	(2,466,580)	280,923	(2,185,657)
Transfers	152,375	(152,375)	-	194,124	(194,124)	-
Special item	-	1,027,123	1,027,123	-	-	-
Change in net position	1,274,898	3,469,328	4,744,226	(2,272,456)	86,799	(2,185,657)
Net position:						
Beginning of year, as previously reported	23,805,601	21,077,224	44,882,825	26,078,057	20,990,425	47,068,482
Restatement	-	(2,956,686)	(2,956,686)	-	-	-
Beginning, as restated	23,805,601	18,120,538	41,926,139	26,078,057	20,990,425	47,068,482
End of year	\$ 25,080,499	\$ 21,589,866	\$ 46,670,365	\$ 23,805,601	\$ 21,077,224	\$ 44,882,825

**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Expenses**

Governmental and business-type activity expenses of the City for the year totaled \$28,946,266. Governmental activity expenses totaled \$13,871,871 or 48% of total expenses. Business-type activities incurred \$15,074,395 or 52 % of total expenses during the fiscal year. Public safety costs represented 59% 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, 2014, and 2013, are as follows:

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 1,024,626	\$ (600,981)	\$ 3,315,080	\$ 881,542
Public safety	8,200,472	7,468,943	8,179,968	7,547,449
Highway and streets	2,417,310	856,992	1,936,026	772,674
Urban revelopment and housing	1,300,473	868,166	1,042,782	735,368
Community services	928,990	665,997	1,381,797	1,069,260
Total	<u>\$ 13,871,871</u>	<u>\$ 9,259,117</u>	<u>\$ 15,855,653</u>	<u>\$ 11,006,293</u>

**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

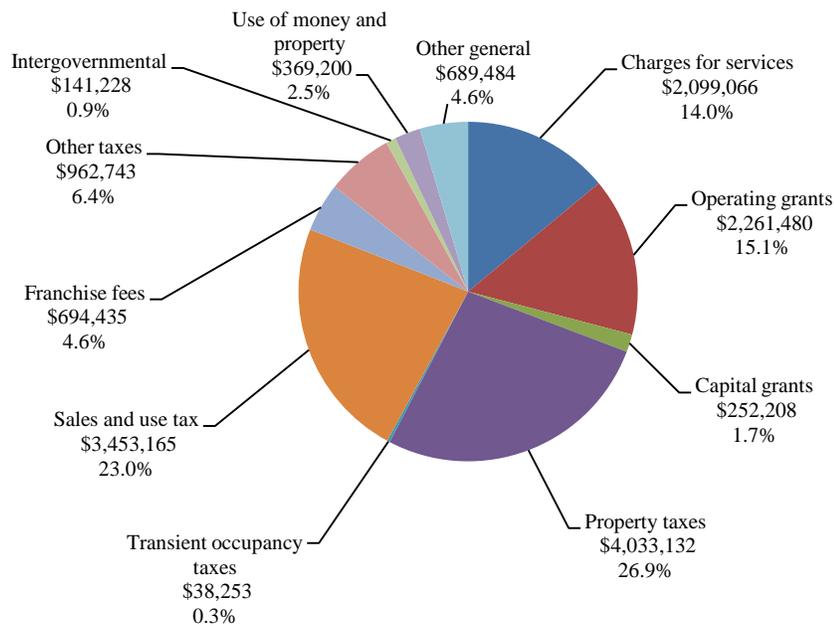
**Management's Discussion and Analysis, continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

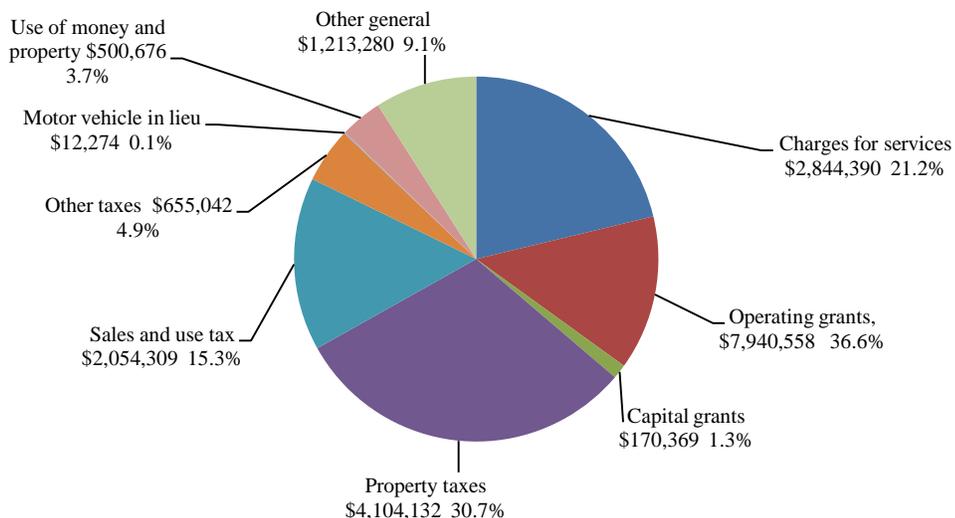
**Governmental Activities, Continued**

Revenues by source for the fiscal years ended June 30, 2014, and 2013, are as follows:

**Revenues by Source - Governmental Activities 2014**



**Revenues by Source - Governmental Activities 2013**



**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

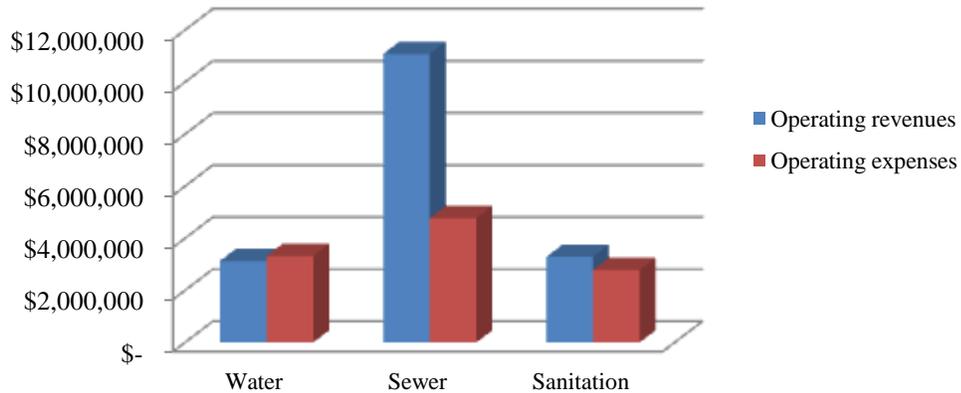
**Management’s Discussion and Analysis, continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

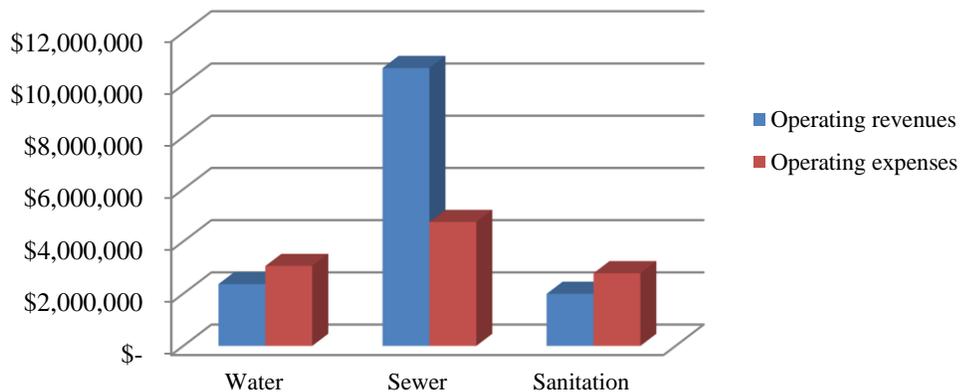
**Business-type Activities**

Business-type activities increased the City’s net position by \$3,469,328. 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, 2014, and 2013, are as follows:

**Operating Revenues and Expenses  
 Business-type Activities  
 2014**



**Operating Revenues and Expenses  
 Business-type Activities  
 2013**



**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

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

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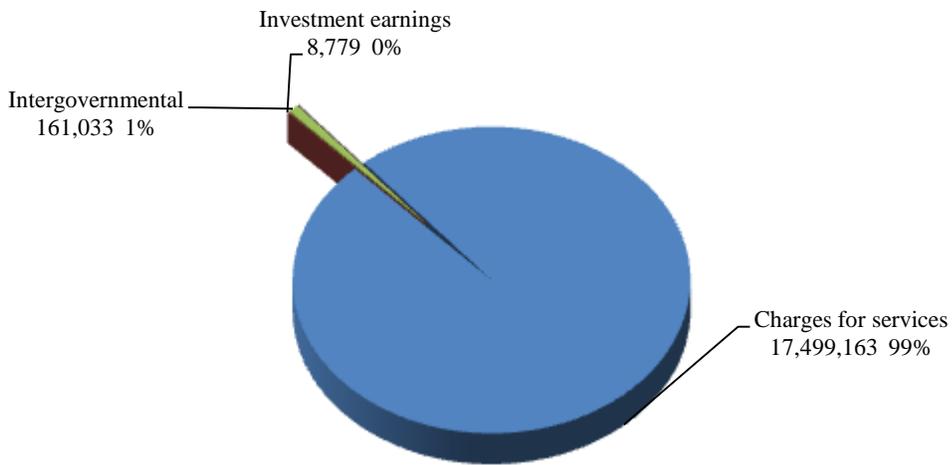
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

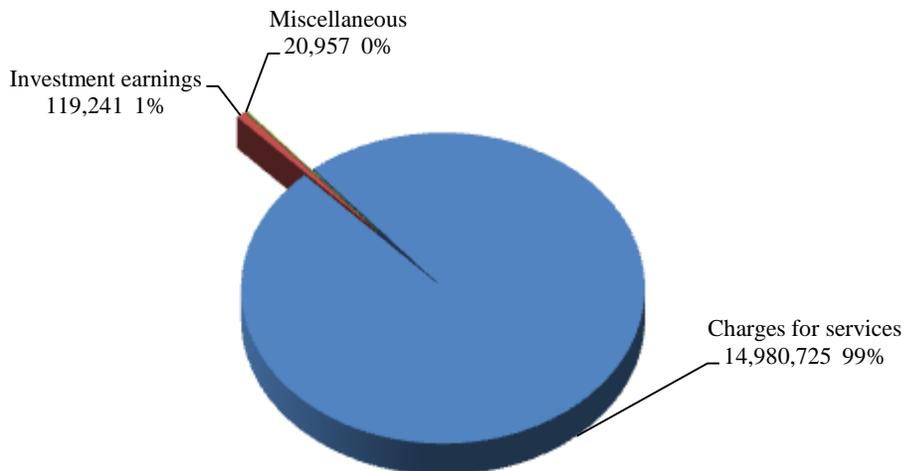
**Business-type Activities, Continued**

The revenues by source for the business-type activities for the fiscal years ended June 30, 2014, and 2013, are as follows:

**Revenues by Source - Business-type Activities  
2014**



**Revenues by Source - Business-type Activities  
2013**



**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

**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, 2014, the City's governmental funds reported combined fund balances of \$5,699,851. This represents an increase of \$737,632 or 15% from the prior fiscal year. The increase is due mainly to increased revenue from taxes and assessments and licenses and permits.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2014, General Fund ending fund balance totaled a \$3,839,545 deficit. The deficit improved by \$344,707 from the prior fiscal year as the City began to recover from the recent economic downturn.

**The Special Revenue Funds.** The City's special revenue funds include gas tax funds, grant funds, facility impact fee funds, maintenance districts and other nonmajor funds. As of June 30, 2014, the special revenue funds had a combined fund balance of \$9.4 million.

**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 \$3,469,328 in the fiscal year ended June 30, 2014 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, 2014**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**General Fund Budgetary Highlights**

General Fund revenues totaled \$12.2 million which was 99.7 percent of the budget estimate. General Fund expenditures totaled \$12.0 million or 99.6 percent of the approved budget. The General Fund fund balance deficit decreased by \$344,707 during the fiscal year ended June 30, 2014 from a negative \$4,184,252 to a negative \$3,839,545.

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amount to \$112,931,393. 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 323,223	\$ 299,383	\$ 764,902	\$ 764,902	\$ 1,088,125	\$ 1,064,285
Construction in progress	363,299	270,731	72,396,327	72,273,220	72,759,626	72,543,951
Buildings and improvements	7,592,133	7,844,740	13,151,869	14,225,774	20,744,002	22,070,514
Infrastructure	943,129	987,599	-	-	943,129	987,599
Equipment	956,837	836,523	3,301,662	3,696,226	4,258,499	4,532,749
Roads	13,138,012	14,391,543	-	-	13,138,012	14,391,543
Total	\$ 23,316,633	\$ 24,630,519	\$ 89,614,760	\$ 90,960,122	\$ 112,931,393	\$ 115,590,641

The June 30, 2014 balance reflects a reduction of \$2,659,248 from the prior year. This reduction is mainly the result of normal asset depreciation.

More detail of the capital assets and current activity can be found in the notes to the financial statements on pages 52 for significant accounting policies and Note 4 on pages 63 and 64 for other capital asset information.

**City of Atwater, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

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

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Economic Outlook**

Turning the economic corner from prior years, the local and national economy grew slowly during fiscal year 2014. 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 14.5 percent compared to the County-wide unemployment rate of 12.8 percent. 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 2014-15 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. One economic challenge that Atwater continues to face is the state's impact on and relationship with, local government caused by the dissolution of redevelopment agencies and its continuing effort to impose stricter regulatory requirements on local government agencies.

**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, 2014**

ASSETS	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and investments	\$ 7,892,046	\$ 2,548,595	\$ 10,440,641
Restricted cash and investments	-	5,806,295	5,806,295
Receivables:			
Accounts	1,352,977	1,437,603	2,790,580
Internal balances	(3,573,874)	3,573,874	-
Prepaid items	13,217	143,561	156,778
<b>Total current assets</b>	<u>5,684,366</u>	<u>13,509,928</u>	<u>19,194,294</u>
<b>Noncurrent assets:</b>			
Advances to Fiduciary Activities/Successor Agency	590,363	-	590,363
Investment in land held for resale	3,855,930	-	3,855,930
Capital assets:			
Nondepreciable	686,522	73,161,229	73,847,751
Depreciable	22,630,111	16,453,531	39,083,642
<b>Total noncurrent assets</b>	<u>27,762,926</u>	<u>89,614,760</u>	<u>117,377,686</u>
<b>Total assets</b>	<u>\$ 33,447,292</u>	<u>\$ 103,124,688</u>	<u>\$ 136,571,980</u>
LIABILITIES			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$ 2,593,731	\$ 559,849	\$ 3,153,580
Interest payable	-	678,823	678,823
Deposits payable	172,219	257,785	430,004
Compensated absences - current portion	-	59,939	59,939
Other liabilities	45,494	-	45,494
Due within one year	-	1,134,218	1,134,218
<b>Total current liabilities</b>	<u>2,811,444</u>	<u>2,690,614</u>	<u>5,502,058</u>
<b>Noncurrent liabilities:</b>			
Long-term liabilities:			
Compensated absences	376,901	-	376,901
Due after one year	-	78,844,208	78,844,208
Net OPEB obligation	5,178,448	-	5,178,448
<b>Total noncurrent liabilities</b>	<u>5,555,349</u>	<u>78,844,208</u>	<u>84,399,557</u>
<b>Total liabilities</b>	<u>8,366,793</u>	<u>81,534,822</u>	<u>89,901,615</u>
NET POSITION			
Net investment in capital assets	23,316,633	10,770,552	34,087,185
Restricted	3,944,583	5,806,295	9,750,878
Unrestricted (deficit)	(2,180,717)	5,013,019	2,832,302
<b>Total net position</b>	<u>25,080,499</u>	<u>21,589,866</u>	<u>46,670,365</u>
<b>Total liabilities and net position</b>	<u>\$ 33,447,292</u>	<u>\$ 103,124,688</u>	<u>\$ 136,571,980</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, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 1,024,626	\$ 1,606,607	19,000	\$ -
Public safety	8,200,472	102,709	628,820	-
Highways and Streets	2,417,310	126,757	1,192,455	241,106
Urban redevelopment and housing	1,300,473	-	421,205	11,102
Community services	928,990	262,993	-	-
Total governmental activities	<u>13,871,871</u>	<u>2,099,066</u>	<u>2,261,480</u>	<u>252,208</u>
Business-type activities:				
Water	3,322,797	3,132,605	161,033	-
Sewer	8,967,521	11,078,937	-	-
Sanitation	2,784,077	3,287,621	-	-
Total business-type activities	<u>15,074,395</u>	<u>17,499,163</u>	<u>161,033</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 28,946,266</u>	<u>\$ 19,598,229</u>	<u>\$ 2,422,513</u>	<u>\$ 252,208</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Transient occupancy tax

Sales taxes

Franchise fees

Other taxes

Intergovernmental

Use of money and property

Other general revenues

Total general revenues

Transfers

Total general revenues and transfers

Special item:

OPEB obligation valuation adjustment

Change in net position

Net position:

Beginning of year, as previously reported

Restatement

Beginning, as restated

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>
\$ 600,981	\$ -	\$ 600,981
(7,468,943)	-	(7,468,943)
(856,992)	-	(856,992)
(868,166)	-	(868,166)
(665,997)	-	(665,997)
(9,259,117)	-	(9,259,117)
-	(29,159)	(29,159)
-	2,111,416	2,111,416
-	503,544	503,544
-	2,585,801	2,585,801
\$ (9,259,117)	\$ 2,585,801	\$ (6,673,316)
4,033,132	-	4,033,132
38,253	-	38,253
3,453,165	-	3,453,165
694,435	-	694,435
962,743	-	962,743
141,228	-	141,228
369,200	8,779	377,979
689,484	-	689,484
10,381,640	8,779	10,390,419
152,375	(152,375)	-
10,534,015	(143,596)	10,390,419
-	1,027,123	1,027,123
1,274,898	3,469,328	4,744,226
23,805,601	21,077,224	44,882,825
-	(2,956,686)	(2,956,686)
23,805,601	18,120,538	41,926,139
\$ 25,080,499	\$ 21,589,866	\$ 46,670,365

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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.

**City of Atwater, California**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	<u>Major Fund</u>		<u>Totals</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 6,210,239	\$ 6,210,239
Receivables:			
Taxes	228,050	92,134	320,184
Interest	5	51	56
Intergovernmental	-	40,476	40,476
Other receivable	982,096	500	982,596
Prepaid items	13,217	-	13,217
Due from other funds	-	644,116	644,116
Advance to Successor Agency Private Purpose Trust	331,098	259,265	590,363
Investment in land held for resale	-	3,855,930	3,855,930
<b>Total assets</b>	<u>\$ 1,554,466</u>	<u>\$ 11,102,711</u>	<u>\$ 12,657,177</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 2,427,652	\$ 76,817	\$ 2,504,469
Due to other funds	2,860,313	1,357,677	4,217,990
Deposits payable	60,552	111,667	172,219
Other liabilities	45,494	-	45,494
<b>Total liabilities</b>	<u>5,394,011</u>	<u>1,546,161</u>	<u>6,940,172</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	17,154	17,154
<b>Total deferred inflows of resources:</b>	<u>-</u>	<u>17,154</u>	<u>17,154</u>
<b>Total Liabilities and deferred inflows</b>	<u>5,394,011</u>	<u>1,563,315</u>	<u>6,957,326</u>
<b>Fund balances (Deficit):</b>			
Nonspendable			
Prepaid items	13,217	-	13,217
Investment in land held for resale	-	3,855,930	3,855,930
Restricted	-	3,944,583	3,944,583
Assigned	-	3,087,941	3,087,941
Unassigned (deficit)	(3,852,762)	(1,349,058)	(5,201,820)
<b>Total fund balances (deficit)</b>	<u>(3,839,545)</u>	<u>9,539,396</u>	<u>5,699,851</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 1,554,466</u>	<u>\$ 11,102,711</u>	<u>\$ 12,657,177</u>

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, 2014**

**Total fund balances reported on the governmental funds balance sheet** \$ 5,699,851

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 sheet. 22,079,625

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	\$ (369,531)	
Net OPEB obligation	<u>(5,178,448)</u>	(5,547,979)

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. 17,154

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

Current assets	1,691,472	
Noncurrent assets	1,237,008	
Accounts payable and accrued liabilities	(96,632)	
Noncurrent liabilities	-	<u>2,831,848</u>

**Net Position of governmental activities** \$ 25,080,499

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

# City of Atwater, California

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

### Governmental Activities

June 30, 2014

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and investments	\$ 6,210,239	\$ -	\$ -	\$ 1,681,807	\$ 7,892,046
Receivables:					
Taxes	320,184	-	-	-	320,184
Interest	56	-	-	9	65
Intergovernmental	40,476	-	-	-	40,476
Other receivable	982,596	-	-	9,656	992,252
Due from other funds	644,116	(644,116)	-	-	-
Internal balances	-	(3,573,874)	-	-	(3,573,874)
Prepaid items	13,217	-	-	-	13,217
<b>Total current assets</b>	<b>8,210,884</b>	<b>(4,217,990)</b>	<b>-</b>	<b>1,691,472</b>	<b>5,684,366</b>
<b>Noncurrent assets:</b>					
Advances to Fiduciary Activities/Successor Agency	590,363	-	-	-	590,363
Investment in land held for resale	3,855,930	-	-	-	3,855,930
Capital assets, net	-	-	22,079,625	1,237,008	23,316,633
<b>Total noncurrent assets</b>	<b>4,446,293</b>	<b>-</b>	<b>22,079,625</b>	<b>1,237,008</b>	<b>27,762,926</b>
<b>Total assets</b>	<b>\$ 12,657,177</b>	<b>\$ (4,217,990)</b>	<b>\$ 22,079,625</b>	<b>\$ 2,928,480</b>	<b>\$ 33,447,292</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	\$ 2,504,469	\$ -	\$ -	\$ 89,262	\$ 2,593,731
Due to other funds	4,217,990	(4,217,990)	-	-	-
Deposits payable	172,219	-	-	-	172,219
Compensated absences - current portion	-	-	369,531	7,370	376,901
Other liabilities	45,494	-	-	-	45,494
<b>Total current liabilities</b>	<b>6,940,172</b>	<b>(4,217,990)</b>	<b>369,531</b>	<b>96,632</b>	<b>3,188,345</b>
<b>Noncurrent liabilities:</b>					
Long-term liabilities:					
Net OPEB obligation	-	-	5,178,448	-	5,178,448
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>5,178,448</b>	<b>-</b>	<b>5,178,448</b>
<b>Total liabilities</b>	<b>6,940,172</b>	<b>(4,217,990)</b>	<b>5,547,979</b>	<b>96,632</b>	<b>8,366,793</b>
Deferred inflows: Unavailable revenue	17,154	-	(17,154)	-	-
<b>Total liabilities and deferred inflows:</b>	<b>6,957,326</b>	<b>(4,217,990)</b>	<b>5,530,825</b>	<b>96,632</b>	<b>8,366,793</b>
<b>FUND BALANCES/NET POSITION</b>					
<b>Fund balances:</b>					
Nonspendable	3,869,147	(3,869,147)	-	-	-
Restricted	3,944,583	(3,944,583)	-	-	-
Assigned	3,087,941	(3,087,941)	-	-	-
Unassigned (deficit)	(5,201,820)	5,201,820	-	-	-
<b>Net position:</b>					
Net investment in capital assets	-	-	22,079,625	1,237,008	23,316,633
Restricted	-	-	3,944,583	-	3,944,583
Unrestricted	-	5,699,851	(9,475,408)	1,594,840	(2,180,717)
<b>Total fund balances/net position</b>	<b>5,699,851</b>	<b>-</b>	<b>16,548,800</b>	<b>2,831,848</b>	<b>25,080,499</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 12,657,177</b>	<b>\$ (4,217,990)</b>	<b>\$ 22,079,625</b>	<b>\$ 2,928,480</b>	<b>\$ 33,447,292</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, 2014**

	<u>Major Fund</u>		<u>Totals</u>
	<u>General Fund</u>	<u>Other Governmental Funds</u>	
<b>REVENUES:</b>			
Taxes and assessments	\$ 8,271,180	\$ 910,548	\$ 9,181,728
Licenses and permits	421,205	-	421,205
Fines and forfeitures	62,491	5,051	67,542
Intergovernmental	467,208	1,698,961	2,166,169
Use of money and property	230,405	138,795	369,200
Charges for services	2,099,066	-	2,099,066
Reimbursements	483,996	1,412	485,408
Other revenues	200,804	3,272	204,076
<b>Total revenues</b>	<u>12,236,355</u>	<u>2,758,039</u>	<u>14,994,394</u>
<b>EXPENDITURES:</b>			
Current:			
General government	2,259,127	4,170	2,263,297
Public safety	7,960,711	392,987	8,353,698
Highways and Streets	830,621	477,468	1,308,089
Urban redevelopment and housing	-	919,184	919,184
Community services	928,546	-	928,546
Capital outlay	-	636,323	636,323
<b>Total expenditures</b>	<u>11,979,005</u>	<u>2,430,132</u>	<u>14,409,137</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>257,350</u>	<u>327,907</u>	<u>585,257</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	87,357	65,018	152,375
<b>Total other financing sources (uses)</b>	<u>87,357</u>	<u>65,018</u>	<u>152,375</u>
<b>Net change in fund balances</b>	<u>344,707</u>	<u>392,925</u>	<u>737,632</u>
<b>FUND BALANCES (Deficit):</b>			
Beginning of year	(4,184,252)	9,146,471	4,962,219
End of year	<u>\$ (3,839,545)</u>	<u>\$ 9,539,396</u>	<u>\$ 5,699,851</u>

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, 2014

Functions/Programs	Fund Based Totals	Compensated Absences/		Internal Service	Depreciation	Capital Asset		Deferred inflows	Government- wide Totals
		Debt Service				(Additions)/ Retirements	OPEB Obligation		
<b>Governmental activities:</b>									
General government	\$ 2,263,297	\$ (42,156)	\$ (716,595)	\$ 760,629	\$ 34,381	\$ (1,274,930)	\$ -	\$ 1,024,626	
Public safety	8,353,698	-	-	44,583	-	(197,809)	-	8,200,472	
Highways and Streets	1,308,089	-	-	1,109,221	-	-	-	2,417,310	
Urban redevelopment and housing	919,184	-	-	951	-	-	380,338	1,300,473	
Parks and recreation	928,546	-	-	444	-	-	-	928,990	
Capital outlay	636,323	-	-	-	(636,323)	-	-	-	
<b>Total governmental activities</b>	<b>\$ 14,409,137</b>	<b>\$ (42,156)</b>	<b>\$ (716,595)</b>	<b>\$ 1,915,828</b>	<b>\$ (601,942)</b>	<b>\$ (1,472,739)</b>	<b>\$ 380,338</b>	<b>\$ 13,871,871</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, 2014**

**Net change in fund balances - total governmental funds** \$ 737,632

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 assets:

Capital asset purchases capitalized	\$ 601,942	
Depreciation expense	(1,915,828)	(1,313,886)

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.	(380,338)
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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	42,156
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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 OPEB obligation	1,472,739
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Internal services funds are used by management to charge the costs of certain activities, such as central garage, to individual funds. The change in Net Position of the Internal Service Funds of \$600,601 are included in the governmental activities in the government-wide Statement of Net Position plus amounts due to the change in net investment in capital assets of \$115,994 reported above for capital assets.

600,601	
115,994	716,595

<b>Change in Net Position of governmental activities</b>	<b>\$ 1,274,898</b>
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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**  
**For the year ended June 30, 2014**

	<b>General Fund</b>			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 8,298,353	\$ 8,298,353	\$ 8,271,180	\$ (27,173)
Licenses and permits	389,000	389,000	421,205	32,205
Fines and forfeitures	66,000	66,000	62,491	(3,509)
Intergovernmental	403,659	403,659	467,208	63,549
Use of money and property	247,290	247,290	230,405	(16,885)
Charges for services	2,446,222	2,446,222	2,099,066	(347,156)
Reimbursements	339,000	339,000	483,996	144,996
Other revenues	77,800	77,800	200,804	123,004
<b>Total revenues</b>	<b>12,267,324</b>	<b>12,267,324</b>	<b>12,236,355</b>	<b>(30,969)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	2,469,852	2,469,852	2,259,127	210,725
Public safety	7,791,992	7,791,992	7,960,711	(168,719)
Highways and Streets	939,637	939,637	830,621	109,016
Community services	818,110	818,110	928,546	(110,436)
<b>Total expenditures</b>	<b>12,019,591</b>	<b>12,019,591</b>	<b>11,979,005</b>	<b>40,586</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>247,733</b>	<b>247,733</b>	<b>257,350</b>	<b>9,617</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,302,375	2,302,375	87,357	(2,215,018)
<b>Total other financing sources (uses)</b>	<b>2,302,375</b>	<b>2,302,375</b>	<b>87,357</b>	<b>(2,215,018)</b>
<b>Net change in fund balances</b>	<b>2,550,108</b>	<b>2,550,108</b>	<b>344,707</b>	<b>(2,205,401)</b>
<b>FUND BALANCES (Deficit):</b>				
Beginning of year	(4,184,252)	(4,184,252)	(4,184,252)	-
End of year	<u>\$ (1,634,144)</u>	<u>\$ (1,634,144)</u>	<u>\$ (3,839,545)</u>	<u>\$ (2,205,401)</u>

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

## 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, 2014**

<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>
<b>Current assets:</b>		
Cash and investments	\$ -	\$ 2,548,595
Restricted cash and investments	-	5,806,295
Receivables:		
Accounts	216,076	957,836
Interest	69	58
Due from other funds	-	7,855,992
Prepaid expenses	-	143,561
<b>Total current assets</b>	<b>216,145</b>	<b>17,312,337</b>
<b>Noncurrent assets:</b>		
Capital assets, net	6,756,148	82,736,708
<b>Total noncurrent assets</b>	<b>6,756,148</b>	<b>82,736,708</b>
<b>Total Assets</b>	<b>\$ 6,972,293</b>	<b>\$ 100,049,045</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 142,549	\$ 127,541
Accrued payroll	77,989	17,057
Due to other funds	434,222	-
Interest payable	-	678,823
Deposits payable	196,780	61,005
Compensated absences - current portion	51,463	8,476
Due within one year	-	1,134,218
<b>Total current liabilities</b>	<b>903,003</b>	<b>2,027,120</b>
<b>Noncurrent liabilities:</b>		
Due after one year	-	78,844,208
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>78,844,208</b>
<b>Total liabilities</b>	<b>903,003</b>	<b>80,871,328</b>
<b>Net Position:</b>		
Net investment in capital assets	6,756,148	3,892,500
Restricted	-	5,806,295
Unrestricted (Deficit)	(686,858)	9,478,922
<b>Total net position</b>	<b>6,069,290</b>	<b>19,177,717</b>
<b>Total liabilities and net position</b>	<b>\$ 6,972,293</b>	<b>\$ 100,049,045</b>

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

<b>Sanitation</b>	<b>Totals</b>	<b>Governmental Activities Internal Service Funds</b>
\$ -	\$ 2,548,595	\$ 1,681,807
	5,806,295	-
263,564	1,437,476	9,656
-	127	9
-	7,855,992	-
-	143,561	-
<u>263,564</u>	<u>17,792,046</u>	<u>1,691,472</u>
121,904	89,614,760	1,237,008
<u>121,904</u>	<u>89,614,760</u>	<u>1,237,008</u>
<u>\$ 385,468</u>	<u>\$ 107,406,806</u>	<u>\$ 2,928,480</u>
\$ 193,815	\$ 463,905	\$ 73,686
898	95,944	15,576
3,847,896	4,282,118	-
-	678,823	-
-	257,785	-
-	59,939	7,370
-	1,134,218	-
<u>4,042,609</u>	<u>6,972,732</u>	<u>96,632</u>
-	78,844,208	-
-	78,844,208	-
<u>4,042,609</u>	<u>85,816,940</u>	<u>96,632</u>
121,904	10,770,552	1,237,008
-	5,806,295	-
<u>(3,779,045)</u>	<u>5,013,019</u>	<u>1,594,840</u>
<u>(3,657,141)</u>	<u>21,589,866</u>	<u>2,831,848</u>
<u>\$ 385,468</u>	<u>\$ 107,406,806</u>	<u>\$ 2,928,480</u>

**City of Atwater, California**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2014**

	<u>Water</u>	<u>Sewer</u>
<b>OPERATING REVENUES:</b>		
Charges for service	\$ 2,724,386	\$ 11,045,277
Interdepartmental charges	-	-
Other operating revenue	408,219	33,660
<b>Total operating revenues</b>	<u>3,132,605</u>	<u>11,078,937</u>
<b>OPERATING EXPENSES:</b>		
Salaries and benefits	798,353	428,043
Contractual services	117,880	1,806,140
Materials and supplies	98,638	84,763
Repairs and maintenance	-	-
Utilities	751,958	745,476
Insurance	-	-
Taxes and fees	-	-
Other operating costs	880,374	928,424
Depreciation	675,594	782,499
<b>Total operating expenses</b>	<u>3,322,797</u>	<u>4,775,345</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(190,192)</u>	<u>6,303,592</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Intergovernmental revenues (expenses)	161,033	-
Interest revenue	4,362	4,417
Interest expense	-	(4,192,176)
<b>Total non-operating revenues, net</b>	<u>165,395</u>	<u>(4,187,759)</u>
<b>NET INCOME BEFORE TRANSFERS</b>	<u>(24,797)</u>	<u>2,115,833</u>
Transfers out	(152,375)	-
<b>Total transfers</b>	<u>(152,375)</u>	<u>-</u>
Special item:		
OPEB obligation valuation adjustment	515,129	502,579
<b>CHANGE IN NET POSITION</b>	<u>337,957</u>	<u>2,618,412</u>
<b>NET POSITION (DEFICIT):</b>		
Beginning of year, as previously reported	5,731,333	19,515,991
Restatement	-	(2,956,686)
Beginning of year, as restated	<u>5,731,333</u>	<u>16,559,305</u>
End of year	<u>\$ 6,069,290</u>	<u>\$ 19,177,717</u>

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

<b>Sanitation</b>	<b>Totals</b>	<b>Governmental</b>
		<b>Internal Service Funds</b>
\$ 3,286,999	\$ 17,056,662	\$ -
-	-	2,988,170
622	442,501	51,378
<u>3,287,621</u>	<u>17,499,163</u>	<u>3,039,548</u>
(16,300)	1,210,096	142,767
2,306,271	4,230,291	278,517
4,127	187,528	331
-	-	496,467
-	1,497,434	-
-	-	1,166,420
-	-	130,178
479,605	2,288,403	108,926
10,374	1,468,467	115,994
<u>2,784,077</u>	<u>10,882,219</u>	<u>2,439,600</u>
<u>503,544</u>	<u>6,616,944</u>	<u>599,948</u>
-	161,033	-
-	8,779	653
-	(4,192,176)	-
-	(4,022,364)	653
<u>503,544</u>	<u>2,594,580</u>	<u>600,601</u>
-	(152,375)	-
-	(152,375)	-
9,415	1,027,123	-
512,959	3,469,328	600,601
(4,170,100)	21,077,224	2,231,247
-	(2,956,686)	-
<u>(4,170,100)</u>	<u>18,120,538</u>	<u>2,231,247</u>
<u>\$ (3,657,141)</u>	<u>\$ 21,589,866</u>	<u>\$ 2,831,848</u>

**City of Atwater, California**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2014**

	<u>Water</u>	<u>Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers/users for services provided	\$ 3,158,624	\$ 11,217,928
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(1,841,866)	(4,025,704)
Cash payments to employees for services	(716,658)	(445,098)
<b>Net cash provided by operating activities</b>	<u>600,100</u>	<u>6,747,126</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers received	608,993	-
Transfers paid	(1,213,467)	(6,122,515)
Change in restricted cash and investments	-	24,853
<b>Net cash used by noncapital financing activities</b>	<u>(604,474)</u>	<u>(6,097,662)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
(Acquisition and construction)Retirement of capital assets	-	(123,103)
Principal paid on long term debt	-	(1,084,218)
Interest paid on long term debt	-	(4,292,805)
<b>Net cash (used) by capital and related financing activities</b>	<u>-</u>	<u>(5,500,126)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income received	4,374	4,420
<b>Net cash provided by investing activities</b>	<u>4,374</u>	<u>4,420</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	-	(4,846,242)
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	-	13,201,132
End of year	<u>\$ -</u>	<u>\$ 8,354,890</u>
<b>Presentation in Statement of Net Position:</b>		
Cash and investments	\$ -	\$ 2,548,595
Restricted cash and investments	-	5,806,295
	<u>\$ -</u>	<u>\$ 8,354,890</u>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (190,192)	\$ 6,303,592
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	675,594	782,499
(Increase) decrease in current assets:		
Accounts receivable	26,019	138,991
Prepaid expenses	-	(141,706)
Increase (decrease) in liabilities:		
Accounts payable	1,919	(319,195)
Accrued payroll	64,779	5,122
Deposits payable	5,065	-
Compensated absences	16,916	(22,177)
<b>Net cash provided by operating activities</b>	<u>\$ 600,100</u>	<u>\$ 6,747,126</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2014.

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

<b>Sanitation</b>	<b>Totals</b>	<b>Governmental Activities</b>	
		<b>Internal Service Funds</b>	
\$ 3,433,631	\$ 17,810,183	\$ -	-
-	-	3,035,548	-
(2,796,264)	(8,663,834)	(2,144,373)	-
(4,547)	(1,166,303)	(141,460)	-
<u>632,820</u>	<u>7,980,046</u>	<u>749,715</u>	-
-	608,993	-	-
(632,820)	(7,968,802)	-	-
	24,853		
<u>(632,820)</u>	<u>(7,334,956)</u>		-
	(123,103)		-
-	(1,084,218)		-
-	<u>(4,292,805)</u>		-
-	<u>(5,500,126)</u>		-
-	8,794	651	
-	<u>8,794</u>	<u>651</u>	
-	(4,846,242)	750,366	
-	<u>13,201,132</u>	<u>931,441</u>	
<u>\$ -</u>	<u>\$ 8,354,890</u>	<u>\$ 1,681,807</u>	
\$ -	\$ 2,548,595	\$ 1,681,807	
-	<u>5,806,295</u>	-	
<u>\$ -</u>	<u>\$ 8,354,890</u>	<u>\$ 1,681,807</u>	
\$ 503,544	\$ 6,616,944	\$ 599,948	
10,374	1,468,467	115,994	
146,010	311,020	(4,000)	
-	(141,706)	47,943	
(6,261)	(323,537)	(11,477)	
(1,891)	68,010	(4,538)	
-	5,065	-	
<u>(18,956)</u>	<u>(24,217)</u>	<u>5,845</u>	
<u>\$ 632,820</u>	<u>\$ 7,980,046</u>	<u>\$ 749,715</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, 2014**

	Successor Agency Former Atwater Community Development Agency	Agency Funds
Current assets:		
Cash and investments	\$ 524,382	1,714,371
Cash and investments with trustee/fiscal agent	2,572,411	677,841
Accounts receivable	132	-
Interest receivable	3	10
Assessments receivable	-	38,483
Loans/notes receivable	111,437	-
<b>Total current assets</b>	<b>3,208,365</b>	<b>2,430,705</b>
Property, plant and equipment	1,155,151	-
Less accumulated depreciation	(273,475)	-
Property, plant, and equipment, net	881,676	-
<b>Total assets</b>	<b>\$ 4,090,041</b>	<b>\$ 2,430,705</b>
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 25,285	\$ 3,095
Due to others	-	2,427,610
Due within one year	587,259	-
<b>Total current liabilities</b>	<b>612,544</b>	<b>2,430,705</b>
Long-term liabilities:		
Advance from governmental funds/activities	590,363	-
Due after one year	8,617,573	-
<b>Total long-term liabilities</b>	<b>9,207,936</b>	<b>-</b>
<b>Total liabilities</b>	<b>9,820,480</b>	<b>\$ 2,430,705</b>
<b>Net Position (Deficit):</b>		
Net investment in capital assets	(8,323,156)	
Net position held in trust for Redevelopment Dissolution	2,592,717	
<b>Total Net Position (deficit)</b>	<b>(5,730,439)</b>	
<b>Total liabilities and net position</b>	<b>\$ 4,090,041</b>	

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

**City of Atwater, California**  
**Statement of Changes in Fiduciary Net Assets**  
**Private Purpose Trust Funds**  
**For the year ended June 30, 2014**

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	Successor Agency
	Former Atwater Community Development Agency
<b>ADDITIONS:</b>	
Property taxes	\$ 1,300,686
Investment income	22,010
Other additions	20,859
<b>Total operating revenues</b>	<u>1,343,555</u>
<b>DEDUCTIONS:</b>	
Urban redevelopment and housing	279,839
Interest and trustee fees	464,014
Depreciation and amortization	31,377
<b>Total operating expenses</b>	<u>775,230</u>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<u>568,325</u>
<b>NET POSITION (DEFICIT):</b>	
Beginning of year, as previously reported	(6,029,648)
Restatement	(269,116)
Beginning of year, as restated	<u>(6,298,764)</u>
End of year	<u>\$ (5,730,439)</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, 2014**

**Index to Notes to Basic Financial Statements**

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	<u>Page</u>
<b>Note 1 - Summary of Significant Accounting Policies</b> .....	46
Financial Reporting Entity .....	46
Basis of Presentation .....	47
Measurement Focus .....	49
Basis of Accounting .....	49
Assets, Liabilities, and Equity .....	50
Revenues, Expenditures, and Expenses .....	55
Budgetary Accounting .....	57
<b>Note 2 – Cash and Investments</b> .....	58
<b>Note 3 – Accounts Receivable</b> .....	62
<b>Note 4 – Capital Assets</b> .....	63
<b>Note 5 – Accounts Payable and Accrued Liabilities</b> .....	65
<b>Note 6 – Long-term Liabilities</b> .....	65
<b>Note 7 – Special Assessments</b> .....	68
<b>Note 8 – Net Position/Fund Balances</b> .....	68
<b>Note 9 – Interfund Transactions</b> .....	72
<b>Note 10 – Risk Management</b> .....	73
<b>Note 11 – Public Employee Retirement System</b> .....	74
Plan Description .....	74
Funding Policy .....	75
<b>Note 12 – Other Post-Employment Benefits</b> .....	76
<b>Note 13 – Successor Agency for Assets of Former Redevelopment Agency</b> .....	79
<b>Note 14 – Commitments and Contingencies</b> .....	82
<b>Note 15 – New Accounting Pronouncements</b> .....	82
<b>Note 16 – Management’s Plan of Operations</b> .....	83

**City of Atwater, California**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2014**

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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.

In addition, the City applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

***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, 2014**

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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

**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, 2014**

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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, 2014**

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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, 2014**

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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, 2014**

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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, 2014**

---

**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, 2014**

---

**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.

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

---

**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, 2014**

---

**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, 2014**

---

**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, 2014**

---

**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, 2014. 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, 2014**

**2. CASH AND INVESTMENTS**

At June 30, 2014, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

<u>Cash, cash equivalents and investments pooled</u>	Maturities (in years)			Deposits	Fair
	<1	1 to 3	3 to 5		Market Value
<u>Pooled cash, at fair value</u>					
Cash in bank	\$ -	\$ -	\$ -	\$ 10,006,863	\$ 10,006,863
Petty cash	-	-	-	450	450
Total pooled items	-	-	-	10,007,313	10,007,313
<u>Pooled investments, at fair market value</u>					
Cash and short-term investments	9,056,547	-	-	-	9,056,547
Mutual fund	1,230,555	-	-	-	1,230,555
Money market	50,185	-	-	-	50,185
Central San Joaquin Valley Risk Management Authority (CSJVRMA) investment pool	1,014,217	-	-	-	1,014,217
State of California Local Agency Investment Fund	377,124	-	-	-	377,124
Total pooled investments	11,728,628	-	-	-	11,728,628
Total cash, cash equivalents and investments pooled	\$ 11,728,628	\$ -	\$ -	\$ 10,007,313	\$ 21,735,941

**Amounts reported in:**

Governmental activities	\$ 7,892,046
Business-type activities	2,548,595
Business-type activities - Restricted	5,806,295
Fiduciary activities	2,238,753
Fiduciary activities - Restricted	3,250,252
Total	\$ 21,735,941

<u>Investment Type</u>	<u>Fair Value</u>
Mutual funds	\$ 1,230,555
Money market	50,185
CSJVRMA investment pool	1,014,217
LAIF	377,124
Held by bond trustees:	
Cash and cash equivalent	9,056,547
Total fair value	\$ 11,728,628

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**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, 2014, 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, 2014**

**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, 2014, 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 1.88% 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, 2014**

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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, 2014, the carrying amount of the City's deposits was \$10,007,313 and the balances in financial institutions were \$11,287,822. Of the balance in financial institutions, \$300,185 was covered by federal depository insurance and \$10,987,637 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, 2014, 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, 2014 was \$21,119,834,294 of which the City had a balance of \$377,124. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2014 has a portfolio with market valuation of \$62,996,039. Of the total invested, 98.14% was invested in non-derivative financial products and 1.86% 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, 2014**

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2014:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts receivable	\$ 9,656	\$ 1,437,476	\$ 132	\$ 1,447,264
Taxes and assessments receivable	320,184	-	38,483	358,667
Interest receivable	65	127	13	205
Intergovernment	40,476	-	-	40,476
Other	982,596	-	-	982,596
Loans/Notes receivable	-	-	111,437	111,437
Total accounts receivable	<u>\$ 1,352,977</u>	<u>\$ 1,437,603</u>	<u>\$ 150,065</u>	<u>\$ 2,940,645</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	12.2%	Financial	0.0%
Individuals/Business	54.4%	Other	33.4%

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, 2014**

**4. CAPITAL ASSETS**

Governmental capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deletions	Adjustment / Transfers	Balance June 30, 2014
<b>Governmental activities:</b>					
<b>Nondepreciable assets:</b>					
Land	\$ 299,383		\$ -	\$ 23,840	\$ 323,223
Construction in Progress	270,731	149,111	(13,720)	(42,823)	363,299
<b>Total nondepreciable assets</b>	<u>570,114</u>	<u>149,111</u>	<u>(13,720)</u>	<u>(18,983)</u>	<u>686,522</u>
<b>Depreciable assets:</b>					
Buildings and improvements	14,187,890	211,636	-	41,762	14,441,288
Infrastructure	1,156,846	-	-	-	1,156,846
Equipment	4,980,923	215,460	-	10,076	5,206,459
Roads	49,069,692	6,600	-	-	49,076,292
<b>Total depreciable assets</b>	<u>69,395,351</u>	<u>433,696</u>	<u>-</u>	<u>51,838</u>	<u>69,880,885</u>
<b>Total</b>	<u>69,965,465</u>	<u>582,807</u>	<u>(13,720)</u>	<u>32,855</u>	<u>70,567,407</u>
<b>Accumulated depreciation:</b>					
Buildings and improvements	(6,343,150)	(506,005)	-	-	(6,849,155)
Infrastructure	(169,247)	(44,470)	-	-	(213,717)
Equipment	(4,144,400)	(105,222)	-	-	(4,249,622)
Road	(34,678,149)	(1,260,131)	-	-	(35,938,280)
<b>Total accumulated depreciation</b>	<u>(45,334,946)</u>	<u>(1,915,828)</u>	<u>-</u>	<u>-</u>	<u>(47,250,774)</u>
<b>Net depreciable assets</b>	<u>24,060,405</u>	<u>(1,482,132)</u>	<u>-</u>	<u>51,838</u>	<u>22,630,111</u>
<b>Total net capital assets</b>	<u>\$ 24,630,519</u>	<u>\$ (1,333,021)</u>	<u>\$ (13,720)</u>	<u>\$ 32,855</u>	<u>\$ 23,316,633</u>

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

General government	\$ 760,629
Public safety	44,583
Highways and streets	1,109,221
Culture and recreation	951
Urban redevelopment and housing	444
<b>Total</b>	<u>\$ 1,915,828</u>

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**4. CAPITAL ASSETS, Continued**

Business-type capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2014
<b><u>Business-type activities</u></b>					
<b>Nondepreciable assets:</b>					
Land	\$ 764,902	\$ -	\$ -	\$ -	\$ 764,902
Construction in Progress	72,273,220	123,107	-	-	72,396,327
<b>Total nondepreciable assets</b>	<u>73,038,122</u>	<u>123,107</u>	<u>-</u>	<u>-</u>	<u>73,161,229</u>
<b>Depreciable assets:</b>					
Buildings and improvements	37,044,466	-	-	-	37,044,466
Equipment	9,465,090	-	-	-	9,465,090
<b>Total depreciable assets</b>	<u>46,509,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,509,556</u>
<b>Total</b>	<u>119,547,678</u>	<u>123,107</u>	<u>-</u>	<u>-</u>	<u>119,670,785</u>
<b>Accumulated depreciation:</b>					
Buildings and improvements	(22,818,695)	(1,073,902)	-	-	(23,892,597)
Equipment	(5,768,863)	(394,565)	-	-	(6,163,428)
<b>Total accumulated depreciation</b>	<u>(28,587,558)</u>	<u>(1,468,467)</u>	<u>-</u>	<u>-</u>	<u>(30,056,025)</u>
<b>Net depreciable assets</b>	<u>17,921,998</u>	<u>(1,468,467)</u>	<u>-</u>	<u>-</u>	<u>16,453,531</u>
<b>Total net capital assets</b>	<u>\$ 90,960,120</u>	<u>\$ (1,345,360)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,614,760</u>

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

Water	\$ 675,594
Sewer	782,499
Sanitation	10,374
	<u>\$ 1,468,467</u>

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2014:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 2,578,155	\$ 463,905	\$ 28,380	\$ 3,070,440
Accrued payroll and related liabilities	15,576	95,944	-	111,520
Deposits payable	172,219	257,785	-	430,004
Other liabilities	45,494	-	2,427,610	2,473,104
Total	<u>\$ 2,811,444</u>	<u>\$ 817,634</u>	<u>\$ 2,455,990</u>	<u>\$ 6,085,068</u>

These amounts resulted in the following concentrations in payables:

Vendors	51%
Employees	2%
Others	47%

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, 2014:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
<b><u>Governmental Activities:</u></b>					
Compensated absences	\$ 431,253	\$ -	\$ (54,352)	\$ 376,901	\$ -
Total governmental activities	<u>\$ 431,253</u>	<u>\$ -</u>	<u>\$ (54,352)</u>	<u>\$ 376,901</u>	<u>\$ -</u>
<b><u>Business-type Activities:</u></b>					
2008 Wastewater Revenue Refunding Bonds	\$19,225,000	\$ -	\$ (425,000)	\$18,800,000	\$ 445,000
Deferred loss on refunding	(1,188,739)	-	80,350	(1,108,389)	(80,350)
2010 Wastewater Revenue Bonds	52,980,000	-	(600,000)	52,380,000	625,000
Unamortized bond premium	405,299	-	(12,832)	392,467	12,832
2011 Wastewater Revenue Bonds	9,745,000	-	(130,000)	9,615,000	135,000
Unamortized bond discount	(103,916)	-	3,264	(100,652)	(3,264)
Compensated absences	84,156	-	(24,217)	59,939	-
Total business-type activities	<u>\$81,146,800</u>	<u>\$ -</u>	<u>\$ (1,108,435)</u>	<u>\$80,038,365</u>	<u>\$ 1,134,218</u>
Total Long-term Liabilities	<u>\$81,578,053</u>	<u>\$ -</u>	<u>\$ (1,162,787)</u>	<u>\$80,415,266</u>	<u>\$ 1,134,218</u>

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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

*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, 2014, the total principal outstanding is \$18,880,000 and the unamortized portion of the deferred loss on refunding totaled \$1,108,389, resulting in a net outstanding balance of \$17,691,611.

**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, 2014, the total principal outstanding is \$52,380,000, and the unamortized premium totaled \$392,467, resulting in a net outstanding balance of \$52,772,467.

**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, 2014, the total principal outstanding is \$9,615,000 and the unamortized discount totaled \$100,652, resulting in a net outstanding balance of \$9,514,348.

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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

Future debt service at June 30, 2014 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
2015	\$ 445,000	\$ 903,807	\$ 625,000	\$ 2,620,030	\$ 135,000	\$ 549,100
2016	465,000	883,781	650,000	2,595,030	140,000	543,700
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
2020-2024	3,005,000	3,734,812	4,200,000	12,016,868	895,000	2,521,076
2025-2029	3,770,000	2,975,963	5,230,000	10,985,191	1,140,000	2,272,106
2030-2034	4,805,000	1,940,000	6,625,000	9,589,550	1,505,000	1,911,228
2035-2039	4,785,000	612,750	9,820,000	7,738,867	2,005,000	1,406,142
2040-2044	-	-	18,760,000	4,195,511	2,700,000	712,950
2045	-	-	4,360,000	228,900	645,000	39,506
Total	<u>\$ 18,800,000</u>	<u>\$ 13,573,081</u>	<u>\$ 52,380,000</u>	<u>\$ 57,588,037</u>	<u>\$ 9,615,000</u>	<u>\$ 11,552,508</u>
Due within one year	\$ 445,000	\$ 903,807	\$ 625,000	\$ 2,620,030	\$ 135,000	\$ 549,100
Due after one year	18,355,000	12,669,274	51,755,000	54,968,007	9,480,000	11,003,408
Total	<u>\$ 18,800,000</u>	<u>\$ 13,573,081</u>	<u>\$ 52,380,000</u>	<u>\$ 57,588,037</u>	<u>\$ 9,615,000</u>	<u>\$ 11,552,508</u>
Deferred Amount -						
Year Ending June 30,	2008 Wastewater Revenue	Premium - 2010 Wastewater Revenue	Discount - 2011 Wastewater Revenue	Totals		
	Refunding Bonds	Revenue Bonds	Revenue Bonds	Principal	Interest	
	Amortization	Amortization	Amortization			
2015	\$ (80,350)	\$ 12,832	\$ (3,264)	\$ 1,134,218	\$ 4,072,937	
2016	(80,350)	12,832	(3,264)	1,184,218	4,022,511	
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	
2020-2024	(401,750)	64,160	(16,320)	7,746,090	18,272,756	
2025-2029	(304,889)	64,160	(16,320)	9,882,951	16,233,260	
2030-2034	-	64,160	(16,320)	12,982,840	13,440,778	
2035-2039	-	64,160	(16,320)	16,657,840	9,757,759	
2040-2044	-	64,160	(16,320)	21,507,840	4,908,461	
2045	-	7,507	(2,732)	5,009,775	268,406	
Total	<u>\$ (1,108,389)</u>	<u>\$ 392,467</u>	<u>\$ (100,652)</u>	<u>\$ 79,978,426</u>	<u>\$ 82,713,626</u>	
Due within one year	\$ (80,350)	\$ 12,832	\$ (3,264)	\$ 1,134,218	\$ 4,072,937	
Due after one year	(1,028,039)	379,635	(97,388)	78,844,208	78,640,689	
Total	<u>\$ (1,108,389)</u>	<u>\$ 392,467</u>	<u>\$ (100,652)</u>	<u>\$ 79,978,426</u>	<u>\$ 82,713,626</u>	

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**7. SPECIAL ASSESSMENT DISTRICTS**

(“CFD 1-90”). This special tax district, formed in 1990 under state law, provides for the collection of taxes from among property owners in the eastern portion of the City. These taxes are used to pay debt service on limited tax obligation bonds originally issued in 1990. The original bond proceeds were used to pay for public improvements within CFD 1-90. The obligation for these bonds rests on the property owners within CFD 1-90 and not with the City.

The original limited tax obligation bonds issued in 1991 were refinanced in 1995. The bond transactions are known as the \$10,600,000 City of Atwater Community Facilities District No. 1-90 Series 1995A (“Series A Bonds”) and the \$6,900,000 City of Atwater Community Facilities District No. 1-90 Series 1995B (“Series B Bonds”). These bonds were divided in two series, Series A that were tendered to the general public and Series B that were sold to private parties. As of June 30, 2014, there is \$4,810,000 outstanding.

The City has no direct or contingent liability or moral obligation for the payment of these bonds. Assets held by the City on behalf of these districts are recorded in Agency Funds. Accordingly, these assets and outstanding bond obligations are not presented in the City’s accompanying Basic Financial Statements.

**8. NET POSITION/ FUND BALANCES**

**Net position**

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Net investment in capital assets	\$ 23,316,633	\$ 10,770,552	\$ (8,323,156)	\$ 25,764,029
Restricted	3,944,583	5,806,295	-	9,750,878
Unrestricted (deficit)	(2,180,717)	5,013,019	2,592,717	5,425,019
Total	<u>\$ 25,080,499</u>	<u>\$ 21,589,866</u>	<u>\$ (5,730,439)</u>	<u>\$ 40,939,926</u>

**A. Restatement**

Due to the City’s adoption of GASB 65, net position was restated at June 30, 2014. Bond issuance costs are expensed and no longer amortized annually. The following is a reconciliation of the total net position as previously reported at July 1, 2013 to the restated net position.

**Reconciliation of Net Position**

Net position at July 1, 2013	\$ 21,077,224
Adjustments:	
Adoption of GASB 65, debt issuance costs, sewer	<u>(2,956,686)</u>
Total adjustments	<u>(2,956,686)</u>
Net position at June 30, 2014, as restated for adoption of GASB 65	<u>\$ 18,120,538</u>

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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

**Net position, Continued**

- 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, 2014:

Nonspendable:	
Prepaid items	\$ 13,217
Investment in land held for resale	3,855,930
<b>Total Nonspendable</b>	<b><u><u>\$ 3,869,147</u></u></b>
Restricted:	
Governmental Funds:	
Gas Tax	\$ 1,406,510
Facility Impact Fee	2,242,616
HOME Investment Partnership Program	133,933
Neighborhood Stabilization	161,524
<b>Total Restricted</b>	<b><u><u>\$ 3,944,583</u></u></b>

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

**Nonspendable**

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

**Restricted**

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

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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

**Fund Balance Deficits**

Deficit fund balances consisted of the following:

	<b>As of</b>
	<b>June 30, 2014</b>
<b><u>Major Funds:</u></b>	
<b><u>Governmental Funds:</u></b>	
General Fund	\$ 3,852,762
<b><u>Nonmajor Special Revenue Funds:</u></b>	
Police Grants	271,478
Local Transportation	417,410
Community Development Block Grants	12,441
Maintenance District Funds:	
Northwood Village	30,607
Wildwood Estates	12,665
Woodview Garland	7,285
Sierra Parks	30,617
Airport Business Park	3,186
Reserve	73,543
CFD Districts	489,826
Total Governmental Funds	<u>\$ 5,201,820</u>
<b><u>Major Funds:</u></b>	
<b><u>Proprietary Funds:</u></b>	
Sanitation	\$ 3,657,141
	<u>\$ 3,657,141</u>
<b><u>Fiduciary Funds:</u></b>	
Successor Agency Private Purpose Trust	<u>\$ 5,730,439</u>

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

**B. Restatement**

Due to the City's adoption of GASB 65, net position was restated for the Sewer Fund at June 30, 2014. Bond issuance costs are expensed and no longer amortized annually. The following is a reconciliation of the total net position as previously reported at July 1, 2013 to the restated net position.

**Reconciliation of Net Position**

Net position at July 1, 2013	\$ 19,515,991
Adjustments:	
Adoption of GASB 65, debt issuance costs, sewer	(2,956,686)
Total adjustments	<u>(2,956,686)</u>
Net position at June 30, 2014, as restated for adoption of GASB 65	<u>\$ 16,559,305</u>

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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

Due to the City’s adoption of GASB 65, net position was restated for the Successor Agency – Former Atwater Community Development Agency Fund at June 30, 2014. Bond issuance costs are expensed and no longer amortized annually. The following is a reconciliation of the total net position as previously reported at July 1, 2013 to the restated net position.

**Reconciliation of Net Position**

Net position at July 1, 2013	\$	(6,029,648)
Adjustments:		
Adoption of GASB 65, debt issuance costs, Successor Agency	(269,116)	
Total adjustments		<u>(269,116)</u>
Net position at June 30, 2014, as restated for adoption of GASB 65	\$	<u><u>(6,298,764)</u></u>

**Excess of Expenditures and Transfers over Appropriations:**

Expenditures and transfers exceeded appropriations for the year ended June 30, 2014, for the following fund:

<u>Fund</u>	<u>Final Appropriations</u>	<u>Expenditures and Transfers</u>	<u>Excess</u>
<u>Nonmajor Funds</u>			
<u>Special Revenue Funds:</u>			
Police Grants	\$ 309,624	\$ 392,987	\$ (83,363)

**Special Item**

*OPEB obligation valuation adjustment*

During the fiscal year, management of the City made the decision to write off the OPEB obligation in the proprietary funds in order to comply with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Other Than Pensions*. The City will receive a new actuarial valuation during FY14-15. This one-time adjustment increased the City’s enterprise funds net position by \$1,027,123. The entry is recorded as a special item on the Statement of Activities on pages 20 and 21.

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**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, 2014:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ -	\$ 2,860,313
Total Major Funds	<u>-</u>	<u>2,860,313</u>
<b>Nonmajor Special Revenue Funds:</b>		
Police Grants	-	283,710
Local Transportation	-	417,410
Community Development Block Grants	-	12,441
<b>Maintenance Districts:</b>		
Northwood Village	-	30,262
Wildwood Estates	-	12,572
Woodview Garland	-	7,239
Sierra Parks	-	30,749
Redwood Estates	44,394	-
Airport Business Park	-	3,137
Silva Ranch	160,463	-
Mello Ranch	168,659	-
America West	-	5,725
Mello Ranch 2	270,600	-
Reserve	-	73,505
CFD Districts	-	480,927
Total Maintenance Districts	<u>644,116</u>	<u>644,116</u>
Total Non-major Special Revenue Funds	<u>644,116</u>	<u>1,357,677</u>
<b>Total Governmental Funds</b>	<u>644,116</u>	<u>4,217,990</u>
<b><u>Proprietary Funds</u></b>		
Water	-	434,222
Sewer	7,855,992	-
Sanitation	-	3,847,896
<b>Total Proprietary Funds</b>	<u>7,855,992</u>	<u>4,282,118</u>
<b>Total</b>	<u>\$ 8,500,108</u>	<u>\$ 8,500,108</u>

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**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, 2014:

	Transfers In	Transfers Out
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 87,357	\$ -
Total Major Funds	87,357	-
<b>Non-major Funds:</b>		
<b>Capital Projects Funds:</b>		
General	65,018	-
Total Non-major Capital Projects Funds	65,018	-
Total Non-major Funds	65,018	-
Total Governmental Funds	152,375	-
<b><u>Proprietary Funds</u></b>		
Water	-	152,375
Total Proprietary Funds	-	152,375
<b>Total Transfers</b>	<b>\$ 152,375</b>	<b>\$ 152,375</b>

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

**10. RISK MANAGEMENT**

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

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

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**10. RISK MANAGEMENT, Continued**

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, 2014:

	<b>Balance as of</b>
	<b>30-Jun-14</b>
Total assets	\$ 80,694,798
Total liabilities	65,440,947
Member's Equity	\$ 15,253,851
	<b>Fiscal Year Ended</b>
	<b>30-Jun-14</b>
Total revenues	\$ 32,108,146
Total expenses	32,739,704
Excess of expenses (losses) over income	\$ (631,558)

**11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Plan Description

The City defined benefit pension plans, the Miscellaneous Plan and the Safety Plan, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous and Safety Plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts a common investment and administrative agent for participating public employers within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

All full-time City employees are eligible to participate in CalPERS. Benefits vest after five years of service. City employees who retire at or after age 50 with five or more years of credited service are entitled to an annual retirement benefit, payable monthly for life (an amount based on the percentage of pay to which the individual employee is entitled for each year of service, which is determined by age at retirement, times the average monthly pay rate for the last consecutive 36 months of employment). The system also provides death and disability benefits.

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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

Funding Policy

Active plan members in the Safety and Miscellaneous Plans are required to contribute 9% and 7% of their annual covered salary, respectively. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 58.082% and 28.556% for public safety and miscellaneous employees, respectively. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. City employees are covered by Social Security. Therefore, a rate of zero is charged for the first \$133.33 per month.

Annual Pension Cost and Net Pension Obligation

For the fiscal year 2013/2014, the City's combined annual pension cost of \$1,678,157 was equal to the annual requirement contribution. The current year's required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percentage of pay. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.55% to 14.45% for members of both plans; and (c) 3.25% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a 15-year period (smoothed market value). The Miscellaneous and Safety Plans' unfunded actuarial liabilities are being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2009 was 8 years.

The City's annual pension cost (APC) and net pension obligation as of and for the year ended June 30, 2014 was as follows:

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost</b>	<b>Percentage of Annual Pension Cost Contribution</b>	<b>Net Pension Obligation</b>
<u>Miscellaneous Plan</u>			
6/30/2012	\$ 852,456	100%	\$ -
6/30/2013	616,175	100%	\$ -
6/30/2014	587,081	100%	\$ -
<u>Safety Plan</u>			
6/30/2012	\$ 1,431,081	100%	\$ -
6/30/2013	1,147,921	100%	\$ -
6/30/2014	1,091,076	100%	\$ -

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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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 2014, the City contributed \$668,719 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, 2014**

**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	\$ 1,274,851
Interest on net OPEB obligation	205,754
Adjustment to annual required contribution	(205,754)
Annual OPEB cost (expense)	\$ 1,274,851
Contributions made	(668,719)
Benefit payments made outside of trust	-
Increase in net OPEB obligation	\$ 606,132
Net OPEB obligation - beginning of year	7,678,310
Adjustment to beginning of year	(3,105,994)
Net OPEB obligation - end of year	<u>\$ 5,178,448</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 2014 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 2,097,527	23.4%	\$ 5,966,892
6/30/2013	2,288,785	25.2%	7,678,310
6/30/2014	1,274,851	52.5%	5,178,448

*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 \$5,524,474, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 227.35%.

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, 2014**

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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 52 for safety and all others at age 58.

*Marital status*—Percent married of members at the calculation date was assumed to be 73-87% for active and continue throughout retirement and actual count is used for retirees.

*Mortality*—Life expectancies were based on the 1994 Group Annuity Mortality Table Projected to 1999 by Scale AA Using 50%/50% Male/Female Split for actives and actual for retirees.

*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 2014; 6.0% for 2015; 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 4.0% was used. The remaining amortization period at June 30, 2014 was twenty-seven years.

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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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, 2013, 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, 2014**

**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, 2014:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
<b>Trust Activities:</b>					
1998 Tax Allocation Refunding Bonds -					
Series A	\$ 1,345,000	\$ -	\$ (120,000)	\$ 1,225,000	\$ 125,000
2007 Taxable Housing Tax Allocation Refunding Bonds -					
Series A	6,670,000	-	(350,000)	6,320,000	365,000
Series B	1,845,000	-	(100,000)	1,745,000	105,000
Bond discount	(92,909)	-	7,741	(85,168)	(7,741)
<b>Total trust fund debt</b>	<b>\$ 9,767,091</b>	<b>\$ -</b>	<b>\$ (562,259)</b>	<b>\$ 9,204,832</b>	<b>\$ 587,259</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, 2014, the total principal outstanding is \$1,225,000.

**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, 2014, the total principal outstanding is \$6,320,000 and the unamortized discounts total \$63,852, resulting in a net outstanding balance of \$6,256,148.

**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, 2014, the total principal outstanding is \$1,745,000 and the unamortized discounts total \$21,316, resulting in a net balance of \$1,723,684.

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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

*Long-term Liabilities, Continued*

Future debt service for Fiduciary Activities at June 30, 2014, is as follows

Year Ending June 30,	Fiduciary Activities					
	1998 Tax Allocation		2007 Taxable Housing Tax Allocation		2007 Taxable Housing Tax Allocation	
	Refunding Bonds - Series A		Refunding Bonds - Series A		Refunding Bonds - Series B	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 125,000	\$ 66,830	\$ 365,000	\$ 266,896	\$ 105,000	\$ 104,252
2016	135,000	60,080	375,000	252,296	110,000	98,320
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
2020-2024	525,000	58,850	2,805,000	730,983	780,000	261,966
2025-2026	-	-	1,545,000	102,159	380,000	34,788
Total	1,225,000	321,180	6,320,000	2,015,710	1,745,000	755,083
Less: Discount	-	-	(63,852)	-	(21,316)	-
	<u>\$ 1,225,000</u>	<u>\$ 321,180</u>	<u>\$ 6,256,148</u>	<u>\$ 2,015,710</u>	<u>\$ 1,723,684</u>	<u>\$ 755,083</u>
Due within one year	\$ 125,000	\$ 66,830	\$ 359,196	\$ 266,896	\$ 103,063	\$ 104,252
Due after one year	1,100,000	254,350	5,955,000	1,748,814	1,640,000	650,831
Less: Discount	-	-	(58,048)	-	(19,379)	-
Total	<u>\$ 1,225,000</u>	<u>\$ 321,180</u>	<u>\$ 6,256,148</u>	<u>\$ 2,015,710</u>	<u>\$ 1,723,684</u>	<u>\$ 755,083</u>
Year Ending June 30,	Total					
	Principal	Interest				
2015	595,000	437,978				
2016	620,000	410,696				
2017	650,000	382,191				
2018	680,000	352,333				
2019	710,000	320,029				
2020-2024	4,110,000	1,051,799				
2025-2026	1,925,000	136,947				
Total	9,290,000	3,091,973				
Less: Discount	(85,168)	-				
	<u>\$ 9,204,832</u>	<u>\$ 3,091,973</u>				
Due within one year	\$ 587,259	\$ 437,978				
Due after one year	8,695,000	2,653,995				
Less: Discount	(77,427)	-				
Total	<u>\$ 9,204,832</u>	<u>\$ 3,091,973</u>				

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**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.

*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. 65, "Item Previously Reported as Assets and Liabilities." This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City implemented this Statement in Fiscal year 2012-13.

The GASB has issued Statement No. 66, "Technical Corrections – 2013". The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The implementation of this Statement did not have an effect on these financial statements.

The GASB has issued Statement No. 67, "Financial Reporting for Pension Plans". The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50, "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for periods beginning after June 15, 2013. The implementation of this statement will not have an effect on these financial statements.

**City of Atwater, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**15. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement will be effective for periods beginning after June 15, 2014. The City will implement this Statement in fiscal year 2014-15.

The GASB has issued Statement No. 69, "Government Combinations and Disposals of Government Operations". This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement will be effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. The City will implement this Statement in fiscal year 2014-15, if applicable.

The GASB has issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement will be effective for periods beginning after June 15, 2013. The City will implement this Statement in fiscal year 2014-15, if applicable.

**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 2013-14 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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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## 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, 2014**

	Governmental Funds			
	Special Revenue Funds	Capital Projects Funds		Non-Major Funds Totals
		General	Performance Bond	
<b>ASSETS</b>				
Cash and investments	\$ 5,927,370	\$ 66,369	\$ 216,500	\$ 6,210,239
Receivables:				
Taxes and assessments	92,134	-	-	92,134
Interest	47	2	2	51
Intergovernmental	40,476	-	-	40,476
Other receivable	500	-	-	500
Due from other funds	644,116	-	-	644,116
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>\$ 10,819,838</b>	<b>\$ 66,371</b>	<b>\$ 216,502</b>	<b>\$ 11,102,711</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 73,118	\$ 3,699	\$ -	\$ 76,817
Due to other funds	1,357,677	-	-	1,357,677
Deposits Payable	-	-	111,667	111,667
<b>Total liabilities:</b>	<b>1,430,795</b>	<b>3,699</b>	<b>111,667</b>	<b>1,546,161</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	17,154	-	-	17,154
<b>Total deferred inflows of resources</b>	<b>17,154</b>	<b>-</b>	<b>-</b>	<b>17,154</b>
<b>Total liabilities and deferred inflows</b>	<b>1,447,949</b>	<b>3,699</b>	<b>111,667</b>	<b>1,563,315</b>
<b>Fund Balances:</b>				
Nonspendable	3,855,930	-	-	3,855,930
Restricted	3,944,583	-	-	3,944,583
Assigned	2,920,434	62,672	104,835	3,087,941
Unassigned (deficit)	(1,349,058)	-	-	(1,349,058)
<b>Total fund balances</b>	<b>9,371,889</b>	<b>62,672</b>	<b>104,835</b>	<b>9,539,396</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 10,819,838</b>	<b>\$ 66,371</b>	<b>\$ 216,502</b>	<b>\$ 11,102,711</b>

**City of Atwater, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2014**

	Governmental Funds			
	Special Revenue Funds	Capital Projects Funds		Non-Major Funds Totals
		General	Performance Bond	
<b>REVENUES:</b>				
Taxes and assessments	\$ 910,548	\$ -	\$ -	\$ 910,548
Fines and forfeitures	5,051	-	-	5,051
Intergovernmental	1,488,290	210,671	-	1,698,961
Use of money and property	138,586	113	96	138,795
Reimbursements	1,412	-	-	1,412
Other revenues	3,272	-	-	3,272
<b>Total revenues</b>	<b>2,547,159</b>	<b>210,784</b>	<b>96</b>	<b>2,758,039</b>
<b>EXPENDITURES:</b>				
Current:				
General government	4,170	-	-	4,170
Public safety	392,987	-	-	392,987
Highways and Streets	477,468	-	-	477,468
Urban redevelopment and housing	919,184	-	-	919,184
Capital outlay	6,600	629,723	-	636,323
<b>Total expenditures</b>	<b>1,800,409</b>	<b>629,723</b>	<b>-</b>	<b>2,430,132</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>746,750</b>	<b>(418,939)</b>	<b>96</b>	<b>327,907</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	65,018	-	65,018
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>65,018</b>	<b>-</b>	<b>65,018</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>746,750</b>	<b>(353,921)</b>	<b>96</b>	<b>392,925</b>
<b>FUND BALANCES:</b>				
Beginning of year	8,625,139	416,593	104,739	9,146,471
End of year	\$ 9,371,889	\$ 62,672	\$ 104,835	\$ 9,539,396

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## NON-MAJOR SPECIAL REVENUE FUNDS

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

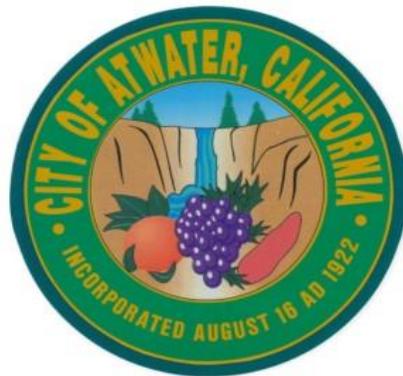
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**NON-MAJOR SPECIAL REVENUE FUNDS, Continued**

<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, 2014**

	Police Grants	Gas Tax	Local Transportation	Facility Impact Fee
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 1,438,130	\$ -	\$ 2,242,600
Receivables:				
Taxes and assessments				
Interest	-	12	-	16
Intergovernmental	16,637	23,839	-	-
Other receivable	-	-	-	-
Due from other funds	-	-	-	-
Advance to Successor Agency	-	-	-	-
Investment in land held for resale	-	-	-	-
<b>Total assets</b>	<u>\$ 16,637</u>	<u>\$ 1,461,981</u>	<u>\$ -</u>	<u>\$ 2,242,616</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 4,405	\$ 38,788	\$ -	\$ -
Due to other funds	283,710	-	417,410	-
<b>Total liabilities:</b>	<u>288,115</u>	<u>38,788</u>	<u>417,410</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	16,683	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>16,683</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and deferred inflows</b>	<u>288,115</u>	<u>55,471</u>	<u>417,410</u>	<u>-</u>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	-	1,406,510	-	2,242,616
Assigned	-	-	-	-
Unassigned (deficit)	(271,478)	-	(417,410)	-
<b>Total fund balances</b>	<u>(271,478)</u>	<u>1,406,510</u>	<u>(417,410)</u>	<u>2,242,616</u>
<b>Total liabilities deferred inflows and fund balances</b>	<u>\$ 16,637</u>	<u>\$ 1,461,981</u>	<u>\$ -</u>	<u>\$ 2,242,616</u>

Community Development Block Grants	CDBG Program Income	HOME Investment Partnership Program	Housing Authority	Bloss Estate	Narcotics Program	Neighborhood Stabilization
\$ -	\$ 15,174	\$ 133,933	\$ -	\$ 2,184	\$ 5,258	\$ 161,523
-	-	-	-	-	-	1
-	-	-	-	-	-	-
-	500	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	259,265	-	-	-
-	-	-	3,855,930	-	-	-
<u>\$ -</u>	<u>\$ 15,674</u>	<u>\$ 133,933</u>	<u>\$ 4,115,195</u>	<u>\$ 2,184</u>	<u>\$ 5,258</u>	<u>\$ 161,524</u>
\$ -	\$ -	\$ -	\$ -	\$ 522	\$ -	\$ -
12,441	-	-	-	-	-	-
<u>12,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>522</u>	<u>-</u>	<u>-</u>
-	471	-	-	-	-	-
-	471	-	-	-	-	-
<u>12,441</u>	<u>471</u>	<u>-</u>	<u>-</u>	<u>522</u>	<u>-</u>	<u>-</u>
-	-	-	3,855,930	-	-	-
-	-	133,933	-	-	-	161,524
-	15,203	-	259,265	1,662	5,258	-
(12,441)	-	-	-	-	-	-
<u>(12,441)</u>	<u>15,203</u>	<u>133,933</u>	<u>4,115,195</u>	<u>1,662</u>	<u>5,258</u>	<u>161,524</u>
<u>\$ -</u>	<u>\$ 15,674</u>	<u>\$ 133,933</u>	<u>\$ 4,115,195</u>	<u>\$ 2,184</u>	<u>\$ 5,258</u>	<u>\$ 161,524</u>

(continued)

**City of Atwater, California**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds, continued**  
**June 30, 2014**

	Applegate Interchange	Maintenance District Funds	Totals
<b>ASSETS</b>			
Cash and investments	\$ 706,491	\$ 1,222,077	\$ 5,927,370
Receivables:			
Taxes and assessments	-	92,134	92,134
Interest	5	13	47
Intergovernmental	-	-	40,476
Other receivable	-	-	500
Due from other funds	-	644,116	644,116
Advance to Successor Agency	-	-	259,265
Investment in land held for resale	-	-	3,855,930
<b>Total assets</b>	<b><u>\$ 706,496</u></b>	<b><u>\$ 1,958,340</u></b>	<b><u>\$ 10,819,838</u></b>
<b>AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ -	\$ 29,403	\$ 73,118
Due to other funds	-	644,116	1,357,677
Total liabilities:	<u>-</u>	<u>673,519</u>	<u>1,430,795</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	-	17,154
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>17,154</u>
<b>Total liabilities and deferred inflows</b>	<u>-</u>	<u>673,519</u>	<u>1,447,949</u>
<b>Fund Balances:</b>			
Nonspendable	-	-	3,855,930
Restricted	-	-	3,944,583
Assigned	706,496	1,932,550	2,920,434
Unassigned (deficit)	-	(647,729)	(1,349,058)
<b>Total fund balances</b>	<u>706,496</u>	<u>1,284,821</u>	<u>9,371,889</u>
<b>Total liabilities deferred inflows and fund balances</b>	<b><u>\$ 706,496</u></b>	<b><u>\$ 1,958,340</u></b>	<b><u>\$ 10,819,838</u></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, 2014**

	Police Grants	Gas Tax	Local Transportation	Facility Impact Fee
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 81,139
Fines and forfeitures	-	-	-	-
Intergovernmental	254,298	1,192,455	30,435	11,102
Use of money and property	-	727	-	989
Reimbursements	-	-	-	1,412
Other revenues	2,000	1,145	127	-
<b>Total revenues</b>	<u>256,298</u>	<u>1,194,327</u>	<u>30,562</u>	<u>94,642</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	392,987	-	-	-
Highways and Streets	-	477,468	-	-
Urban redevelopment and housing	-	-	-	-
Capital outlay	-	6,600	-	-
<b>Total expenditures</b>	<u>392,987</u>	<u>484,068</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(136,689)</u>	<u>710,259</u>	<u>30,562</u>	<u>94,642</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<u>(136,689)</u>	<u>710,259</u>	<u>30,562</u>	<u>94,642</u>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	<u>(134,789)</u>	<u>696,251</u>	<u>(447,972)</u>	<u>2,147,974</u>
End of year	<u>\$ (271,478)</u>	<u>\$ 1,406,510</u>	<u>\$ (417,410)</u>	<u>\$ 2,242,616</u>

Community Development Block Grants	CDBG Program Income	HOME Investment Partnership Program	Housing Authority	Bloss Estate	Narcotics Program	Neighborhood Stabilization
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	5,051	-
-	-	-	-	-	-	-
-	15,673	119,296	-	670	2	73
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	15,673	119,296	-	670	5,053	73
-	-	-	-	3,670	500	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,947
-	-	-	-	-	-	-
-	-	-	-	3,670	500	1,947
-	15,673	119,296	-	(3,000)	4,553	(1,874)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	15,673	119,296	-	(3,000)	4,553	(1,874)
(12,441)	(470)	14,637	4,115,195	4,662	705	163,398
<u>\$ (12,441)</u>	<u>\$ 15,203</u>	<u>\$ 133,933</u>	<u>\$ 4,115,195</u>	<u>\$ 1,662</u>	<u>\$ 5,258</u>	<u>\$ 161,524</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, 2014**

	Applegate Interchange	Maintenance District Funds	Totals
<b>REVENUES:</b>			
Taxes and assessments	\$ 12,948	\$ 816,461	\$ 910,548
Fines and forfeitures	-	-	5,051
Intergovernmental	-	-	1,488,290
Use of money and property	317	839	138,586
Reimbursements	-	-	1,412
Other revenues	-	-	3,272
<b>Total revenues</b>	<b>13,265</b>	<b>817,300</b>	<b>2,547,159</b>
<b>EXPENDITURES:</b>			
Current:			
General government	-	-	4,170
Public safety	-	-	392,987
Highways and Streets	-	-	477,468
Urban redevelopment and housing	-	917,237	919,184
Capital outlay	-	-	6,600
<b>Total expenditures</b>	<b>-</b>	<b>917,237</b>	<b>1,800,409</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>13,265</b>	<b>(99,937)</b>	<b>746,750</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>13,265</b>	<b>(99,937)</b>	<b>746,750</b>
<b>FUND BALANCES (DEFICITS):</b>			
Beginning of year	693,231	1,384,758	8,625,139
End of year	<b>\$ 706,496</b>	<b>\$ 1,284,821</b>	<b>\$ 9,371,889</b>

(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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 162,682	\$ 162,682	\$ 254,298	\$ 91,616
Other revenues	2,000	2,000	2,000	-
<b>Total revenues</b>	<b>164,682</b>	<b>164,682</b>	<b>256,298</b>	<b>91,616</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	309,624	309,624	392,987	(83,363)
<b>Total expenditures</b>	<b>309,624</b>	<b>309,624</b>	<b>392,987</b>	<b>(83,363)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(144,942)</b>	<b>(144,942)</b>	<b>(136,689)</b>	<b>8,253</b>
<b>Net change in fund balances</b>	<b>(144,942)</b>	<b>(144,942)</b>	<b>(136,689)</b>	<b>8,253</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(134,789)	(134,789)	(134,789)	-
End of year	\$ (279,731)	\$ (279,731)	\$ (271,478)	\$ 8,253

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,047,746	\$ 1,047,746	\$ 1,192,455	\$ 144,709
Use of money and property	-	-	727	727
Other revenues	2,100	2,100	1,145	(955)
<b>Total revenues</b>	<b>1,049,846</b>	<b>1,049,846</b>	<b>1,194,327</b>	<b>144,481</b>
<b>EXPENDITURES:</b>				
Current:				
Highways and Streets	919,014	919,014	477,468	441,546
Capital outlay	100,000	100,000	6,600	93,400
<b>Total expenditures</b>	<b>1,019,014</b>	<b>1,019,014</b>	<b>484,068</b>	<b>534,946</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>30,832</b>	<b>30,832</b>	<b>710,259</b>	<b>679,427</b>
<b>Net change in fund balances</b>	<b>30,832</b>	<b>30,832</b>	<b>710,259</b>	<b>679,427</b>
<b>FUND BALANCES:</b>				
Beginning of year	696,251	696,251	696,251	-
End of year	\$ 727,083	\$ 727,083	\$ 1,406,510	\$ 679,427

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 30,435	\$ 30,435
Other revenues	-	-	127	127
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>30,562</b>	<b>30,562</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>30,562</b>	<b>30,562</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>30,562</b>	<b>30,562</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(447,972)	(447,972)	(447,972)	-
End of year	<u>\$ (447,972)</u>	<u>\$ (447,972)</u>	<u>\$ (417,410)</u>	<u>\$ 30,562</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, 2014

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ 93,800	\$ 81,139	\$ (12,661)
Intergovernmental	9,000	9,000	11,102	2,102
Use of money and property	4,000	4,000	989	(3,011)
Reimbursements	-	-	1,412	1,412
Other revenues	-	3,400	-	(3,400)
<b>Total revenues</b>	<b>13,000</b>	<b>110,200</b>	<b>94,642</b>	<b>(15,558)</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	-	-
Capital outlay	50,600	50,600	-	50,600
<b>Total expenditures</b>	<b>50,600</b>	<b>50,600</b>	<b>-</b>	<b>50,600</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(37,600)</b>	<b>59,600</b>	<b>94,642</b>	<b>35,042</b>
<b>Net change in fund balances</b>	<b>(37,600)</b>	<b>59,600</b>	<b>94,642</b>	<b>35,042</b>
<b>FUND BALANCES:</b>				
Beginning of year	2,147,974	2,147,974	2,147,974	-
End of year	\$ 2,110,374	\$ 2,207,574	\$ 2,242,616	\$ 35,042

**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, 2014**

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

**City of Atwater, California**

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

**CDBG Program Income Special Revenue Fund**

**For the year ended June 30, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 15,673	\$ 15,673
<b>Total revenues</b>	-	-	15,673	15,673
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	15,673	15,673
<b>Net change in fund balances</b>	-	-	15,673	15,673
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(470)	(470)	(470)	-
End of year	<u>\$ (470)</u>	<u>\$ (470)</u>	<u>\$ 15,203</u>	<u>\$ 15,673</u>

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 119,296	\$ 119,296
<b>Total revenues</b>	-	-	119,296	119,296
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	119,296	119,296
<b>Net change in fund balances</b>	-	-	119,296	119,296
<b>FUND BALANCES:</b>				
Beginning of year	14,637	14,637	14,637	-
End of year	\$ 14,637	\$ 14,637	\$ 133,933	\$ 119,296

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<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, 2014**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 800	\$ 800	\$ 670	\$ (130)
<b>Total revenues</b>	<u>800</u>	<u>800</u>	<u>670</u>	<u>(130)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	8,090	8,090	3,670	4,420
<b>Total expenditures</b>	<u>8,090</u>	<u>8,090</u>	<u>3,670</u>	<u>4,420</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(7,290)</u>	<u>(7,290)</u>	<u>(3,000)</u>	<u>4,290</u>
<b>Net change in fund balances</b>	(7,290)	(7,290)	(3,000)	4,290
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	4,662	4,662	4,662	-
End of year	<u>\$ (2,628)</u>	<u>\$ (2,628)</u>	<u>\$ 1,662</u>	<u>\$ 4,290</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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Fines and forfeitures	\$ -	\$ -	\$ 5,051	\$ 5,051
Use of money and property	-	-	2	2
<b>Total revenues</b>	-	-	5,053	5,053
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	500	(500)
<b>Total expenditures</b>	-	-	500	(500)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	4,553	4,553
<b>Net change in fund balances</b>	-	-	4,553	4,553
<b>FUND BALANCES:</b>				
Beginning of year	705	705	705	-
End of year	\$ 705	\$ 705	\$ 5,258	\$ 4,553

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 162,482	\$ 162,482	\$ -	\$ (162,482)
Use of money and property	-	-	73	73
<b>Total revenues</b>	<u>162,482</u>	<u>162,482</u>	<u>73</u>	<u>(162,409)</u>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	<u>162,482</u>	<u>162,482</u>	<u>1,947</u>	<u>160,535</u>
<b>Total expenditures</b>	<u>162,482</u>	<u>162,482</u>	<u>1,947</u>	<u>160,535</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(1,874)</u>	<u>(1,874)</u>
<b>Net change in fund balances</b>	-	-	(1,874)	(1,874)
<b>FUND BALANCES:</b>				
Beginning of year	<u>163,398</u>	<u>163,398</u>	<u>163,398</u>	<u>-</u>
End of year	<u>\$ 163,398</u>	<u>\$ 163,398</u>	<u>\$ 161,524</u>	<u>\$ (1,874)</u>

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ 10,000	\$ 10,000	\$ 12,948	\$ 2,948
Use of money and property	-	-	317	317
<b>Total revenues</b>	<u>10,000</u>	<u>10,000</u>	<u>13,265</u>	<u>3,265</u>
<b>EXPENDITURES:</b>				
Current:				
Highways and Streets	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>10,000</u>	<u>10,000</u>	<u>13,265</u>	<u>3,265</u>
<b>Net change in fund balances</b>	10,000	10,000	13,265	3,265
<b>FUND BALANCES:</b>				
Beginning of year	<u>693,231</u>	<u>693,231</u>	<u>693,231</u>	<u>-</u>
End of year	<u>\$ 703,231</u>	<u>\$ 703,231</u>	<u>\$ 706,496</u>	<u>\$ 3,265</u>

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**City of Atwater, California**  
**Combining Balance Sheet**  
**Maintenance District Special Revenue Funds**  
**June 30, 2014**

	Northwood Village	Orchard Parks Estates	Wildwood Estates	Woodview Garland
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 129,169	\$ -	\$ -
Receivables:				
Taxes and assessments	180	-	43	22
Interest	-	1	-	-
<b>Total assets</b>	<u>\$ 180</u>	<u>\$ 129,170</u>	<u>\$ 43</u>	<u>\$ 22</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 525	\$ 466	\$ 136	\$ 68
Due to other funds	30,262	-	12,572	7,239
<b>Total liabilities</b>	<u>30,787</u>	<u>466</u>	<u>12,708</u>	<u>7,307</u>
<b>Fund Balances (Deficits):</b>				
Assigned	-	128,704	-	-
Unassigned (deficit)	(30,607)	-	(12,665)	(7,285)
<b>Total fund balances</b>	<u>(30,607)</u>	<u>128,704</u>	<u>(12,665)</u>	<u>(7,285)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 180</u>	<u>\$ 129,170</u>	<u>\$ 43</u>	<u>\$ 22</u>

Shaffer Lakes West	Woodhaven	Sierra Parks	Shaffer Lakes East	Price Annexation	Sandlewood Square	Sub- Totals
\$ 24,281	\$ 24,715	\$ -	\$ 121,860	\$ 9,422	\$ 7,675	\$ 317,122
126	4	259	137	1,723	202	2,696
-	-	-	1	-	-	2
<u>\$ 24,407</u>	<u>\$ 24,719</u>	<u>\$ 259</u>	<u>\$ 121,998</u>	<u>\$ 11,145</u>	<u>\$ 7,877</u>	<u>\$ 319,820</u>
\$ 203	\$ 83	\$ 127	\$ 753	\$ 3,979	\$ 559	\$ 6,899
-	-	30,749	-	-	-	80,822
203	83	30,876	753	3,979	559	87,721
24,204	24,636	-	121,245	7,166	7,318	313,273
-	-	(30,617)	-	-	-	(81,174)
<u>24,204</u>	<u>24,636</u>	<u>(30,617)</u>	<u>121,245</u>	<u>7,166</u>	<u>7,318</u>	<u>232,099</u>
<u>\$ 24,407</u>	<u>\$ 24,719</u>	<u>\$ 259</u>	<u>\$ 121,998</u>	<u>\$ 11,145</u>	<u>\$ 7,877</u>	<u>\$ 319,820</u>

(continued)

**City of Atwater, California**  
**Combining Balance Sheet**  
**Maintenance District Special Revenue Funds**  
**June 30, 2014**

	Pajaro Dunes	Redwood Estates	Cottage Gardens	Airport Business Park
<b>ASSETS</b>				
Cash and investments	\$ 43,596	\$ 40,475	\$ 38,098	\$ -
Receivables:				
Taxes and assessments	61	192	-	121
Interest	-	1	-	-
Due from other funds		44,394		
<b>Total assets</b>	<u>\$ 43,657</u>	<u>\$ 85,062</u>	<u>\$ 38,098</u>	<u>\$ 121</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 176	\$ 220	\$ 58	\$ 170
Due to other funds	-	-	-	3,137
<b>Total liabilities</b>	<u>176</u>	<u>220</u>	<u>58</u>	<u>3,307</u>
<b>Fund Balances:</b>				
Assigned	43,481	84,842	38,040	-
Unassigned (deficit)	-	-	-	(3,186)
<b>Total fund balances</b>	<u>43,481</u>	<u>84,842</u>	<u>38,040</u>	<u>(3,186)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 43,657</u>	<u>\$ 85,062</u>	<u>\$ 38,098</u>	<u>\$ 121</u>

Silva Ranch	Mello Ranch	Camelia Estates	Juniper Meadows	Camelia Meadows	Sub- Totals
\$ -	\$ -	\$ 30,862	\$ 3,201	\$ 59,171	\$ 215,403
	643	34	-	-	1,051
2	2	-	-	-	5
160,463	168,659				373,516
<u>\$ 160,465</u>	<u>\$ 169,304</u>	<u>\$ 30,896</u>	<u>\$ 3,201</u>	<u>\$ 59,171</u>	<u>\$ 589,975</u>
\$ 294	\$ 646	\$ 88	\$ 14	\$ 111	\$ 1,777
-	-	-	-	-	3,137
294	646	88	14	111	4,914
160,171	168,658	30,808	3,187	59,060	588,247
-	-	-	-	-	(3,186)
160,171	168,658	30,808	3,187	59,060	585,061
<u>\$ 160,465</u>	<u>\$ 169,304</u>	<u>\$ 30,896</u>	<u>\$ 3,201</u>	<u>\$ 59,171</u>	<u>\$ 589,975</u>

(continued)

**City of Atwater, California**  
**Combining Balance Sheet**  
**Maintenance District Special Revenue Funds**  
**June 30, 2014**

	Stone Creek	America West	Bell Crossing	Atwater South
<b>ASSETS</b>				
Cash and investments	\$ 254,255	\$ -	\$ 32,056	\$ 261,705
Receivables:				
Taxes and assessments	2,552	5,916	-	7,161
Interest	2	-	-	2
Due from other funds	-	-	-	-
<b>Total assets</b>	<u>\$ 256,809</u>	<u>\$ 5,916</u>	<u>\$ 32,056</u>	<u>\$ 268,868</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 643	\$ 133	\$ 739	\$ 715
Due to other funds	-	5,725	-	-
<b>Total liabilities</b>	<u>643</u>	<u>5,858</u>	<u>739</u>	<u>715</u>
<b>Fund Balances:</b>				
Assigned	256,166	58	31,317	268,153
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<u>256,166</u>	<u>58</u>	<u>31,317</u>	<u>268,153</u>
<b>Total liabilities and fund balances</b>	<u>\$ 256,809</u>	<u>\$ 5,916</u>	<u>\$ 32,056</u>	<u>\$ 268,868</u>

Beluga Court	Mello Ranch 2	Meadow View	Aspenwood	Applegate Ranch	Reserve	Sub-Totals
\$ 3,614	\$ -	\$ 72,348	\$ 27,574	\$ 38,000	\$ -	\$ 689,552
-	91	2,137	62,753	-	-	80,610
-	2	-	-	-	-	6
-	270,600	-	-	-	-	270,600
<u>\$ 3,614</u>	<u>\$ 270,693</u>	<u>\$ 74,485</u>	<u>\$ 90,327</u>	<u>\$ 38,000</u>	<u>\$ -</u>	<u>\$ 1,040,768</u>
\$ 5	\$ 720	\$ 540	\$ 221	\$ 297	\$ 38	\$ 4,051
-	-	-	-	-	73,505	79,230
<u>5</u>	<u>720</u>	<u>540</u>	<u>221</u>	<u>297</u>	<u>73,543</u>	<u>83,281</u>
3,609	269,973	73,945	90,106	37,703	-	1,031,030
-	-	-	-	-	(73,543)	(73,543)
<u>3,609</u>	<u>269,973</u>	<u>73,945</u>	<u>90,106</u>	<u>37,703</u>	<u>(73,543)</u>	<u>957,487</u>
<u>\$ 3,614</u>	<u>\$ 270,693</u>	<u>\$ 74,485</u>	<u>\$ 90,327</u>	<u>\$ 38,000</u>	<u>\$ -</u>	<u>\$ 1,040,768</u>

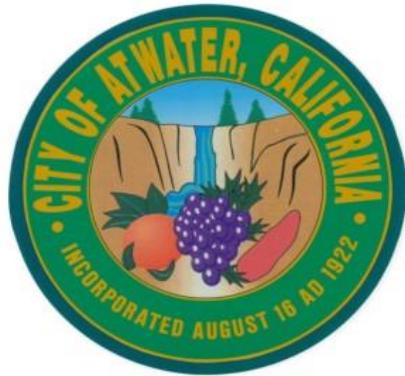
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**City of Atwater, California**  
**Combining Balance Sheet**  
**Maintenance District Special Revenue Funds**  
**June 30, 2014**

	<u>CFD Districts</u>	<u>Sub- Totals</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ 1,222,077
Receivables:			
Taxes and assessments	7,777	7,777	92,134
Interest	-	-	13
Due from other funds	-	-	644,116
<b>Total assets</b>	<u>\$ 7,777</u>	<u>\$ 7,777</u>	<u>\$ 1,958,340</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 16,676	\$ 16,676	\$ 29,403
Due to other funds	480,927	480,927	644,116
<b>Total liabilities</b>	<u>497,603</u>	<u>497,603</u>	<u>673,519</u>
<b>Fund Balances:</b>			
Assigned	-	-	1,932,550
Unassigned (deficit)	(489,826)	(489,826)	(647,729)
<b>Total fund balances</b>	<u>(489,826)</u>	<u>(489,826)</u>	<u>1,284,821</u>
<b>Total liabilities and fund balances</b>	<u>\$ 7,777</u>	<u>\$ 7,777</u>	<u>\$ 1,958,340</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, 2014**

	Northwood Village	Orchard Parks Estates	Wildwood Estates	Woodview Garland
<b>REVENUES:</b>				
Taxes and assessments	\$ 4,534	\$ 1,146	\$ 951	\$ 391
Use of money and property	-	57	-	-
<b>Total revenues</b>	<u>4,534</u>	<u>1,203</u>	<u>951</u>	<u>391</u>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	9,495	7,314	2,282	1,189
<b>Total expenditures</b>	<u>9,495</u>	<u>7,314</u>	<u>2,282</u>	<u>1,189</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,961)</u>	<u>(6,111)</u>	<u>(1,331)</u>	<u>(798)</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	(4,961)	(6,111)	(1,331)	(798)
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(25,646)	134,815	(11,334)	(6,487)
End of year	<u>\$ (30,607)</u>	<u>\$ 128,704</u>	<u>\$ (12,665)</u>	<u>\$ (7,285)</u>

Shaffer Lakes West	Woodhaven	Sierra Parks	Shaffer Lakes East	Price Annexation	Sandlewood Square	Sub- Totals
\$ 2,283	\$ 94	\$ 1,970	\$ 5,101	\$ 217,306	\$ 6,881	\$ 240,657
11	11	-	54	3	6	142
<u>2,294</u>	<u>105</u>	<u>1,970</u>	<u>5,155</u>	<u>217,309</u>	<u>6,887</u>	<u>240,799</u>
3,323	1,560	2,071	12,959	74,263	6,733	121,189
<u>3,323</u>	<u>1,560</u>	<u>2,071</u>	<u>12,959</u>	<u>74,263</u>	<u>6,733</u>	<u>121,189</u>
(1,029)	(1,455)	(101)	(7,804)	143,046	154	119,610
(1,029)	(1,455)	(101)	(7,804)	143,046	154	119,610
25,233	26,091	(30,516)	129,049	(135,880)	7,164	112,489
<u>\$ 24,204</u>	<u>\$ 24,636</u>	<u>\$ (30,617)</u>	<u>\$ 121,245</u>	<u>\$ 7,166</u>	<u>\$ 7,318</u>	<u>\$ 232,099</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, 2014**

	Pajaro Dunes	Redwood Estates	Cottage Gardens	Airport Business Park
<b>REVENUES:</b>				
Taxes and assessments	\$ 3,439	\$ 4,926	\$ 402	\$ 4,731
Use of money and property	25	38	19	-
<b>Total revenues</b>	<u>3,464</u>	<u>4,964</u>	<u>421</u>	<u>4,731</u>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	4,070	5,437	1,020	3,366
<b>Total expenditures</b>	<u>4,070</u>	<u>5,437</u>	<u>1,020</u>	<u>3,366</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(606)</u>	<u>(473)</u>	<u>(599)</u>	<u>1,365</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	(606)	(473)	(599)	1,365
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	44,087	85,315	38,639	(4,551)
End of year	<u>\$ 43,481</u>	<u>\$ 84,842</u>	<u>\$ 38,040</u>	<u>\$ (3,186)</u>

Silva Ranch	Mello Ranch	Camelia Estates	Juniper Meadows	Camelia Meadows	Sub- Totals
\$ -	\$ 16,048	\$ 1,221	\$ 1,318	\$ 3,749	\$ 35,834
72	74	14	6	26	274
72	16,122	1,235	1,324	3,775	36,108
7,296	11,562	1,537	452	3,612	38,352
7,296	11,562	1,537	452	3,612	38,352
(7,224)	4,560	(302)	872	163	(2,244)
(7,224)	4,560	(302)	872	163	(2,244)
167,395	164,098	31,110	2,315	58,897	587,305
\$ 160,171	\$ 168,658	\$ 30,808	\$ 3,187	\$ 59,060	\$ 585,061

(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, 2014**

	Stone Creek	America West	Bell Crossing	Atwater South
<b>REVENUES:</b>				
Taxes and assessments	\$ 7,341	\$ 15,121	\$ 13,452	\$ 43,422
Use of money and property	115	-	15	116
<b>Total revenues</b>	<b>7,456</b>	<b>15,121</b>	<b>13,467</b>	<b>43,538</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	13,042	1,872	14,551	14,073
<b>Total expenditures</b>	<b>13,042</b>	<b>1,872</b>	<b>14,551</b>	<b>14,073</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,586)</b>	<b>13,249</b>	<b>(1,084)</b>	<b>29,465</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>(5,586)</b>	<b>13,249</b>	<b>(1,084)</b>	<b>29,465</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	261,752	(13,191)	32,401	238,688
End of year	<b>\$ 256,166</b>	<b>\$ 58</b>	<b>\$ 31,317</b>	<b>\$ 268,153</b>

Beluga Court	Mello Ranch 2	Meadow View	Aspenwood	Applegate Ranch	Reserve	Sub- Totals
\$ 25	\$ 7,721	\$ 31,861	\$ 79,816	\$ 8,012	\$ -	\$ 206,771
1	121	25	8	16	6	423
26	7,842	31,886	79,824	8,028	6	207,194
123	12,391	10,447	4,583	4,274	6,355	81,711
123	12,391	10,447	4,583	4,274	6,355	81,711
(97)	(4,549)	21,439	75,241	3,754	(6,349)	125,483
(97)	(4,549)	21,439	75,241	3,754	(6,349)	125,483
3,706	274,522	52,506	14,865	33,949	(67,194)	832,004
\$ 3,609	\$ 269,973	\$ 73,945	\$ 90,106	\$ 37,703	\$ (73,543)	\$ 957,487

(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, 2014**

	CFD Districts	Sub- Totals	Totals
<b>REVENUES:</b>			
Taxes and assessments	\$ 333,199	\$ 333,199	\$ 816,461
Use of money and property	-	-	839
<b>Total revenues</b>	<u>333,199</u>	<u>333,199</u>	<u>817,300</u>
<b>EXPENDITURES:</b>			
Current:			
Urban redevelopment and housing	<u>675,985</u>	<u>675,985</u>	<u>917,237</u>
<b>Total expenditures</b>	<u>675,985</u>	<u>675,985</u>	<u>917,237</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(342,786)</u>	<u>(342,786)</u>	<u>(99,937)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	-	-	-
<b>Total other financing sources and uses</b>	-	-	-
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	(342,786)	(342,786)	(99,937)
<b>FUND BALANCES (DEFICITS):</b>			
Beginning of year	<u>(147,040)</u>	<u>(147,040)</u>	<u>1,384,758</u>
End of year	<u>\$ (489,826)</u>	<u>\$ (489,826)</u>	<u>\$ 1,284,821</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, 2014**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<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	-	-	9,495	(9,495)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>9,495</u>	<u>(9,495)</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(4,961)</u>	<u>(4,961)</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>(4,961)</u>	<u>(4,961)</u>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	<u>(25,646)</u>	<u>(25,646)</u>	<u>(25,646)</u>	<u>-</u>
End of year	<u>\$ (25,646)</u>	<u>\$ (25,646)</u>	<u>\$ (30,607)</u>	<u>\$ (4,961)</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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	1,146	\$ 1,146
Use of money and property	-	-	57	57
<b>Total revenues</b>	-	-	1,203	1,203
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	7,314	(7,314)
<b>Total expenditures</b>	-	-	7,314	(7,314)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(6,111)	(6,111)
<b>Net change in fund balances</b>	-	-	(6,111)	(6,111)
<b>FUND BALANCES:</b>				
Beginning of year	134,815	134,815	134,815	-
End of year	\$ 134,815	\$ 134,815	\$ 128,704	\$ (6,111)

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 951	\$ 951
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>951</u>	<u>951</u>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	2,282	(2,282)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>2,282</u>	<u>(2,282)</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(1,331)</u>	<u>(1,331)</u>
<b>Net change in fund balances</b>	-	-	(1,331)	(1,331)
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(11,334)	(11,334)	(11,334)	-
End of year	<u>\$ (11,334)</u>	<u>\$ (11,334)</u>	<u>\$ (12,665)</u>	<u>\$ (1,331)</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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 391	\$ 391
<b>Total revenues</b>	-	-	391	391
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	1,189	(1,189)
<b>Total expenditures</b>	-	-	1,189	(1,189)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(798)	(798)
<b>Net change in fund balances</b>	-	-	(798)	(798)
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(6,487)	(6,487)	(6,487)	-
End of year	<u>\$ (6,487)</u>	<u>\$ (6,487)</u>	<u>\$ (7,285)</u>	<u>\$ (798)</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, 2014**

	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	-	-	11	11
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>2,294</b>	<b>2,294</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	3,323	(3,323)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>3,323</b>	<b>(3,323)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(1,029)	(1,029)
<b>Net change in fund balances</b>	-	-	(1,029)	(1,029)
<b>FUND BALANCES:</b>				
Beginning of year	25,233	25,233	25,233	-
End of year	\$ 25,233	\$ 25,233	\$ 24,204	\$ (1,029)

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 94	\$ 94
Use of money and property	-	-	11	11
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>105</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	1,560	(1,560)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>1,560</b>	<b>(1,560)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(1,455)</b>	<b>(1,455)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(1,455)</b>	<b>(1,455)</b>
<b>FUND BALANCES:</b>				
Beginning of year	26,091	26,091	26,091	-
End of year	\$ 26,091	\$ 26,091	\$ 24,636	\$ (1,455)

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 1,970	\$ 1,970
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>1,970</u>	<u>1,970</u>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	2,071	(2,071)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>2,071</u>	<u>(2,071)</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(101)</u>	<u>(101)</u>
<b>Net change in fund balances</b>	-	-	(101)	(101)
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(30,516)	(30,516)	(30,516)	-
End of year	<u>\$ (30,516)</u>	<u>\$ (30,516)</u>	<u>\$ (30,617)</u>	<u>\$ (101)</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, 2014**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 5,101	\$ 5,101
Use of money and property	-	-	54	54
<b>Total revenues</b>	-	-	5,155	5,155
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	12,959	(12,959)
<b>Total expenditures</b>	-	-	12,959	(12,959)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(7,804)	(7,804)
<b>Net change in fund balances</b>	-	-	(7,804)	(7,804)
<b>FUND BALANCES:</b>				
Beginning of year	129,049	129,049	129,049	-
End of year	\$ 129,049	\$ 129,049	\$ 121,245	\$ (7,804)

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 217,306	\$ 217,306
Use of money and property	-	-	3	3
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>217,309</b>	<b>217,309</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	74,263	(74,263)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>74,263</b>	<b>(74,263)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	143,046	143,046
<b>Net change in fund balances</b>	-	-	143,046	143,046
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(135,880)	(135,880)	(135,880)	-
End of year	\$ (135,880)	\$ (135,880)	\$ 7,166	\$ 143,046

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 6,881	\$ 6,881
Use of money and property	-	-	6	6
<b>Total revenues</b>	-	-	6,887	6,887
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	6,733	(6,733)
<b>Total expenditures</b>	-	-	6,733	(6,733)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	154	154
<b>Net change in fund balances</b>	-	-	154	154
<b>FUND BALANCES:</b>				
Beginning of year	7,164	7,164	7,164	-
End of year	\$ 7,164	\$ 7,164	\$ 7,318	\$ 154

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 3,439	\$ 3,439
Use of money and property	-	-	25	25
<b>Total revenues</b>	-	-	3,464	3,464
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	4,070	(4,070)
<b>Total expenditures</b>	-	-	4,070	(4,070)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(606)	(606)
<b>Net change in fund balances</b>	-	-	(606)	(606)
<b>FUND BALANCES:</b>				
Beginning of year	44,087	44,087	44,087	-
End of year	\$ 44,087	\$ 44,087	\$ 43,481	\$ (606)

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 4,926	\$ 4,926
Use of money and property	-	-	38	38
<b>Total revenues</b>	-	-	4,964	4,964
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	5,437	(5,437)
<b>Total expenditures</b>	-	-	5,437	(5,437)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(473)	(473)
<b>Net change in fund balances</b>	-	-	(473)	(473)
<b>FUND BALANCES:</b>				
Beginning of year	85,315	85,315	85,315	-
End of year	\$ 85,315	\$ 85,315	\$ 84,842	\$ (473)

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 402	\$ 402
Use of money and property	-	-	19	19
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>421</b>	<b>421</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	1,020	(1,020)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>1,020</b>	<b>(1,020)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(599)	(599)
<b>Net change in fund balances</b>	-	-	(599)	(599)
<b>FUND BALANCES:</b>				
Beginning of year	38,639	38,639	38,639	-
End of year	\$ 38,639	\$ 38,639	\$ 38,040	\$ (599)

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 4,731	\$ 4,731
<b>Total revenues</b>	-	-	4,731	4,731
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	3,366	(3,366)
<b>Total expenditures</b>	-	-	3,366	(3,366)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	1,365	1,365
<b>Net change in fund balances</b>	-	-	1,365	1,365
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(4,551)	(4,551)	(4,551)	-
End of year	\$ (4,551)	\$ (4,551)	\$ (3,186)	\$ 1,365

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 72	\$ 72
<b>Total revenues</b>	-	-	72	72
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	7,296	(7,296)
<b>Total expenditures</b>	-	-	7,296	(7,296)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(7,224)	(7,224)
<b>Net change in fund balances</b>	-	-	(7,224)	(7,224)
<b>FUND BALANCES:</b>				
Beginning of year	167,395	167,395	167,395	-
End of year	\$ 167,395	\$ 167,395	\$ 160,171	\$ (7,224)

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 16,048	\$ 16,048
Use of money and property	-	-	74	74
<b>Total revenues</b>	-	-	16,122	16,122
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	11,562	(11,562)
<b>Total expenditures</b>	-	-	11,562	(11,562)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	4,560	4,560
<b>Net change in fund balances</b>	-	-	4,560	4,560
<b>FUND BALANCES:</b>				
Beginning of year	164,098	164,098	164,098	-
End of year	\$ 164,098	\$ 164,098	\$ 168,658	\$ 4,560

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 1,221	\$ 1,221
Use of money and property	-	-	14	14
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>1,235</b>	<b>1,235</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	1,537	(1,537)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>1,537</b>	<b>(1,537)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(302)</b>	<b>(302)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(302)</b>	<b>(302)</b>
<b>FUND BALANCES:</b>				
Beginning of year	31,110	31,110	31,110	-
End of year	\$ 31,110	\$ 31,110	\$ 30,808	\$ (302)

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 1,318	\$ 1,318
Use of money and property	-	-	6	6
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>1,324</b>	<b>1,324</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	452	(452)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>452</b>	<b>(452)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>872</b>	<b>872</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>872</b>	<b>872</b>
<b>FUND BALANCES:</b>				
Beginning of year	2,315	2,315	2,315	-
End of year	\$ 2,315	\$ 2,315	\$ 3,187	\$ 872

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 3,749	\$ 3,749
Use of money and property	-	-	26	26
<b>Total revenues</b>	-	-	3,775	3,775
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	3,612	(3,612)
<b>Total expenditures</b>	-	-	3,612	(3,612)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	163	163
<b>Net change in fund balances</b>	-	-	163	163
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	58,897	58,897	58,897	-
End of year	\$ 58,897	\$ 58,897	\$ 59,060	\$ 163

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 7,341	\$ 7,341
Use of money and property	-	-	115	115
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>7,456</b>	<b>7,456</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	13,042	(13,042)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>13,042</b>	<b>(13,042)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(5,586)</b>	<b>(5,586)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(5,586)</b>	<b>(5,586)</b>
<b>FUND BALANCES:</b>				
Beginning of year	261,752	261,752	261,752	-
End of year	\$ 261,752	\$ 261,752	\$ 256,166	\$ (5,586)

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 15,121	\$ 15,121
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>15,121</u>	<u>15,121</u>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	1,872	(1,872)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>1,872</u>	<u>(1,872)</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>13,249</u>	<u>13,249</u>
<b>Net change in fund balances</b>	-	-	13,249	13,249
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(13,191)	(13,191)	(13,191)	-
End of year	<u>\$ (13,191)</u>	<u>\$ (13,191)</u>	<u>\$ 58</u>	<u>\$ 13,249</u>

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 13,452	\$ 13,452
Use of money and property	-	-	15	15
<b>Total revenues</b>	-	-	13,467	13,467
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	14,551	(14,551)
<b>Total expenditures</b>	-	-	14,551	(14,551)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(1,084)	(1,084)
<b>Net change in fund balances</b>	-	-	(1,084)	(1,084)
<b>FUND BALANCES:</b>				
Beginning of year	32,401	32,401	32,401	-
End of year	\$ 32,401	\$ 32,401	\$ 31,317	\$ (1,084)

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 43,422	\$ 43,422
Use of money and property	-	-	116	116
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>43,538</b>	<b>43,538</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	14,073	(14,073)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>14,073</b>	<b>(14,073)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>29,465</b>	<b>29,465</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>29,465</b>	<b>29,465</b>
<b>FUND BALANCES:</b>				
Beginning of year	238,688	238,688	238,688	-
End of year	\$ 238,688	\$ 238,688	\$ 268,153	\$ 29,465

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 25	\$ 25
Use of money and property	-	-	1	1
<b>Total revenues</b>	-	-	26	26
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	123	(123)
<b>Total expenditures</b>	-	-	123	(123)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(97)	(97)
<b>Net change in fund balances</b>	-	-	(97)	(97)
<b>FUND BALANCES:</b>				
Beginning of year	3,706	3,706	3,706	-
End of year	\$ 3,706	\$ 3,706	\$ 3,609	\$ (97)

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 7,721	\$ 7,721
Use of money and property	-	-	121	121
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>7,842</b>	<b>7,842</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	12,391	(12,391)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>12,391</b>	<b>(12,391)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(4,549)</b>	<b>(4,549)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(4,549)</b>	<b>(4,549)</b>
<b>FUND BALANCES:</b>				
Beginning of year	274,522	274,522	274,522	-
End of year	\$ 274,522	\$ 274,522	\$ 269,973	\$ (4,549)

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 31,861	\$ 31,861
Use of money and property	-	-	25	25
<b>Total revenues</b>	-	-	31,886	31,886
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	10,447	(10,447)
<b>Total expenditures</b>	-	-	10,447	(10,447)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	21,439	21,439
<b>Net change in fund balances</b>	-	-	21,439	21,439
<b>FUND BALANCES:</b>				
Beginning of year	52,506	52,506	52,506	-
End of year	\$ 52,506	\$ 52,506	\$ 73,945	\$ 21,439

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 79,816	\$ 79,816
Use of money and property	-	-	8	8
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>79,824</b>	<b>79,824</b>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	4,583	(4,583)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>4,583</b>	<b>(4,583)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>75,241</b>	<b>75,241</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>75,241</b>	<b>75,241</b>
<b>FUND BALANCES:</b>				
Beginning of year	14,865	14,865	14,865	-
End of year	\$ 14,865	\$ 14,865	\$ 90,106	\$ 75,241

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ 8,012	\$ 8,012
Use of money and property	-	-	16	16
<b>Total revenues</b>	-	-	8,028	8,028
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	-	-	4,274	(4,274)
<b>Total expenditures</b>	-	-	4,274	(4,274)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	3,754	3,754
<b>Net change in fund balances</b>	-	-	3,754	3,754
<b>FUND BALANCES:</b>				
Beginning of year	33,949	33,949	33,949	-
End of year	\$ 33,949	\$ 33,949	\$ 37,703	\$ 3,754

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 6	6
<b>Total revenues</b>	-	-	6	6
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	380,157	380,157	6,355	373,802
<b>Total expenditures</b>	380,157	380,157	6,355	373,802
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(380,157)	(380,157)	(6,349)	373,808
<b>Net change in fund balances</b>	(380,157)	(380,157)	(6,349)	373,808
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(67,194)	(67,194)	(67,194)	-
End of year	\$ (447,351)	\$ (447,351)	\$ (73,543)	\$ 373,808

**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, 2014**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 415,000	\$ 415,000	\$ 333,199	\$ (81,801)
<b>Total revenues</b>	<u>415,000</u>	<u>415,000</u>	<u>333,199</u>	<u>(81,801)</u>
<b>EXPENDITURES:</b>				
Current:				
Urban redevelopment and housing	498,144	498,144	675,985	(177,841)
<b>Total expenditures</b>	<u>498,144</u>	<u>498,144</u>	<u>675,985</u>	<u>(177,841)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(83,144)</u>	<u>(83,144)</u>	<u>(342,786)</u>	<u>(259,642)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(83,144)</u>	<u>(83,144)</u>	<u>(342,786)</u>	<u>(259,642)</u>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(147,040)	(147,040)	(147,040)	-
End of year	<u>\$ (230,184)</u>	<u>\$ (230,184)</u>	<u>\$ (489,826)</u>	<u>\$ (259,642)</u>

## 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
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, 2014**

<b>ASSETS</b>	<b>Building Maintenance</b>	<b>Employee Benefits</b>	<b>Risk Management</b>
<b>Current assets:</b>			
Cash and investments	\$ 546,814	\$ 477,248	\$ 479,893
Receivables:			
Accounts	-	6,156	3,500
Interest	3	2	3
<b>Total current assets</b>	<u>546,817</u>	<u>483,406</u>	<u>483,396</u>
<b>Noncurrent assets:</b>			
Capital assets, net	681,013	-	90,458
<b>Total noncurrent assets</b>	<u>681,013</u>	<u>-</u>	<u>90,458</u>
<b>Total assets</b>	<u>\$ 1,227,830</u>	<u>\$ 483,406</u>	<u>\$ 573,854</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 38,132	10,915	\$ 7,716
Accrued liabilities	11,205	4,371	-
Compensated absences - current portion	7,370	-	-
<b>Total current liabilities</b>	<u>56,707</u>	<u>15,286</u>	<u>7,716</u>
<b>Total liabilities</b>	<u>56,707</u>	<u>15,286</u>	<u>7,716</u>
<b>Net Position:</b>			
Net investment in capital assets	681,013	-	90,458
Unrestricted	490,110	468,120	475,680
<b>Total net position</b>	<u>1,171,123</u>	<u>468,120</u>	<u>566,138</u>
<b>Total liabilities and net position</b>	<u>\$ 1,227,830</u>	<u>\$ 483,406</u>	<u>\$ 573,854</u>

<b>Information Technology</b>	<b>Totals</b>
\$ 177,852	\$ 1,681,807
-	9,656
1	9
<u>177,853</u>	<u>1,691,472</u>
465,537	1,237,008
<u>465,537</u>	<u>1,237,008</u>
<u>\$ 643,390</u>	<u>\$ 2,928,480</u>

\$ 16,923	\$ 73,686
-	15,576
-	7,370
<u>16,923</u>	<u>96,632</u>
<u>16,923</u>	<u>96,632</u>
465,537	1,237,008
<u>160,930</u>	<u>1,594,840</u>
<u>626,467</u>	<u>2,831,848</u>
<u>\$ 643,390</u>	<u>\$ 2,928,480</u>

**City of Atwater, California**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the year ended June 30, 2014**

	<b>Building Maintenance</b>	<b>Employee Benefits</b>	<b>Risk Management</b>
<b>OPERATING REVENUES:</b>			
Interdepartmental charges	\$ 1,015,289	\$ 1,267,595	\$ 436,107
Other	21,420	7,998	21,960
<b>Total operating revenues</b>	<b>1,036,709</b>	<b>1,275,593</b>	<b>458,067</b>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	142,767	-	-
Contractual services	43,421	9,561	70,138
Materials and supplies	331	-	-
Repairs and maintenance	496,467	-	-
Insurance	-	867,933	298,487
Utilities	130,178	-	-
Other operating costs	-	-	17,844
Depreciation	60,841	-	3,269
<b>Total operating expenses</b>	<b>874,005</b>	<b>877,494</b>	<b>389,738</b>
<b>OPERATING INCOME (LOSS)</b>	<b>162,704</b>	<b>398,099</b>	<b>68,329</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	227	174	181
<b>Total non-operating revenues (expenses)</b>	<b>227</b>	<b>174</b>	<b>181</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>162,931</b>	<b>398,273</b>	<b>68,510</b>
<b>Change in net position</b>	<b>162,931</b>	<b>398,273</b>	<b>68,510</b>
<b>NET POSITION:</b>			
Beginning of year	1,008,192	69,847	497,628
End of year	<u>\$ 1,171,123</u>	<u>\$ 468,120</u>	<u>\$ 566,138</u>

<b>Information Technology</b>	<b>Totals</b>
\$ 269,179	\$ 2,988,170
-	51,378
<u>269,179</u>	<u>3,039,548</u>
-	142,767
155,397	278,517
-	331
-	496,467
-	1,166,420
-	130,178
91,082	108,926
51,884	115,994
<u>298,363</u>	<u>2,439,600</u>
<u>(29,184)</u>	<u>599,948</u>
<u>71</u>	<u>653</u>
<u>71</u>	<u>653</u>
(29,113)	600,601
(29,113)	600,601
<u>655,580</u>	<u>2,231,247</u>
<u>\$ 626,467</u>	<u>\$ 2,831,848</u>

**City of Atwater, California**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2014**

	<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	\$ 1,036,810	\$ 1,271,492	\$ 458,067
Cash paid to suppliers for goods and services	(697,549)	(870,562)	(382,391)
Cash paid to employees for services	(141,437)	(23)	-
<b>Net cash provided (used) by operating activities</b>	<b>197,824</b>	<b>400,907</b>	<b>75,676</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on investments	227	172	181
<b>Net cash provided by investing activities</b>	<b>227</b>	<b>172</b>	<b>181</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>198,051</b>	<b>401,079</b>	<b>75,857</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	348,763	76,169	404,036
End of year	<u>\$ 546,814</u>	<u>\$ 477,248</u>	<u>\$ 479,893</u>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 162,704	\$ 398,099	\$ 68,329
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	60,841	-	3,269
(Increase) decrease in current assets:			
Accounts receivable	101	(4,101)	-
Prepaid expenses	78	-	-
Increase (decrease) in liabilities:			
Accounts payable	(27,230)	6,932	4,078
Accrued liabilities	(4,515)	(23)	-
Compensated absences	5,845	-	-
<b>Net cash provided by operating activities</b>	<b>\$ 197,824</b>	<b>\$ 400,907</b>	<b>\$ 75,676</b>

<b>Information Technology</b>	<b>Totals</b>
\$ 269,179	\$ 3,035,548
(193,871)	(2,144,373)
-	(141,460)
75,308	749,715
71	651
71	651
75,379	750,366
102,473	931,441
\$ 177,852	\$ 1,681,807
\$ (29,184)	\$ 599,948
51,884	115,994
-	(4,000)
47,865	47,943
4,743	(11,477)
-	(4,538)
-	5,845
\$ 75,308	\$ 749,715

**City of Atwater, California**  
**Combining Statement of Assets and Liabilities**  
Agency Funds  
June 30, 2014

	<u>Sec 125 Medical</u>	<u>Sec 125 Dep Care</u>	<u>Community Facilities District #1</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,116	\$ 1,000	\$ 1,712,255	\$ 1,714,371
Cash and investments held by trustees	-	-	677,841	677,841
Receivables:				
Interest	-	-	10	10
Assessments	-	-	38,483	38,483
<b>Total assets</b>	<u>\$ 1,116</u>	<u>\$ 1,000</u>	<u>\$ 2,428,589</u>	<u>\$ 2,430,705</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 3,095	\$ 3,095
Due to others	1,116	1,000	2,425,494	2,427,610
<b>Total liabilities</b>	<u>\$ 1,116</u>	<u>\$ 1,000</u>	<u>\$ 2,428,589</u>	<u>\$ 2,430,705</u>

**City of Atwater, California**  
**Combining Statement of Changes in Assets and Liabilities**  
Agency Funds  
For the year ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b>SECTION 125 MEDICAL</b>				
<b>ASSETS</b>				
Cash and investments	\$ 484	\$ 1,116	\$ (484)	\$ 1,116
<b>Total assets</b>	<u>\$ 484</u>	<u>\$ 1,116</u>	<u>\$ (484)</u>	<u>\$ 1,116</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to (from) others	484	1,116	(484)	1,116
<b>Total liabilities</b>	<u>\$ 484</u>	<u>\$ 1,116</u>	<u>\$ (484)</u>	<u>\$ 1,116</u>
<b>SECTION 125 DEPENDENT CARE</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,200	\$ 1,000	\$ (1,200)	\$ 1,000
<b>Total assets</b>	<u>\$ 1,200</u>	<u>\$ 1,000</u>	<u>\$ (1,200)</u>	<u>\$ 1,000</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 1,200	\$ 1,000	\$ (1,200)	\$ 1,000
<b>Total liabilities</b>	<u>\$ 1,200</u>	<u>\$ 1,000</u>	<u>\$ (1,200)</u>	<u>\$ 1,000</u>
<b>COMMUNITY FACILITIES DISTRICT #1</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,574,185	\$ 1,712,255	\$ (1,574,185)	\$ 1,712,255
Cash and investments held by trustees	689,427	677,841	(689,427)	677,841
Receivables:				
Interest	13	10	(13)	10
Assessments	72,224	38,483	(72,224)	38,483
<b>Total assets</b>	<u>\$ 2,335,849</u>	<u>\$ 2,428,589</u>	<u>\$ (2,335,849)</u>	<u>\$ 2,428,589</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 3,095	\$ -	\$ 3,095
Due to (from) others	2,335,849	2,425,494	(2,335,849)	2,425,494
<b>Total liabilities</b>	<u>\$ 2,335,849</u>	<u>\$ 2,428,589</u>	<u>\$ (2,335,849)</u>	<u>\$ 2,428,589</u>

(continued)

**City of Atwater, California**  
**Combining Statement of Changes in Assets and Liabilities**  
Agency Funds  
For the year ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b>TOTAL OF ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,575,869	\$ 1,714,371	\$ (1,575,869)	\$ 1,714,371
Cash and investments held by trustees	689,427	677,841	(689,427)	677,841
Receivables:				
	13	10	(13)	10
Assessments	72,224	38,483	(72,224)	38,483
<b>Total assets</b>	<b>\$ 2,337,533</b>	<b>\$ 2,430,705</b>	<b>\$ (2,337,533)</b>	<b>\$ 2,430,705</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 3,095	\$ -	\$ 3,095
Due to (from) others	2,337,533	2,427,610	(2,337,533)	2,427,610
<b>Total liabilities</b>	<b>\$ 2,337,533</b>	<b>\$ 2,430,705</b>	<b>\$ (2,337,533)</b>	<b>\$ 2,430,705</b>

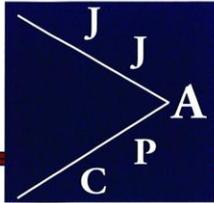
(concluded)

**SUPPLEMENTAL SCHEDULE**

**City of Atwater, California**  
**Schedule of Debt Service Coverage**  
**June 30, 2014 and 2013**

In conjunction with the Wastewater Revenue Bonds debt issuance, the City has covenanted to secure the repayment of the debt, with all operating revenues received by the Sewer Fund, which will be sufficient to yield during the year net revenues equal to 110% of the debt service paid during the year. The debt service requirement for 2014 and 2013 is as follows:

	2014	2013
Operating income	\$ 6,303,592	\$ 5,894,898
Add:		
Depreciation and amortization expense	782,499	963,209
Investment income	4,417	51,743
Net revenue	<u>\$ 7,090,508</u>	<u>\$ 6,909,850</u>
Debt service:		
Principal	\$ 1,084,218	\$ 1,067,831
Interest	4,192,176	4,250,400
Total debt service	<u>\$ 5,276,394</u>	<u>\$ 5,318,231</u>
Calculated coverage	<u>1.34</u>	<u>1.30</u>
<b>Meets covenant restrictions</b>	<b>Yes</b>	<b>Yes</b>



**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  
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, California (City), as of and for the year ended June 30, 2014, 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 27, 2015.

**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. We consider the deficiency described in a separate report for the schedule of findings as Finding 2014-01 to be a significant deficiency.

### **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 27, 2015

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