

CITY OF CERES, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018



Prepared by:

Suzanne Dean
Finance Director

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

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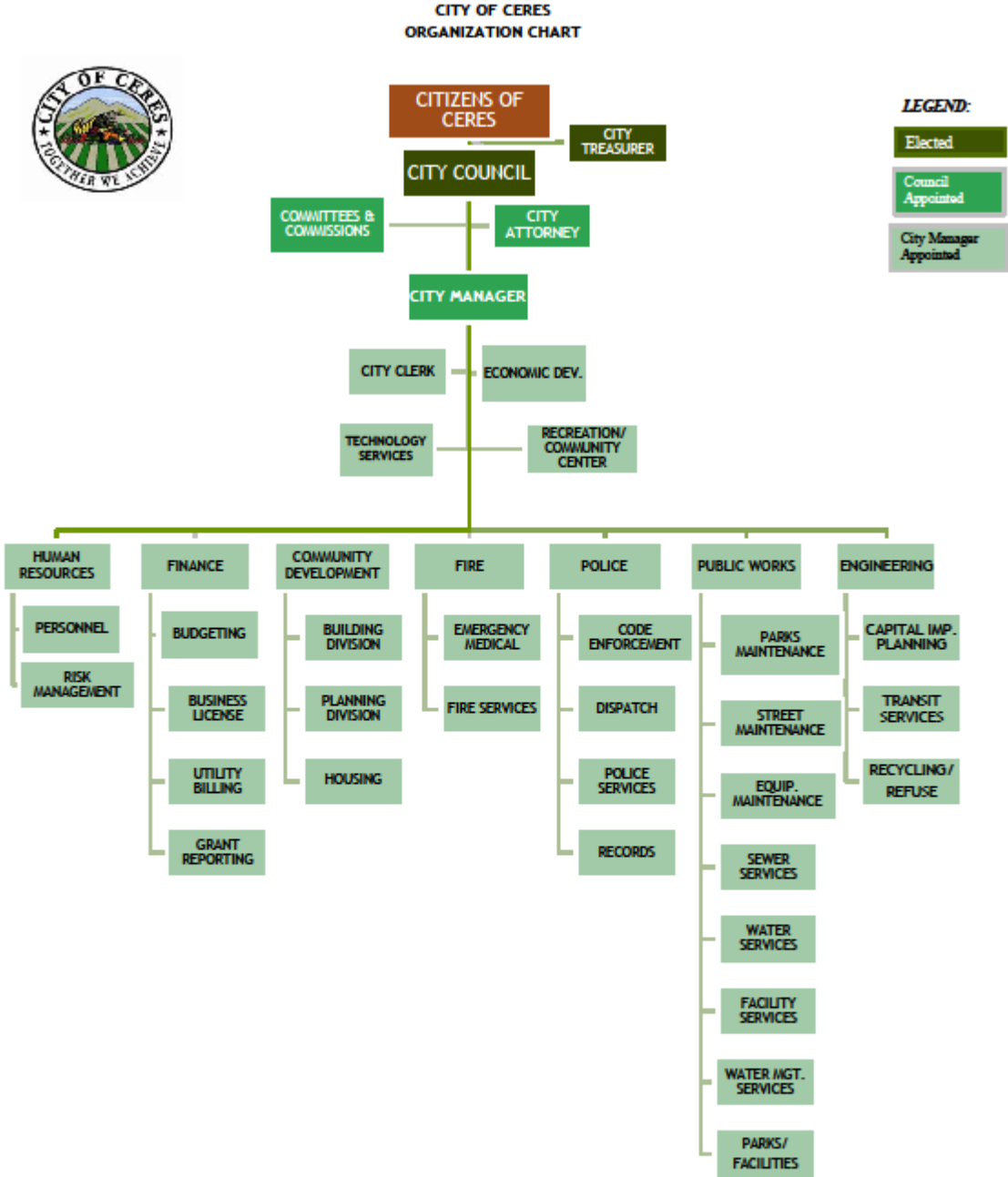
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City of Ceres, California
Basic Financial Statements
For the year ended June 30, 2018

Organization Chart



For the year ended June 30, 2017

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

List of Officials

CITY COUNCIL

- Chris Vierra, Mayor
- Mike Kline, Vice Mayor
- Ken Lane
- Bret Durossette
- Linda Ryno

CITY OFFICIALS

- Toby E. Wells, P.E., City Manager
- Suzanne Dean, Finance Director
- Harry Herbert, City Treasurer
- Diane Nayares-Perez, City Clerk
- Tom Hallinan, City Attorney

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JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
of the City of Ceres
Ceres, 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 budgetary comparison information of the City of Ceres, California (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and budgetary comparison information of the City of Ceres, California, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-16, the Schedule of Employer Contributions on page 94, and the Schedule of Changes in Net Pension Liability and Related Ratios on page 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accompanying supplementary information, which includes the combining and individual nonmajor fund financial statements other information, which includes the introductory section, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements is the responsibility of management and was 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 and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance and is included in the City's Single Audit Report.

March 25, 2019

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

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

Management's Discussion and Analysis

This section provides a narrative overview and analysis of the financial activities of the City of Ceres (City) for the fiscal year ended June 30, 2018. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- ◆ As of June 30, 2018, total assets of the City exceeded its liabilities by \$129,307,911 (net position). The portion of net position that may be used to meet the government's ongoing obligations to citizens and creditors (unrestricted net position) is \$20,640,046. There are currently \$4,730,381 of net position that are restricted and may only be used for a specific purpose. The remaining \$103,937,484 is the net investment in capital assets.
- ◆ As of June 30, 2018, the City's Governmental Activities reported combined net position of \$86,815,549 of that, (\$3,047,039) is unrestricted.
- ◆ As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$14,926,407. Approximately 84% of this total amount (\$12.5 million) is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been set aside for a specific purpose due to a law, regulation, or Council action or it is not part of available, spendable resources. Of the remaining balance, \$5,218,023 is committed as a "general fund reserve" for economic uncertainties and anticipated future short-term structural deficits.
- ◆ Capital assets in the governmental activities, net of depreciation, increased to \$85,566,171 from \$80,168,882, which includes \$99,238,360 of infrastructure per the requirements of GASB 34. This increase is attributed to the purchase of land, addition of city vehicles and the completion of several infrastructure projects.

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

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report is in two major parts:

- 1) **Introductory section**, which includes general information;
- 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 supplementary information, which includes Combining and Individual Fund Financial Statements and Schedules.

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.

The 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, community development, economic development, public safety, animal control, engineering, community events, public improvements, planning and zoning, building inspections, and general administration. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees.

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

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

The Government-wide Financial Statements, Continued

- ◆ ***Business-type activities*** – All the City's enterprise activities are reported here, including Water, Sewer, and STANCOG. 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.

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.

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

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

For the fiscal year ended June 30, 2018, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

- ◆ General Fund
- ◆ Street Expansion Special Revenue Fund
- ◆ HOME Program Grants Special Revenue Fund
- ◆ CDBG Grants Special Revenue Fund

PROPRIETARY FUNDS:

- ◆ Water Enterprise Fund
- ◆ Sewer Enterprise Fund
- ◆ STANCOG Enterprise Fund

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 STANCOG activities. Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail. Internal service funds present operations for services provided within the government. Internal service funds are maintained for equipment, information technology, risk management, and building maintenance activities. The proprietary fund financial statements provide separate information for the all of the enterprise operations and a combined total for the internal service funds, which are consolidated into governmental activities at the government-wide statement level.

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 45–92 of this report.

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

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

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 102-157 of this report.

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 \$129,266,8011 as of June 30, 2018.

The Summary of Net Position as of June 30, 2018, and 2017, follows:

	Summary of Net Position					
	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 23,160,514	\$ 28,471,302	\$ 51,631,816	\$ 25,461,101	\$ 25,725,267	\$ 51,186,368
Noncurrent assets	92,967,240	29,864,475	122,831,715	87,587,981	27,940,230	115,528,211
Total assets	116,127,754	58,335,777	174,463,531	113,049,082	53,665,497	166,714,579
Deferred outflows: Pension Plan	10,707,847	1,751,596	12,459,443	20,993,157	3,641,403	24,634,560
Total assets and deferred outflows	126,835,601	60,087,373	186,922,974	134,042,239	57,306,900	191,349,139
Current and other liabilities	5,735,969	1,847,236	7,583,205	4,648,303	2,014,814	6,663,117
Long-term liabilities	31,593,927	15,317,147	46,911,074	40,524,027	17,190,929	57,714,956
Total liabilities	37,329,896	17,164,383	54,494,279	45,172,330	19,205,743	64,378,073
Deferred inflows: Pension Plan	2,690,156	430,628	3,120,784	648,726	55,539	704,265
Total liabilities and deferred inflows	40,020,052	17,595,011	57,615,063	45,821,056	19,261,282	65,082,338
Net position:						
Net investment in capital assets	84,368,226	19,569,258	103,937,484	78,958,404	17,331,448	96,289,852
Restricted	4,733,813	-	4,733,813	3,859,411	-	3,859,411
Unrestricted	(2,286,490)	22,923,104	20,636,614	5,403,368	20,714,170	26,117,538
Total net position	\$ 86,815,549	\$ 42,492,362	\$ 129,307,911	\$ 88,221,183	\$ 38,045,618	\$ 126,266,801

Restricted net position increased by \$874,402 due to increased revenue in the Measure L fund. The increased revenues are committed to projects by the City Council

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

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

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

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,901,515	\$ 20,010,538	\$ 22,912,053	\$ 3,212,227	\$ 18,580,783	\$ 21,793,010
Grants and contributions:						
Operating	9,760,434	-	9,760,434	10,067,270	-	10,067,270
Capital	2,070,198	-	2,070,198	-	-	-
General revenues:						
Property taxes and assessments	2,215,118	-	2,215,118	2,176,095	-	2,176,095
Sales and use tax	7,390,840	-	7,390,840	7,176,451	-	7,176,451
Utility users tax	821,126	-	821,126	713,237	-	713,237
Other taxes	788,177	-	788,177	681,256	-	681,256
State motor vehicle in-lieu tax	3,564,448	-	3,564,448	3,335,833	-	3,335,833
Use of money and property	184,729	232,810	417,539	101,018	163,444	264,462
Other general	173,168	1,830	174,998	110,203	-	110,203
Total revenues	<u>29,869,753</u>	<u>20,245,178</u>	<u>50,114,931</u>	<u>27,573,590</u>	<u>18,744,227</u>	<u>46,317,817</u>
Expenses:						
Governmental activities:						
General government	3,548,222	-	3,548,222	4,692,223	-	4,692,223
Public safety	22,519,370	-	22,519,370	21,947,025	-	21,947,025
Engineering and transportation	1,663,273	-	1,663,273	1,868,170	-	1,868,170
Public works	69,794	-	69,794	2,707,634	-	2,707,634
Community services	3,284,127	-	3,284,127	2,761,379	-	2,761,379
Economic development	83,053	-	83,053	286,598	-	286,598
Interest and fiscal charges	107,548	-	107,548	118,979	-	118,979
Business-type activities:						
Water	-	6,666,026	6,666,026	-	6,531,243	6,531,243
Sewer	-	8,319,750	8,319,750	-	8,410,217	8,410,217
STANCOG	-	812,658	812,658	-	933,863	933,863
Total expenses	<u>31,275,387</u>	<u>15,798,434</u>	<u>47,073,821</u>	<u>34,382,008</u>	<u>15,875,323</u>	<u>50,257,331</u>
Excess (Deficiency) of revenues over expenditures before transfers	<u>(1,405,634)</u>	<u>4,446,744</u>	<u>3,041,110</u>	<u>(6,808,418)</u>	<u>2,868,904</u>	<u>(3,939,514)</u>
Change in net position	(1,405,634)	4,446,744	3,041,110	(6,808,418)	2,868,904	(3,939,514)
Net position:						
Beginning of year	88,221,183	38,045,618	126,266,801	95,029,601	35,176,714	130,206,315
End of year	<u>\$ 86,815,549</u>	<u>\$ 42,492,362</u>	<u>\$ 129,307,911</u>	<u>\$ 88,221,183</u>	<u>\$ 38,045,618</u>	<u>\$ 126,266,801</u>

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

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were \$50,114,931 for the fiscal year ended June 30, 2018. Approximately 46% of the City's key revenues are generated from four major sources.

The following discusses variances in key revenues from the prior fiscal year:

- 1. Sales Tax.** Annual receipts increased by 3%. This slight increase is attributed to a slow economic recovery.
- 2. Property Tax.** Annual receipts increase by 1.8%, due to an increase in the assessed values and increased sale of foreclosed homes.
- 3. Grants and Contributions – Governmental Activities Operating.** The decrease in Governmental operating grants and contributions was mainly due to the end of the SAFER Grant.
- 4. State Motor Vehicle In-Tax –** Annual receipts increased by 6.8%. The increase is due to increased vehicle registration fees.

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

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

Governmental and business-type activity expenses of the City for the year totaled \$47,073,821. Governmental activity expenses totaled \$31,275,387 or 66% of total expenses. Business-type activities incurred \$15,798,434 of expenses during the fiscal year. Public safety costs represented 72% of total governmental activities expenses, which represented the largest single expense for governmental activities.

Governmental Activities

The following table shows the cost of each of the City’s major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City’s taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2018, and 2017, are as follows:

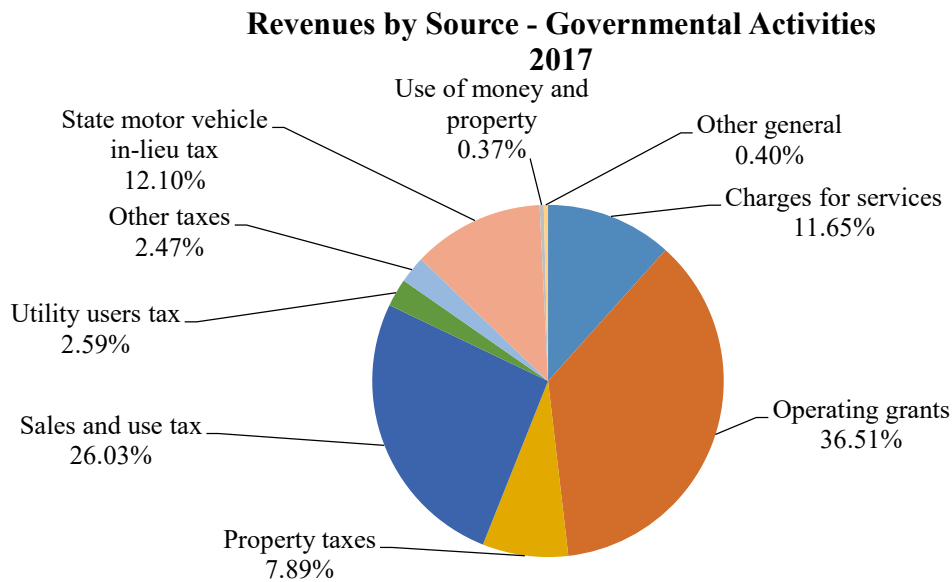
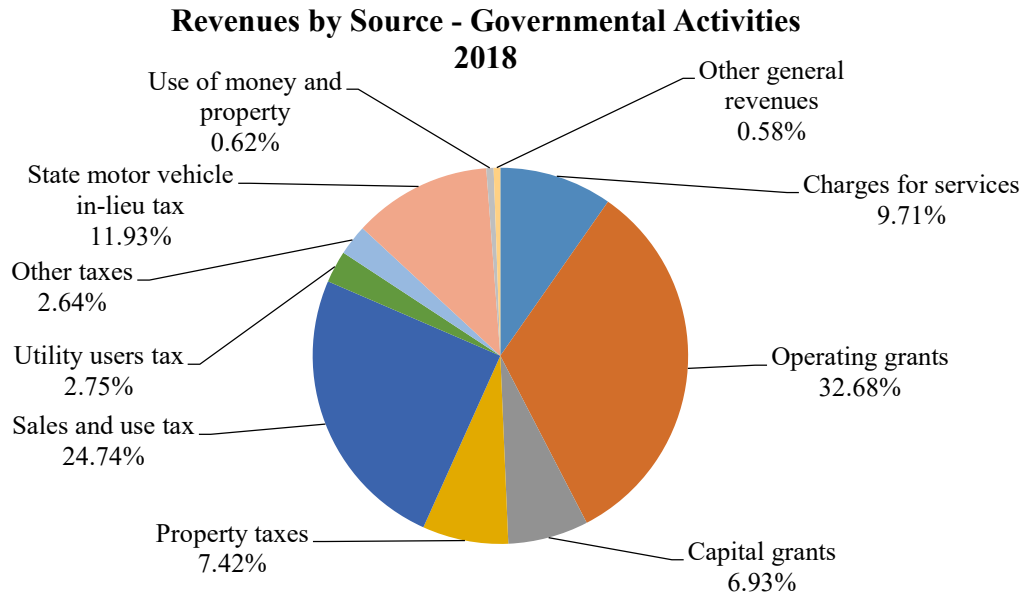
	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 3,548,222	\$ (1,856,365)	\$ 4,692,223	\$ (3,150,465)
Public safety	22,519,370	(16,715,450)	21,947,025	(16,675,568)
Engineering and transportation	1,663,273	22,900	1,868,170	1,300,636
Public works	69,794	3,380,559	2,707,634	(621,681)
Community services	3,284,127	(1,434,884)	2,761,379	(1,814,989)
Economic development	83,053	167,548	286,598	(21,465)
Interest and fiscal charges	107,548	(107,548)	118,979	(118,979)
Total	\$ 31,275,387	\$ (16,543,240)	\$ 34,382,008	\$ (21,102,511)

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

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

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



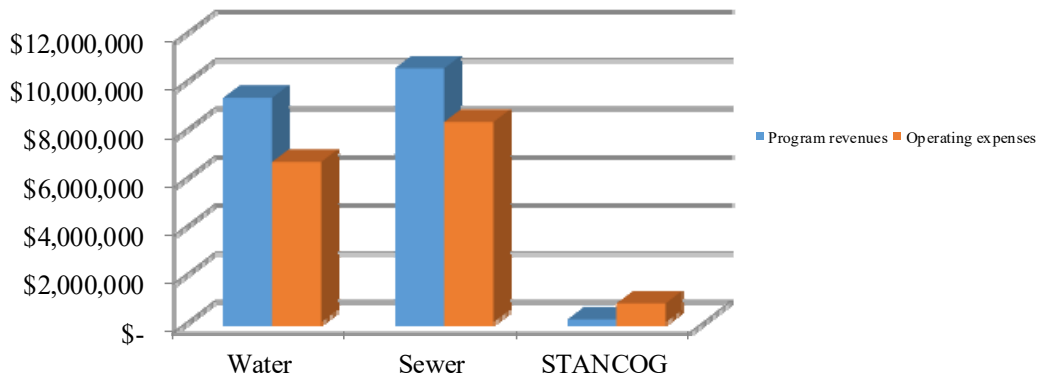
City of Ceres, California
Basic Financial Statements
For the year ended June 30, 2018

Management’s Discussion and Analysis, Continued

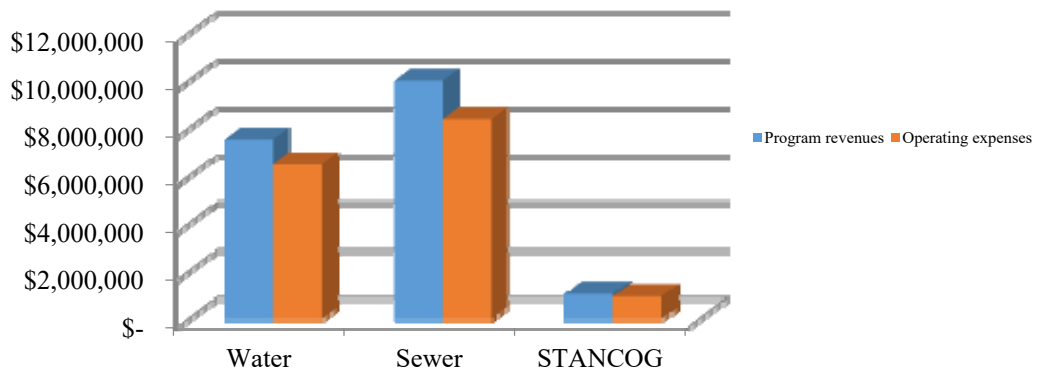
GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type activities. Business-type activities increased the City’s net position to \$42,492,362. The City has three business-type activities: Water, Sewer, and STANCOG. Water accounts for 46%, Sewer accounts for 53% of total business-type activity revenue, and STANCOG accounts for 1%. The expenses and program revenues for the business-type activities for the fiscal year ended June 30, 2018, and 2017, are as follows:

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



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

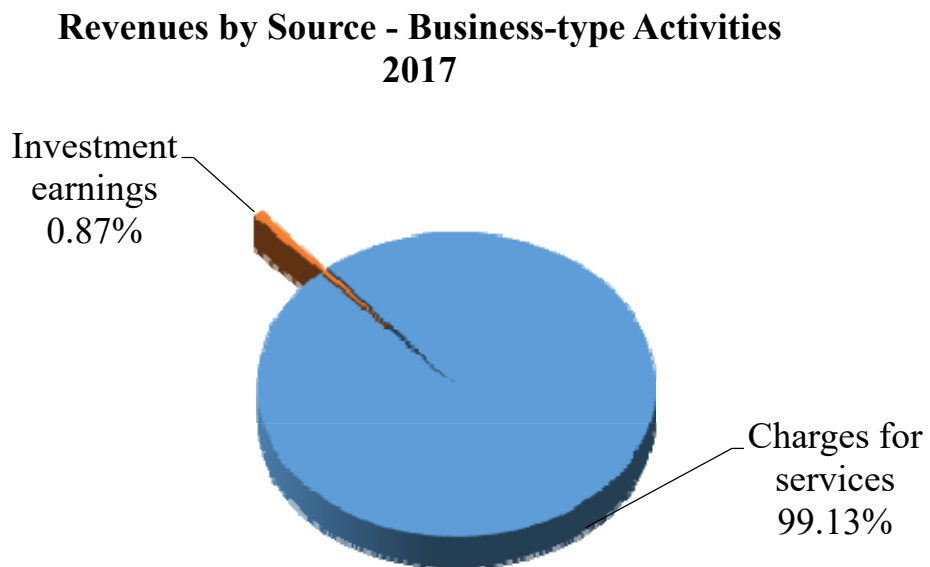
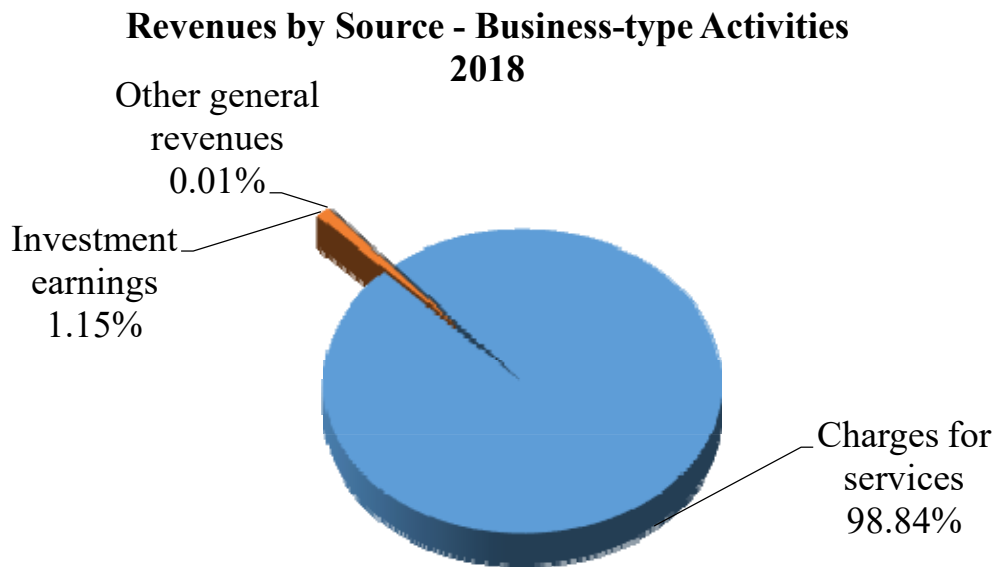


City of Ceres, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2018, and 2016, are as follows:



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

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Financial Analysis of the Government's Funds

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

Governmental funds. The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2018, the City's governmental funds reported combined fund balances of \$14,926,407. This is a decrease of \$3,228,298 or 17% over last year. The decrease was mainly due to the continued structural deficit in the General Fund. The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2018, General Fund unassigned fund balance totaled \$5,246,573 with \$17,988 reported as committed and \$10,562 as nonspendable.

Community Development Block Grant (CDBG) money is available to cities for a variety of community enhancement activities. In the fiscal year ended June 30, 2018, the majority of this money was used to provide first time home buyers assistance and home rehabilitation for low-income residents.

Proprietary funds. The City's proprietary funds net position increased by \$4,446,744 in the fiscal year ended June 30, 2018. This was primarily due to the completion of several major water and sewer capital projects. Factors concerning the finances of the three proprietary funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The difference between the final budget and actual revenues reflects a positive of \$520,983. This was mainly due to an increase in license and permit fees as well as charges for services. Total general fund final budget for expenditures was \$20,224,042. Actual expenditures were \$457,913 under budget (approximately 2% of budget).

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

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Capital Assets

The City’s net investment in capital assets for its governmental and business type activities as of June 30, 2018, amount to \$115,430,646. This net investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2017	2017
Land	\$ 14,753,193	\$ 13,556,447	\$ 1,783,812	\$ 1,783,812	\$ 16,537,005	\$ 15,340,259
Buildings and improvements	24,904,022	22,148,373	4,385,075	4,496,395	29,289,097	26,644,768
Machinery and equipment	2,175,998	1,931,278	2,282,043	2,643,319	4,458,041	4,574,597
Infrastructure	43,732,958	42,532,784	21,413,545	19,016,704	65,146,503	61,549,488
Total	\$ 85,566,171	\$ 80,168,882	\$ 29,864,475	\$ 27,940,230	\$ 115,430,646	\$ 108,109,112

Major capital asset events during the year included: the purchase of land; and disposal of obsolete equipment.

More detail of the capital assets and current activity can be found in the notes to the financial statements on pages 51 and 52 for significant accounting policies and Note 5 on page 65 for other capital asset information.

Economic Outlook

The national economy grew modestly during 2017-2018. The national unemployment rate declined to 3.9% down from 4.3% in 2017. The local economy has shown some improvement during the past year. The local job market continues to remain stagnant, hindering economic recovery. Real Estate prices have stabilized and prices are increasing. The state overall has shown an increase in revenue which in turn has resulted in small amounts of revenue being returned to cities.

The City’s major General Fund revenue sources are sales tax and property taxes. Both of these revenue sources are affected by the continuing economic state. We are estimating sales tax revenue to increase by 5% in fiscal year 2018–2019. Also, in fiscal year 2018-2019, we are estimating property tax revenue to increase by 8%. Additionally, with the two cannabis dispensaries and the cannabis manufacturing facility, the City’s General Fund has received an influx of revenue that reached \$830,000 for FY 2018 and is expected to reach \$2,035,000 in FY 2019. The City successfully passed Measure W in November 2018 that allows for up to 15% special sales tax to be applied to all taxable cannabis.

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

Management's Discussion and Analysis, Continued

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 Suzanne Dean, Finance Director, 2720 Second Street, Ceres, CA 95307, or visit the City's web page at www.ci.ceres.ca.us/.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 19,741,626	\$ 26,365,208	\$ 46,106,834
Cash and investments with trustee/fiscal agent	-	841,154	841,154
Receivables:			
Accounts receivable	3,415,176	1,264,940	4,680,116
Prepaid items	3,712	-	3,712
Total current assets	23,160,514	28,471,302	51,631,816
Noncurrent assets:			
Advances to fiduciary activities	531,494	-	531,494
Loans receivable	6,869,575	-	6,869,575
Capital assets:			
Nondepreciable	14,753,193	1,783,812	16,537,005
Depreciable	70,812,978	28,080,663	98,893,641
Total noncurrent assets	92,967,240	29,864,475	122,831,715
Total assets	116,127,754	58,335,777	174,463,531
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan	10,707,847	1,751,596	12,459,443
Total deferred outflows of resources	10,707,847	1,751,596	12,459,443
Total assets and deferred outflows	126,835,601	60,087,373	186,922,974
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,267,407	1,137,401	4,404,808
Deposits payable	2,368,870	283,180	2,652,050
Intergovernmental payable	99,692	-	99,692
Unearned revenue	-	53,186	53,186
Interest payable	-	57,803	57,803
Current portion of long-term debt	-	315,666	315,666
Total current liabilities	5,735,969	1,847,236	7,583,205
Noncurrent liabilities:			
Long-term liabilities:			
Compensated absences	1,527,018	337,930	1,864,948
Due after one year	648,824	10,295,217	10,944,041
Liability for claims	987,238	-	987,238
Net pension obligation	28,430,847	4,684,000	33,114,847
Total noncurrent liabilities	31,593,927	15,317,147	46,911,074
Total liabilities	37,329,896	17,164,383	54,494,279
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	2,690,156	430,628	3,120,784
Total liabilities and deferred inflows of resources	40,020,052	17,595,011	57,615,063
NET POSITION			
Net investment in capital assets	84,368,226	19,569,258	103,937,484
Restricted	4,730,381	-	4,730,381
Unrestricted	(2,283,058)	22,923,104	20,640,046
Total net position	86,815,549	42,492,362	129,307,911
Total liabilities, deferred inflows, and net position	\$ 126,835,601	\$ 60,087,373	\$ 186,922,974

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

City of Ceres, California
Statement of Activities
For the year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,548,222	\$ 284,143	\$ 1,407,714	\$ -
Public safety	22,519,370	570,407	5,233,513	-
Engineering and Transportation	1,663,273	703,320	982,853	-
Public works	69,794	477,787	902,368	2,070,198
Community services	3,284,127	865,858	983,385	-
Economic development	83,053	-	250,601	-
Interest and fiscal charges	107,548	-	-	-
Total governmental activities	<u>31,275,387</u>	<u>2,901,515</u>	<u>9,760,434</u>	<u>2,070,198</u>
Business-type activities:				
Water	6,666,026	9,316,754	-	-
Sewer	8,319,750	10,544,843	-	-
STANCOG	812,658	148,941	-	-
Total business-type activities	<u>15,798,434</u>	<u>20,010,538</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 47,073,821</u>	<u>\$ 22,912,053</u>	<u>\$ 9,760,434</u>	<u>\$ 2,070,198</u>

General revenues:

- Taxes:
 - Property taxes, levied for general purposes
 - Sales and use tax
 - Utility users tax
 - Other taxes
- Intergovernmental:
 - State motor vehicle in-lieu tax (MVLTF)
- Use of money and property
- Other general revenues
- Total general revenues
- Transfers
 - Total general revenues and transfers
- Change in net position
- Net position:
 - Beginning of year
 - Net position - Ending

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

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

Governmental Activities	Business-Type Activities	Totals
\$ (1,856,365)	\$ -	\$ (1,856,365)
(16,715,450)	-	(16,715,450)
22,900	-	22,900
3,380,559	-	3,380,559
(1,434,884)	-	(1,434,884)
167,548	-	167,548
(107,548)	-	(107,548)
<u>(16,543,240)</u>	<u>-</u>	<u>(16,543,240)</u>
-	2,650,728	2,650,728
-	2,225,093	2,225,093
-	(663,717)	(663,717)
-	4,212,104	4,212,104
<u>(16,543,240)</u>	<u>4,212,104</u>	<u>(12,331,136)</u>
2,215,118	-	2,215,118
7,390,840	-	7,390,840
821,126	-	821,126
788,177	-	788,177
3,564,448	-	3,564,448
184,729	232,810	417,539
173,168	1,830	174,998
<u>15,137,606</u>	<u>234,640</u>	<u>15,372,246</u>
-	-	-
<u>15,137,606</u>	<u>234,640</u>	<u>15,372,246</u>
(1,405,634)	4,446,744	3,041,110
88,221,183	38,045,618	126,266,801
<u>\$ 86,815,549</u>	<u>\$ 42,492,362</u>	<u>\$ 129,307,911</u>

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

Fund	Description
Governmental Funds:	
General	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
Street Expansion Special Revenue	Accounts for fees collected from developers to be used to widen streets due to the traffic impact of their projects.
Home Program Grants Special Revenue	Accounts for activities related to housing and the related Home Program funding.
CDBG Grants Special Revenue	Accounts for activities related to housing and the related CDBG funding.

City of Ceres, California
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds			
	General Fund	Street Expansion Special Revenue	Home Program Grants Special Revenue	CDBG Grants Special Revenue
ASSETS				
Cash and investments	\$ 3,808,057	\$ 4,090,264	\$ 156,504	\$ 450,593
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	34,214	-	-	-
Notes receivable	-	-	-	-
Loans receivable	-	-	6,158,040	498,506
Other receivable	2,583,453	-	-	108,158
Due from other funds	2,726,653	-	-	-
Advances to Former Redevelopment Agencies				
Private Purpose Trust	531,494	-	-	-
Prepaid items	3,712	-	-	-
Advances to other funds	-	-	-	-
Total assets	\$ 9,687,583	\$ 4,090,264	\$ 6,314,544	\$ 1,057,257
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,605,357	\$ 1,032,498	\$ -	\$ 10,628
Deposits payable	2,286,532	-	-	-
Intergovernmental payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	3,891,889	1,032,498	-	10,628
Deferred inflows: Unavailable revenue	549,121	-	6,158,040	498,506
Total liabilities and deferred inflows	4,441,010	1,032,498	6,158,040	509,134
Fund balances:				
Nonspendable:				
Petty cash	6,850	-	-	-
Prepaid items	3,712	-	-	-
Restricted reported in:				
Special revenue funds	-	-	156,504	548,123
Committed	17,988	1,139,922	-	-
Assigned reported in:				
Special revenue funds	-	1,917,844	-	-
Unassigned (deficit), reported in:				
General fund	5,218,023	-	-	-
Special revenue funds	-	-	-	-
Total fund balances	5,246,573	3,057,766	156,504	548,123
Total liabilities and fund balances	\$ 9,687,583	\$ 4,090,264	\$ 6,314,544	\$ 1,057,257

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

Nonmajor Governmental Funds		Totals
\$ 8,670,037	\$ 17,175,455	
-	-	
516,628	516,628	
-	34,214	
762,150	762,150	
-	6,656,546	
172,723	2,864,334	
145,362	2,872,015	
-	531,494	
-	3,712	
-	-	
<u>\$ 10,266,900</u>	<u>\$ 31,416,548</u>	

\$ 523,275	\$ 3,171,758
82,338	2,368,870
99,692	99,692
2,871,781	2,871,781
<u>3,577,086</u>	<u>8,512,101</u>
<u>772,373</u>	<u>7,978,040</u>
<u>4,349,459</u>	<u>16,490,141</u>

-	6,850
-	3,712
4,025,754	4,730,381
211,933	1,369,843
4,528,724	6,446,568
-	5,218,023
<u>(2,848,970)</u>	<u>(2,848,970)</u>
<u>5,917,441</u>	<u>14,926,407</u>
<u>\$ 10,266,900</u>	<u>\$ 31,416,548</u>

City of Ceres, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Total fund balances - total governmental funds \$ 14,926,407

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. 83,908,307

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	\$ (1,363,223)	
Due after one year	(648,824)	
Net pension obligation	<u>(28,430,847)</u>	(30,442,894)

Governmental funds notes receivable from various loan programs are deferred under the current financial resources measurement focus. The notes receivable are recognized in the government-wide Statement of Net Position under the accrual basis of accounting. 7,428,919

Pension obligations result in deferred outflows and inflows of resources associated with actuarial value of contributions, assets, and liabilities

Deferred outflows	10,707,847	
Deferred inflows	<u>(2,690,156)</u>	8,017,691

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

Current assets	2,566,171	
Noncurrent assets	1,657,864	
Accounts payable and accrued liabilities	(95,883)	
Long-term liabilities	<u>(1,151,033)</u>	2,977,119
Net position of governmental activities		<u><u>\$ 86,815,549</u></u>

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

City of Ceres, California

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

Governmental Activities

June 30, 2018

	Governmental Funds Balance Sheet	Reclassifications	Internal Service Funds	Changes in GAAP	Statement of Net Position
ASSETS					
Current assets:					
Cash and investments	\$ 17,175,455	\$ -	\$ 2,566,171	\$ -	\$ 19,741,626
Receivables:					
Taxes	516,628	-	-	-	516,628
Interest	34,214	-	-	-	34,214
Other receivable	2,864,334	-	-	-	2,864,334
Due from other funds	2,872,015	(2,872,015)	-	-	-
Prepaid items	3,712	-	-	-	3,712
Total current assets	23,466,358	(2,872,015)	2,566,171	-	23,160,514
Noncurrent assets:					
Advances to(from) fiduciary activities	531,494	-	-	-	531,494
Loans/Notes receivable	7,418,696	-	-	(549,121)	6,869,575
Capital assets, net	-	-	1,657,864	83,908,307	85,566,171
Total noncurrent assets	7,950,190	-	1,657,864	83,359,186	92,967,240
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows: Pension Plan	-	-	-	10,707,847	10,707,847
Total assets and deferred outflows of resources	\$ 31,416,548	\$ (2,872,015)	\$ 4,224,035	\$ 94,067,033	\$ 126,835,601
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 3,171,758	\$ -	\$ 95,649	\$ -	\$ 3,267,407
Deposits payable	2,368,870	-	-	-	2,368,870
Intergovernmental payable	99,692	-	-	-	99,692
Due to other funds	2,871,781	(2,872,015)	234	-	-
Total current liabilities	8,512,101	(2,872,015)	95,883	-	5,735,969
Noncurrent liabilities:					
Long-term debt:					
Compensated absences	-	-	163,795	1,363,223	1,527,018
Due within one year	-	-	-	-	-
Due after one year	-	-	-	648,824	648,824
Liability for claims	-	-	987,238	-	987,238
Net pension obligation	-	-	-	28,430,847	28,430,847
Total noncurrent liabilities	-	-	1,151,033	30,442,894	31,593,927
Total liabilities	8,512,101	(2,872,015)	1,246,916	30,442,894	37,329,896
Deferred inflows: Grants	7,428,919	-	-	(7,428,919)	-
Deferred inflows: Unavailable revenue	549,121	-	-	(549,121)	-
Deferred inflows: Pension plan	-	-	-	2,690,156	2,690,156
Total liabilities and deferred inflows	16,490,141	(2,872,015)	1,246,916	25,155,010	40,020,052
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	10,562	(10,562)	-	-	-
Restricted	4,730,381	(4,730,381)	-	-	-
Committed	1,369,843	(1,369,843)	-	-	-
Assigned	6,446,568	(6,446,568)	-	-	-
Unassigned	2,369,053	(2,369,053)	-	-	-
Net position:					
Net investment in capital assets	-	-	1,657,864	82,710,362	84,368,226
Restricted	-	-	-	4,730,381	4,730,381
Unrestricted	-	14,926,407	1,319,255	(18,528,720)	(2,283,058)
Total fund balances/ net position	14,926,407	-	2,977,119	68,912,023	86,815,549
Total liabilities, deferred inflows, and net position	\$ 31,416,548	\$ (2,872,015)	\$ 4,224,035	\$ 94,067,033	\$ 126,835,601

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

City of Ceres, California
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2018

	Major Funds			
	General Fund	Street Expansion Special Revenue	Home Program Grants Special Revenue	CDBG Grants Special Revenue
REVENUES:				
Property and other taxes	\$ 14,842,955	\$ -	\$ -	\$ -
Licenses and permits	1,712,879	-	-	-
Fines, forfeitures and penalties	216,084	-	-	-
Charges for services	1,752,117	-	-	-
Intergovernmental	1,050,433	205,841	1,200	235,826
Use of money and property	152,770	47,993	(27)	2,940
Other revenues	125,821	-	(14)	7,003
Total revenues	19,853,059	253,834	1,159	245,769
EXPENDITURES:				
Current:				
General government	1,567,684	-	-	-
Public safety	15,564,474	-	-	-
Engineering and Transportation	123,906	5,517	-	-
Public works	121,477	-	-	-
Community services	2,331,952	-	-	-
Economic development	-	-	-	162
Capital outlay	53,636	3,179,426	-	213,273
Debt service:				
Interest and fiscal charges	-	-	-	-
Total expenditures	19,763,129	3,184,943	-	213,435
REVENUES OVER (UNDER) EXPENDITURES	89,930	(2,931,109)	1,159	32,334
OTHER FINANCING SOURCES (USES):				
Proceeds from sales of assets	625	-	-	-
Transfers in	627,041	-	-	-
Transfers out	(10,818)	-	-	-
Total other financing sources (uses)	616,848	-	-	-
Net change in fund balances	706,778	(2,931,109)	1,159	32,334
FUND BALANCES:				
Beginning of year	4,539,795	5,988,875	155,345	515,789
End of year	<u>\$ 5,246,573</u>	<u>\$ 3,057,766</u>	<u>\$ 156,504</u>	<u>\$ 548,123</u>

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

Other Governmental Funds		Totals	
\$	5,185,165	\$	20,028,120
	-		1,712,879
	61,114		277,198
	479,918		2,232,035
	3,653,683		5,146,983
	77,436		281,112
	57,991		190,801
	<u>9,515,307</u>		<u>29,869,128</u>
	20,646		1,588,330
	3,785,678		19,350,152
	1,301,190		1,430,613
	37,658		159,135
	479,836		2,811,788
	9,803		9,965
	4,182,754		7,629,089
	<u>118,979</u>		<u>118,979</u>
	<u>9,936,544</u>		<u>33,098,051</u>
	<u>(421,237)</u>		<u>(3,228,923)</u>
	-		625
	145,017		772,058
	<u>(761,240)</u>		<u>(772,058)</u>
	<u>(616,223)</u>		<u>625</u>
	(1,037,460)		(3,228,298)
	<u>6,954,901</u>		<u>18,154,705</u>
\$	<u>5,917,441</u>	\$	<u>14,926,407</u>

City of Ceres, California

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

For the year ended June 30, 2018

Functions/Programs	Fund Based Totals	Debt/ Compensated Absences	Deferred Revenue	Depreciation	Capital Asset (Additions)/ Retirements	Pension Plan	Internal Service Funds	Government- wide Totals
Governmental activities:								
General government	\$ 1,588,330	\$ (2,710)	\$ 8,910	\$ 2,238,187	\$ -	258,310	\$ (542,805)	\$ 3,548,222
Public safety	19,350,152	-	-	22,308	-	3,146,910	-	22,519,370
Engineering and Transportation	1,430,613	-	-	-	-	232,660	-	1,663,273
Public works	159,135	-	-	2,575,556	(2,690,777)	25,880	-	69,794
Community services	2,811,788	-	-	15,059	-	457,280	-	3,284,127
Economic development	9,965	-	-	71,467	-	1,621	-	83,053
Capital outlay	7,629,089	-	-	-	(7,629,089)	-	-	-
Debt service/Interest	118,979	(11,431)	-	-	-	-	-	107,548
Total governmental activities	\$ 33,098,051	\$ (14,141)	\$ 8,910	\$ 4,922,577	\$ (10,319,866)	\$ 4,122,661	\$ (542,805)	\$ 31,275,387

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

City of Ceres, California

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended June 30, 2018

Net change in fund balances - total governmental funds		\$ (3,228,298)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital asset purchases capitalized	\$ 10,198,848	
Capital asset retirements	121,018	
Depreciation expense	<u>(4,922,577)</u>	5,397,289
<p>Repayment and issuance of debt is an expenditure and other financing source in the governmental funds, but the repayment reduces and the issuance increases long-term liabilities in the Statement of Net Position.</p>		
		11,431
<p>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:</p>		
Change in compensated absences	2,710	
Change in pension expense	<u>(4,122,661)</u>	(4,119,951)
<p>Deferred Inflows related to the notes receivables in the governmental fund are reversed to reduce the expenditures of loan payments in the Government-Wide Financial Statements.</p>		
Deferred inflows		(8,910)
<p>Internal services funds are used by management to charge the costs of certain activities, such as risk management, to individual funds. The change in net position of the Internal Service Funds (\$28,653) is included in the governmental activities in the government-wide Statement of Net Position less amounts due to changes in capital assets \$189,091 reported above for capital assets.</p>		
		<u>542,805</u>
Change in net position of governmental activities		<u><u>\$ (1,405,634)</u></u>

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

City of Ceres, California

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund and Major Special Revenue Funds For the year ended June 30, 2018

	General Fund			
	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Property and other taxes	\$ 14,857,339	\$ 14,857,339	\$ 14,842,955	\$ (14,384)
Licenses and permits	1,574,245	1,574,245	1,712,879	138,634
Fines, forfeitures and penalties	222,000	222,000	216,084	(5,916)
Charges for services	1,483,000	1,483,000	1,752,117	269,117
Intergovernmental	985,296	985,296	1,050,433	65,137
Use of money and property	117,700	117,700	152,770	35,070
Other revenues	92,496	92,496	125,821	33,325
Total revenues	19,332,076	19,332,076	19,853,059	520,983
EXPENDITURES:				
Current:				
General government	1,487,328	1,487,328	1,567,684	(80,356)
Public safety	15,862,811	15,862,811	15,564,474	298,337
Engineering and Transportation	172,702	172,702	123,906	48,796
Public works	126,261	126,261	121,477	4,784
Community services	2,442,011	2,442,011	2,331,952	110,059
Capital outlay	129,929	129,929	53,636	76,293
Total expenditures	20,221,042	20,221,042	19,763,129	457,913
REVENUES OVER (UNDER) EXPENDITURES	(888,966)	(888,966)	89,930	978,896
OTHER FINANCING SOURCES (USES):				
Transfers from Successor Agency	-	-	-	-
Proceeds from sales of assets	1,000	1,000	625	(375)
Transfers in	686,675	686,675	627,041	(59,634)
Transfers out	(10,917)	(10,917)	(10,818)	99
Total other financing sources (uses)	676,758	676,758	616,848	(59,910)
Net change in fund balances	(212,208)	(212,208)	706,778	918,986
FUND BALANCES:				
Beginning of year	4,539,795	4,539,795	4,539,795	-
End of year	\$ 4,327,587	\$ 4,327,587	\$ 5,246,573	\$ 918,986

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

Street Expansion Special Revenue Fund

Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
200,000	200,000	205,841	5,841
15,000	15,000	47,993	32,993
5,000	5,000	-	(5,000)
<u>220,000</u>	<u>220,000</u>	<u>253,834</u>	<u>33,834</u>
-	-	-	-
-	-	-	-
20,000	20,000	5,517	14,483
-	-	-	-
-	-	-	-
<u>214,369</u>	<u>5,829,691</u>	<u>3,179,426</u>	<u>2,650,265</u>
<u>234,369</u>	<u>5,849,691</u>	<u>3,184,943</u>	<u>2,664,748</u>
<u>(14,369)</u>	<u>(5,629,691)</u>	<u>(2,931,109)</u>	<u>2,698,582</u>
-	-	-	-
-	-	0	-
-	-	-	-
-	-	-	-
<u>(14,369)</u>	<u>(5,629,691)</u>	<u>(2,931,109)</u>	<u>2,698,582</u>
<u>5,988,875</u>	<u>5,988,875</u>	<u>5,988,875</u>	<u>-</u>
<u>\$ 5,974,506</u>	<u>\$ 359,184</u>	<u>\$ 3,057,766</u>	<u>\$ 2,698,582</u>

(continued)

City of Ceres, California

Statement of Revenues, Expenditures, and Changes in Fund Balances -

Budget to Actual - General Fund and Major Special Revenue Funds, Continued

For the year ended June 30, 2018

	Home Program Grants Special Revenue Fund			
	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Property and other taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	183,270	183,270	1,200	(182,070)
Use of money and property	-	-	(27)	(27)
Other revenues	5,000	5,000	(14)	(5,014)
Total revenues	188,270	188,270	1,159	(187,111)
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Engineering and Transportation	-	-	-	-
Public works	-	-	-	-
Community services	-	-	-	-
Economic development	181,570	181,570	-	181,570
Capital outlay	-	-	-	-
Total expenditures	181,570	181,570	-	181,570
REVENUES OVER (UNDER) EXPENDITURES	6,700	6,700	1,159	(5,541)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	6,700	6,700	1,159	(5,541)
FUND BALANCES (DEFICIT):				
Beginning of year	155,345	155,345	155,345	-
End of year	<u>\$ 162,045</u>	<u>\$ 162,045</u>	<u>\$ 156,504</u>	<u>\$ (5,541)</u>

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

CDBG Grants Special Revenue Fund			
<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance w/Final Positive (Negative)</u>
<u>Original</u>	<u>Final</u>		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
245,000	245,000	235,826	(9,174)
750	750	2,940	2,190
4,400	4,400	7,003	2,603
<u>250,150</u>	<u>250,150</u>	<u>245,769</u>	<u>(4,381)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
302,270	302,250	162	302,088
<u>235,000</u>	<u>367,563</u>	<u>213,273</u>	<u>154,290</u>
<u>537,270</u>	<u>669,813</u>	<u>213,435</u>	<u>456,378</u>
<u>(287,120)</u>	<u>(419,663)</u>	<u>32,334</u>	<u>451,997</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(287,120)</u>	<u>(419,663)</u>	<u>32,334</u>	<u>451,997</u>
<u>515,789</u>	<u>515,789</u>	<u>515,789</u>	<u>-</u>
<u>\$ 228,669</u>	<u>\$ 96,126</u>	<u>\$ 548,123</u>	<u>\$ 451,997</u>

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PROPRIETARY FUNDS

Fund	Description
Major Funds:	
Water	Accounts for the operation of the City's water utility. It is a self-supporting activity that provides services on a user-charge basis to residents and businesses located in the City.
Sewer	Accounts for the operation of the City's sewer utility. It is a self-supporting activity that provides services on a user-charge basis to residents and businesses located in the City.
STANCOG	Accounts for local transportation funds restricted to transit, street, pedestrian, and bike purposes funded through passenger fares.

City of Ceres, California

Statement of Net Position

Proprietary Funds

June 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	STANCOG	Totals	Totals
Current assets:					
Cash and investments	\$ 10,937,584	\$ 14,961,556	\$ 466,068	\$ 26,365,208	\$ 2,566,171
Cash and investments with trustee/fiscal agent	308,812	532,342	-	841,154	-
Accounts receivable (net of uncollectible)	596,117	599,624	69,199	1,264,940	-
Interest receivable	-	-	-	-	-
Total current assets	11,842,513	16,093,522	535,267	28,471,302	2,566,171
Property, plant and equipment	24,118,263	27,352,840	713,866	52,184,969	6,026,258
Less accumulated depreciation	(10,085,203)	(11,896,669)	(338,622)	(22,320,494)	(4,368,394)
Property, plant, and equipment, net	14,033,060	15,456,171	375,244	29,864,475	1,657,864
Total assets	25,875,573	31,549,693	910,511	58,335,777	4,224,035
Deferred outflows: Pension Plan	878,935	857,753	14,908	1,751,596	-
Total assets and deferred outflows	\$ 26,754,508	\$ 32,407,446	\$ 925,419	\$ 60,087,373	\$ 4,224,035
LIABILITIES AND NET POSITION					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 565,811	\$ 470,026	\$ 101,564	\$ 1,137,401	\$ 95,649
Deposits payable	283,180	-	-	283,180	-
Unearned revenue	53,186	-	-	53,186	-
Interest payable	23,457	34,346	-	57,803	-
Due to other funds	-	-	-	-	234
Current portion of long-term debt	116,593	199,073	-	315,666	-
Total current liabilities	1,042,227	703,445	101,564	1,847,236	95,883
Long-term liabilities:					
Compensated absences	134,330	203,600	-	337,930	163,795
Due after one year	3,762,855	6,532,362	-	10,295,217	-
Liability for claims	-	-	-	-	987,238
Net pension obligation	2,272,508	2,355,711	55,781	4,684,000	-
Total long-term liabilities	6,169,693	9,091,673	55,781	15,317,147	1,151,033
Total liabilities	7,211,920	9,795,118	157,345	17,164,383	1,246,916
Deferred inflows: Pension Plan	190,307	224,590	15,731	430,628	-
Total liabilities and deferred inflows	7,402,227	10,019,708	173,076	17,595,011	1,246,916
Net Position:					
Net investment in capital assets	10,270,205	8,923,809	375,244	19,569,258	1,657,864
Unrestricted	9,082,076	13,463,929	377,099	22,923,104	1,319,255
Total net position	19,352,281	22,387,738	752,343	42,492,362	2,977,119
Total liabilities, deferred inflows, and net position	\$ 26,754,508	\$ 32,407,446	\$ 925,419	\$ 60,087,373	\$ 4,224,035

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

City of Ceres, California

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the year ended June 30, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
	Water	Sewer	STANCOG	Totals 2018	Totals 2018
OPERATING REVENUES:					
Charges for services	\$ 8,730,095	\$ 10,148,641	\$ 68,984	\$ 18,947,720	\$ -
Interdepartmental charges	-	-	-	-	5,236,621
Other operating	586,659	396,202	79,957	1,062,818	217,041
Total operating revenues	9,316,754	10,544,843	148,941	20,010,538	5,453,662
OPERATING EXPENSES:					
Salaries and benefits	2,417,985	2,976,162	107,680	5,501,827	686,103
Contractual and other services	593,394	2,831,638	631,971	4,057,003	281,256
Materials and supplies	1,701,144	443,660	52	2,144,856	661,319
Depreciation and amortization	839,015	715,164	68,213	1,622,392	418,000
Other operating costs	1,018,301	1,186,332	4,742	2,209,375	2,691,431
Total operating expenses	6,569,839	8,152,956	812,658	15,535,453	4,738,109
OPERATING INCOME (LOSS)	2,746,915	2,391,887	(663,717)	4,475,085	715,553
NONOPERATING REVENUES (EXPENSES):					
Other income	1,830	-	-	1,830	-
Investment income	89,146	131,071	7,460	227,677	(257)
Gain on sale of assets	5,039	94	-	5,133	16,600
Interest and debt service expenses	(96,187)	(166,794)	-	(262,981)	-
Capital contributions	-	-	-	-	-
Total non-operating revenues	(172)	(35,629)	7,460	(28,341)	16,343
CHANGE IN NET POSITION	2,746,743	2,356,258	(656,257)	4,446,744	731,896
NET POSITION:					
Beginning of year	16,605,538	20,031,480	1,408,600	38,045,618	2,245,223
End of year	\$ 19,352,281	\$ 22,387,738	\$ 752,343	\$ 42,492,362	\$ 2,977,119

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

City of Ceres, California

Statement of Cash Flows

Proprietary Funds

For the year ended June 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	STANCOG	Totals	Totals
				2018	2018
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ 5,236,621
Cash receipts from customers	9,100,566	10,506,877	79,862	19,687,305	-
Cash payments to suppliers for goods and services	(3,100,473)	(4,908,989)	(585,115)	(8,594,577)	(1,361,060)
Cash payments to employees for services	(2,470,865)	(2,976,094)	(107,680)	(5,554,639)	(637,465)
Cash receipts (payments) for loss claims	-	-	-	-	(2,797,153)
Net cash used by operating activities	3,529,228	2,621,794	(612,933)	5,538,089	440,943
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Other income received	1,830	-	-	1,830	-
Transfers received (paid)	-	-	-	-	(1)
Changes in pension obligations	338,876	410,576	8,039	757,491	-
Net cash provided by noncapital financing activities	340,706	410,576	8,039	759,321	(1)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
(Acquisition) Disposal and construction of capital assets	(1,222,482)	(2,249,822)	(69,200)	(3,541,504)	(607,091)
Proceeds from sale of capital assets	-	-	-	-	16,600
Interest paid	(96,187)	(166,794)	-	(262,981)	-
Payments on long-term debt	(111,594)	(189,073)	-	(300,667)	-
Costs of issuance	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Net cash (used) by capital and related financing activities	(1,430,263)	(2,605,689)	(69,200)	(4,105,152)	(590,491)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income received	92,674	137,216	7,943	237,833	(257)
Net cash provided by investing activities	92,674	137,216	7,943	237,833	(257)
Net increase (decrease) in cash and cash equivalents	2,532,345	563,897	(666,151)	2,430,091	(149,806)
CASH AND CASH EQUIVALENTS:					
Beginning of year	8,714,051	14,930,001	1,132,219	24,776,271	2,715,977
End of year	<u>\$ 11,246,396</u>	<u>\$ 15,493,898</u>	<u>\$ 466,068</u>	<u>\$ 27,206,362</u>	<u>\$ 2,566,171</u>
Presentation in Statement of Net Position:					
Cash and investments	\$ 10,937,584	\$ 14,961,556	\$ 466,068	\$ 26,365,208	\$ 2,566,171
Cash and investments with trustee/fiscal agent	308,812	532,342	-	841,154	-
Total cash and investments	<u>\$ 11,246,396</u>	<u>\$ 15,493,898</u>	<u>\$ 466,068</u>	<u>\$ 27,206,362</u>	<u>\$ 2,566,171</u>
Reconciliation of income (loss) from operations to net cash used by operating activities:					
Operating income (loss)	\$ 2,746,915	\$ 2,391,887	\$ (663,717)	\$ 4,475,085	\$ 715,553
Adjustments to reconcile operating income (loss) to net cash used in operating activities:					
Depreciation and amortization	839,015	715,164	68,213	1,622,392	418,000
(Increase) decrease in current assets:					
Accounts receivable	(219,055)	(37,966)	(69,079)	(326,100)	-
Prepaid items	-	-	-	-	-
Increase (decrease) in liabilities:					
Accounts payable and accrued liabilities	212,366	(447,359)	51,650	(183,343)	19,300
Deposits payable	(964)	-	-	(964)	-
Unearned revenue	3,831	-	-	3,831	-
Compensated absences	(52,880)	68	-	(52,812)	48,638
Increase (decrease) in claims liability	-	-	-	-	(760,548)
Net cash used by operating activities	\$ 3,529,228	\$ 2,621,794	\$ (612,933)	\$ 5,538,089	\$ 440,943

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

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

City of Ceres, California
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Successor Agencies Private Purpose Trust Funds	Westpointe Assessment District Debt Service Agency Fund
ASSETS		
Current assets:		
Cash and investments	\$ 2,514,285	\$ 423,058
Cash and investments with trustee/fiscal agent	4,659,438	289,955
Accounts receivable	-	-
Interest receivable	-	-
Prepaid items	-	-
Other receivables	-	-
Total current assets	<u>7,173,723</u>	<u>713,013</u>
Non-Current assets:		
Long-term loans receivable	2,650,421	-
Construction in progress	12,500,147	-
Total non-current assets	<u>15,150,568</u>	<u>-</u>
Total assets	<u>22,324,291</u>	<u>713,013</u>
Deferred outflows: Pension plan	87,385	-
Total assets and deferred outflows	<u>\$ 22,411,676</u>	<u>\$ 713,013</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 179,001	\$ 357,825
Interest payable	188,150	-
Due to others		355,188
Compensated absences - current	10,100	
Current portion of long term debt	1,391,649	-
Total current liabilities	<u>1,768,900</u>	<u>713,013</u>
Long-term liabilities:		
Advances from other government agencies	266,702	-
Advances from Governmental Activities	531,494	-
Due after one year	34,717,216	-
Net pension obligation	256,567	-
Total long-term liabilities	<u>35,771,979</u>	<u>-</u>
Total liabilities	<u>37,540,879</u>	<u>\$ 713,013</u>
Deferred inflows: Pension plan	37,959	
Total liabilities and deferred inflows	<u>37,578,838</u>	
Net Position (Deficit):		
Net position held in trust for Redevelopment Dissolution	<u>(15,167,162)</u>	
Total liabilities, deferred inflows, and net position	<u>\$ 22,411,676</u>	

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

City of Ceres, California
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the year ended June 30, 2018

	Successor Agencies
	Private Purpose Trust Funds
ADDITIONS:	
Property taxes	\$ 3,252,082
Investment earnings	(56,647)
Other revenue	-
Gain on debt refunding	-
Total additions	<u>3,195,435</u>
DEDUCTIONS:	
General and administrative	6,030
Salaries and benefits	155,766
Contractual and other services	94,487
Materials and supplies	47,882
Interest and debt service expenses	2,261,184
Amortization	173,610
Total deductions	<u>2,738,959</u>
CHANGE IN FIDUCIARY NET ASSETS	456,476
NET POSITION (DEFICIT):	
Beginning of year	(15,623,638)
End of year	<u>\$ (15,167,162)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Ceres, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. *Financial Reporting Entity*

The City of Ceres (City) was incorporated on February 25, 1918, 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 and Fire), highways and streets, water service, sewer service, 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.

The City was incorporated under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City uses the City Council/Manager form of government. 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.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City currently has no blended or discretely reported component units.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These government-wide financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. Transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Government–Wide Financial Statements, Continued

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements (including all National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business-type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, to proprietary funds, except those that conflict with or contradict GASB pronouncements.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria. The following were the City's major governmental funds:

- ***The General Fund*** - Accounts for all general revenues of the city not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in other funds.
- ***Street Expansion Special Revenue Fund*** - Fees collected from developers to be used to widen streets due to the traffic impact of their projects.
- ***HOME Program Grants Special Revenue Fund*** - This fund is used to account for Federal funds used for housing assistance payments to low-income, elderly, disabled, and handicapped people qualifying for the programs, as well as rehabilitation for rental property.
- ***Community Development Block Grant Special Revenue Fund*** - These funds are used to account for community development block grants that the City has been awarded and income received from loans granted to participants. The funds are primarily used for local home improvements and public infrastructure enhancements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred inflows arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred inflows is removed from the balance sheet and revenue is recognized.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences between the two methods of measurement focus.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows for all proprietary funds. The City has determined that all its enterprise funds are major funds. The following were the City’s major enterprise funds:

The **Water Fund** consists of:

- *Water Service Fund* - This fund was established as a separate fund to account for the operation of the City's water utility. It is a self-supporting activity that provides services on a user-charge basis to residents and businesses located in the City.
- *Water Quality Sinking Fund* - Revenue from this fund comes from a \$3.00 per account transfer from the Water Service added to the water bill. Expenditures are for water system improvements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

- *Water Supply Fund* - Revenue from this fund comes from water connection fees. Expenditures are for major system improvements, including debt service payments if the improvements are financed.
- *2009 Water Bond Fund* – This fund is used to account for projects financed with 2009 Water Revenue Bonds. The bond funds are being used to finance the acquisition and construction of certain improvements to the Water Enterprise system.

The **Sewer Fund** consists of:

- *Sewer Main Line Construction Fund* - Revenue from this fund comes from sewer connection fees. Expenditures are for plant improvements and pump station construction.
- *Sewer Service Fund* - This fund was established as a separate fund to account for the operation of the City's sewer utility. It is a self-supporting activity that provides services on a user-charge basis to residents and businesses located in the City.
- *2009 Sewer Bond Fund* – This fund is used to account for projects financed with 2009 Sewer Revenue Bonds. The bond funds are being used to finance the acquisition and construction of certain improvements to the Sewer Enterprise system.

Stancog Dial-A-Ride Fund - This fund is a local transportation fund restricted to transit, street, pedestrian, and bike purposes.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements, Continued

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The City's fiduciary funds include both agency funds and private purpose trust funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Private Purpose Trust Funds account for resources held for other individuals or entities in a manner similar to private enterprise. These funds are accounted for using the accrual basis of accounting.

C. Cash, Cash Equivalents, and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments. For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

Disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

Highly liquid 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. Market value is used as fair value for those securities for which market quotations are readily available.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents and Investments, Continued

The City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. LAIF has invested a portion 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 a result of changes in interest rates.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects. Cash and investments are also restricted for deposits held for others within the enterprise funds.

E. Inventories

The City accounts for inventories using the first-in, first-out method. Inventories consist primarily of supplies and are carried at cost. Governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

F. Capital Assets

Government-Wide Financial Statements

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure at \$100,000; all other capital assets are set at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	50-60 years
Improvements other than buildings	30-50 years
Machinery and equipment	5-20 years
Infrastructure	15-50 years

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Capital Assets, Continued

Government-Wide Financial Statements, Continued

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, sewer, park lands, and buildings. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping, and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

For all infrastructure systems, the City elected to use the Basic Approach defined by GASB Statement No. 34, which requires all infrastructures be reported at historical cost and be depreciated over their estimated useful lives.

G. Long-Term Liabilities

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred outflows.

Fund Financial Statements

The Governmental Fund Financial Statements do not present long-term debt. Consequently, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Compensated Absences

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported in the appropriate activity.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City’s policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund’s share of the unpaid liability is recorded as a long-term liability of the fund.

The City accrues vacation time payable to employees based on agreements between the City and the various City employee bargaining units. Vacation time generally accrues as follows:

<u>Years of Service</u>	<u>Annual Vacation Eamed</u>
1 - 4	2 weeks
5 - 10	3 weeks
11 - 19	4 weeks
20 +	One day per year for each year over 20 to a maximum of 25 days per year

Employees may accumulate a maximum of 480 hours. Vacation is accrued per pay period. Although new employees immediately begin earning vacation time, they are not eligible to use it until 30 days of service has passed. The accrued liability of governmental fund types for compensated absences is not expected to be paid from current available funds and, therefore, has been recorded in the governmental activities of the Government-Wide Financial Statements. The liability in proprietary fund types is carried as an obligation in the Fund Financial Statements and in the business-type activities of the Government-Wide Financial Statements. The City does not pay any post-employment benefits.

I. 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 City has only has one item that qualifies for reporting in this category. It is the deferred charge on pension plan contributions on the statement of net position.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Deferred outflows/inflows of resources, Continued

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 City has one item reported as a deferred inflow of resources. The deferred inflow our resources is the net difference between projected and actual earnings on pension plan investments and is reported on the statement of net position.

J. Net Position and Fund Equity

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net position are classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Net Position – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted.”

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).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Net Position and Fund Equity, Continued

Government-Wide Financial Statements, Continued

Restricted Fund Balance –

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (Creditors, Grantors, Contributors and Other Governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

Committed Fund Balance –

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

Assigned Fund Balance –

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

Unassigned Fund Balance –

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are receivable from the county within ninety days after year end.

Lien Date	January 1
Levy Date	January 1
Due Date	November 1 and February 1
Collection Date	December 10 and April 10

Property taxes levied are recorded as revenue when received in the fiscal year of levy, because of the adoption of the “alternate method of property tax distribution,” known as the Teeter Plan, by the City and the County of Stanislaus. The Teeter Plan authorizes the Auditor/Controller of the County of Stanislaus to allocate 100% of the secured property taxes billed, but not yet paid.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

O. Interfund Balances/Internal Balances

Advances to and advances from other funds represent interfund loans in the fund financial statements. Advances between funds are offset by a fund liability or by deferred inflows in the applicable governmental funds to indicate that they are not expendable available financial resources. Any unpaid interest due to lack of funds in the borrowing fund increases the principal owed and is reported in the lending fund as deferred inflows.

All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as “internal balances.”

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Use of Restricted and Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

Q. Budgetary Accounting

The City followed these procedures in establishing the budgetary data reflected in the financial statements:

1. Public hearings are conducted to obtain public comments. The City Council annually adopts the budget for the ensuing fiscal year prior to July 1st.
2. The City Manager is authorized to transfer budgetary amounts within a Department; however, any revisions that alter the total expenditures of any Department must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed for the debt service funds because effective budgetary control is alternatively achieved through bond indenture provisions. The capital projects, proprietary and trust and agency funds are not budgeted.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. The City Manager may amend the budgeted amounts within departmental expenditure classifications. Appropriation revisions made during the year ended June 30, 2018, were not significant.

Appropriations lapse at the end of the fiscal year and then are rebudgeted for the coming year.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2018, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. Budgetary Accounting, Continued

Budgeted appropriations for the various governmental funds become effective each July 1. The City Council may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

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

2. CASH AND INVESTMENTS

At June 30, 2018, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair market value:

	Maturities (in years)			Deposits	Fair Market Value
	< 1	1 to 3	> 3		
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value:					
Cash in bank	\$ -	\$ -	\$ -	\$ 9,743,906	\$ 9,743,906
Petty cash	-	-	-	6,450	6,450
Total pooled items	-	-	-	9,750,356	9,750,356
Pooled investments, at fair value					
<u>Interest obligations</u>					
	Par	Rate			
\$ 5,890,000	1.0 - 2.5 %	Domestic Time Deposits	1,240,000	1,935,000	2,715,000
\$ 29,179,000	.075 - 2.75%	US Government Agency Securities	4,497,920	17,492,453	7,000,000
		Municipal Investor Account	2,993,939	-	-
		State of California Local Agency Investment Fund	7,210,056	-	-
		Total pooled investments - interest obligations	15,941,915	19,427,453	9,715,000
		Total cash equivalents and investments pooled	\$ 15,941,915	\$ 19,427,453	\$ 9,715,000
Amounts reported in:					
Governmental activities					\$ 19,741,626
Business-type activities:					
Unrestricted cash and investments					26,365,208
Cash and investments with trustee/fiscal agent					841,154
Fiduciary activities:					
Unrestricted cash and investments					2,937,343
Cash and investments with trustee/fiscal agent					4,949,393
Total					\$ 54,834,724

Investment Type	Fair Value	Maturity (in years)
Domestic Time Dposits	\$ 5,890,000	2.205
US Government Agency Securities	28,990,373	1.756
Municipal Investor Account	2,993,939	0.000
Local Agency Investment Fund	7,210,056	0.000
Total fair value	\$ 45,084,368	

Portfolio weighted average maturity 1.42

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. During the year ended June 30, 2018, the City's permissible investments included the following instruments:

Medium-term Corporate Notes	Commercial Paper	Treasury Bills and Notes
Certificates of Deposit	Repurchase Agreements	Passbook Savings Accounts
Bankers' Acceptances	Government Agency Securities	Local Agency Investment Fund

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

2. CASH AND INVESTMENTS, Continued

Interest rate risk – In accordance with its investment policy, the City manages its exposures to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 5 years. As of June 30, 2018, the weighted average maturity was not applicable because all balances are current.

Credit risk – It is the City’s policy that commercial paper have a rating of “A1” or higher by a nationally recognized statistical rating organization (NRSRO) and with a maturity date not exceeding 180 days from the date of purchase. Medium-term notes, with a final maturity not exceeding five years from the date of purchase, must have a rating of A or the equivalent by a NRSRO. Federal instrumentalities must have a rating of AAA or the equivalent by a NRSRO at the time of purchase with a maximum maturity of five years at the time of purchase. The LAIF, administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

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

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

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

At June 30, 2018, the carrying amount of the City’s deposits was \$4,349,875 and the balance in financial institutions was \$4,356,725. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$4,106,725 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City. As of June 30, 2018, the City’s investments were held by the City’s custodial agent, but not in the City’s name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million.

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

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

2. CASH AND INVESTMENTS, Continued

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, 2018 was \$22,548,942,230 of which the City had a balance of \$7,210,056. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2018 has a portfolio with market valuation of \$88,798,232 thousand. Of the total invested, 97.33% was invested in non-derivative financial products and 2.67% 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.

3. ACCOUNTS RECEIVABLE

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

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Current:				
Accounts	\$ -	\$ 1,264,940	\$ -	\$ 1,264,940
Taxes	516,628	-	-	516,628
Interest	34,214	-	-	34,214
Intergovernmental	-	-	-	-
Other receivable	2,864,334	-	-	2,864,334
Total current	<u>3,415,176</u>	<u>1,264,940</u>	<u>-</u>	<u>4,680,116</u>
Noncurrent:				
Loans receivable	6,869,575	-	2,650,421	9,519,996
Total noncurrent	<u>6,869,575</u>	<u>-</u>	<u>2,650,421</u>	<u>9,519,996</u>
Total receivables	<u>\$ 10,284,751</u>	<u>\$ 1,264,940</u>	<u>\$ 2,650,421</u>	<u>\$ 14,200,112</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	3.64%
Individuals/Businesses	75.95%
Financial	0.24%
Other	20.17%

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

3. ACCOUNTS RECEIVABLE, Continued

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

4. LOANS AND NOTES RECEIVABLE

Through the City's various housing rehabilitation funds and first-time home buyer's funds, the City has loaned funds to qualifying individuals and businesses. Interest rates vary depending on the terms of the loan. Interest is accrued on the loans that bear interest.

Loans and notes receivable for the year ended June 30, 2018, consisted of the following:

Description	Beginning July 1, 2017	Additions	(Deletions)	Ending June 30, 2018
First-Time Homebuyer Loans	\$ 2,714,143	\$ -	\$ -	\$ 2,714,143
Housing Rehabilitation Loans:				
CDBG Loan	160,359	75,375	-	235,734
Emergency Repair Loan	361,298	-	(6,389)	354,909
Begin Home Grant	762,150	-	-	762,150
Total Housing Rehabilitation Loans	1,283,807	75,375	(6,389)	1,352,793
Whitmore Oaks	865,361	-	-	865,361
Della Tiara	2,486,399	-	-	2,486,399
Total loans receivable	\$ 7,349,710	\$ 75,375	\$ (6,389)	\$ 7,418,696

The following is a summary of the loans and notes receivable outstanding as of June 30, 2018:

First-Time Homebuyer Loans

The City has provided various loans to assist first-time homebuyers with loans up to \$50,000. Loan repayment is deferred for 30 years or until sale or refinancing of the property. Interest rates vary from 1% to 5%. Total first-time homebuyer loans outstanding at June 30, 2018 were \$2,714,143.

Housing Rehabilitation Loans

The City administers various housing rehabilitation loan programs using Community Development Block Grant funds and Begin Home Funds. Under these programs, individuals with incomes below a certain level are eligible to receive low interest, variable term loans, secured by deeds of trust for rehabilitation work on their homes. Interest rates may vary from 0% to 3%. The loan repayments may be amortized over the life of the loans, deferred or a combination of both. Total rehabilitation loans outstanding at June 30, 2018 were \$1,352,793.

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

4. LOANS AND NOTES RECEIVABLE, Continued

Whitmore Oaks

The Whitmore Oaks loan was made to assist the developer with the costs to develop and construct a 53 unit apartment complex for seniors. The CRA provided a loan of \$612,500 and the City, through the State's HOME Investment Partnership Program, provided a loan of up to \$865,361. Loan provisions require the apartment complex provide not less than eleven affordable housing units to be rented to qualified very-low and low income persons and families. The CRA loan carries an interest rate of 3% starting 2015 and the note is payable in full in 2057. The HOME loan carries an interest rate of 3% starting in 2027 and the note is payable in full in 2042. The amount outstanding at June 30, 2018 was \$865,361.

Della Tiara

The CRA provided a loan to Della Tiara for the construction of a 26-unit apartment complex (the "Project) using HOME grant funds. The loan bears simple interest of 3% per year and interest begins to accrue January 1, 2015. The loan is deferred for 55 years. Commencing in 2018, principal and interest is due in an amount equal to 35% of residual cash flow from the Project provided that the residual cash flow in any year is over \$10,000. The amount outstanding at June 30, 2018 was \$2,486,399.

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

5. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Adjustments/ Reclassifications	Balance June 30, 2018
<u>Governmental activities:</u>					
Nondepreciable assets:					
Land	\$ 13,556,447	\$ 1,196,746	\$ -	\$ -	\$ 14,753,193
Total nondepreciable assets	<u>13,556,447</u>	<u>1,196,746</u>	<u>-</u>	<u>-</u>	<u>14,753,193</u>
Depreciable assets:					
Buildings and improvements	34,852,621	4,117,171	-	-	38,969,792
Machinery & equipment	12,783,709	833,046	(388,811)	-	13,227,944
Infrastructure	95,059,712	4,178,648	-	-	99,238,360
Total depreciable assets	<u>142,696,042</u>	<u>9,128,865</u>	<u>(388,811)</u>	<u>-</u>	<u>151,436,096</u>
Total	<u>156,252,489</u>	<u>10,325,611</u>	<u>(388,811)</u>	<u>-</u>	<u>166,189,289</u>
Accumulated depreciation:					
Buildings and improvements	(12,704,248)	(1,361,521)	-	-	(14,065,769)
Machinery & equipment	(10,852,431)	(582,581)	383,066	-	(11,051,946)
Infrastructure	(52,526,928)	(2,978,475)	-	-	(55,505,403)
Total accumulated depreciation	<u>(76,083,607)</u>	<u>(4,922,577)</u>	<u>383,066</u>	<u>-</u>	<u>(80,623,118)</u>
Net depreciable assets	<u>66,612,435</u>	<u>4,206,288</u>	<u>(5,745)</u>	<u>-</u>	<u>70,812,978</u>
Total net capital assets	<u>\$ 80,168,882</u>	<u>\$ 5,403,034</u>	<u>\$ (5,745)</u>	<u>\$ -</u>	<u>\$ 85,566,171</u>

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

General government	\$ 2,238,187
Public safety	22,308
Public works	2,575,556
Community services	15,059
Economic development	71,467
Total	<u>\$ 4,922,577</u>

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

5. CAPITAL ASSETS, Continued

Capital asset activity for business-type activities for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Adjustments/ Reclassifications	Balance June 30, 2018
<u>Business-type activities:</u>					
Nondepreciable assets:					
Land	\$ 1,783,812	\$ -	\$ -	\$ -	\$ 1,783,812
Total nondepreciable assets	<u>1,783,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,783,812</u>
Depreciable assets:					
Buildings and improvements	9,480,563	71,059	-	12,035	9,563,657
Machinery & equipment	7,103,261	137,840	(147,025)	-	7,094,076
Infrastructure	30,427,053	3,316,371	-	-	33,743,424
Total depreciable assets	<u>47,010,877</u>	<u>3,525,270</u>	<u>(147,025)</u>	<u>12,035</u>	<u>50,401,157</u>
Total	<u>48,794,689</u>	<u>3,525,270</u>	<u>(147,025)</u>	<u>12,035</u>	<u>52,184,969</u>
Accumulated depreciation:					
Buildings and improvements	(4,984,168)	(194,413)	-	-	(5,178,581)
Machinery & equipment	(4,459,942)	(499,115)	147,025	(2)	(4,812,034)
Infrastructure	(11,410,349)	(919,530)	-	-	(12,329,879)
Total accumulated depreciation	<u>(20,854,459)</u>	<u>(1,613,058)</u>	<u>147,025</u>	<u>(2)</u>	<u>(22,320,494)</u>
Net depreciable assets	<u>26,156,418</u>	<u>1,912,212</u>	<u>-</u>	<u>12,033</u>	<u>28,080,663</u>
Total net capital assets	<u>\$ 27,940,230</u>	<u>\$ 1,912,212</u>	<u>\$ -</u>	<u>\$ 12,033</u>	<u>\$ 29,864,475</u>

Depreciation expense for business-type activity capital assets was charged to functions as follows:

Water	\$ 835,608
Sewer	709,237
STANCOG	68,213
Total	<u>\$ 1,613,058</u>

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

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 2,026,973	\$ 1,137,401	\$ 357,825	\$ 3,522,199
Accrued payroll and related liabilities	1,240,434	-	-	1,240,434
Total	<u>\$ 3,267,407</u>	<u>\$ 1,137,401</u>	<u>\$ 357,825</u>	<u>\$ 4,762,633</u>

These amounts resulted in the following concentrations in payables:

Vendors	74%
Employees	26%

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

7. SPECIAL ASSESSMENT DISTRICTS

Special Assessment bonds have been issued under the 1915 Bond Act. The City is in no way liable for repayment of any bonds of the funds reflected in the Agency funds, according to bond counsel, but is acting only as an agent for the property owners/bond holders in collecting and forwarding the special assessments. Balances of the various assessment district bonds were as follows as of June 30, 2018:

2002 - WestPointe Refunding Reassessment District – Original Issue \$2,960,000

In fiscal year 2003, the City issued the WestPointe Refunding Reassessment District Bonds. Proceeds from the sale of the bonds was used to call and redeem all of the outstanding principal amount of the bonds previously issued by the City for its Westpointe Improvement Assessment District and to pay certain costs of issuance of the bonds. The City is the collecting and paying agent for the bonds issued by the WestPointe Assessment District (District), but has no direct or contingent liability or moral obligation for the payment of these bonds. Assets held by the City on behalf of the District are recorded in an agency fund. Accordingly, the assets and outstanding bond obligations of the District are not presented in the accompanying Basic Financial Statements. As of June 30, 2018, there is no outstanding balance of the Westpointe Refunding Reassessment District Bonds.

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

8. LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt for business-type activities for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
<u>Business-type Activities:</u>					
2009 Water Revenue Bonds, Series A	\$ 4,065,000	\$ -	\$ (115,000)	\$ 3,950,000	\$ 120,000
Bond discount	(73,958)	-	3,406	(70,552)	(3,407)
2009 Wastewater Revenue Bonds, Series A	7,050,000	-	(195,000)	6,855,000	205,000
Bond discount	(129,492)	-	5,927	(123,565)	(5,927)
Total business-type activities	<u>\$ 10,911,550</u>	<u>\$ -</u>	<u>\$ (300,667)</u>	<u>\$ 10,610,883</u>	<u>\$ 315,666</u>

Business-type Activities:

2009 Wastewater Revenue Bond – Original Issue \$8,220,000

On December 22, 2009, Ceres Financing Authority issued the Wastewater Revenue Bonds, Series A in the amount of \$8,220,000 to finance the acquisition and construction of certain improvements to the wastewater enterprise system of the City. The principal of the bonds are payable annually starting on June 1, 2011 through June 1, 2039, in amounts ranging from \$150,000 to \$505,000. Interest rates range from 2.0% to 5.0% and are payable semiannually on June 1 and December 1. Bonds are payable from revenues consisting primarily of installment payments payable by the City to the Authority under a Wastewater Installment Purchase Agreement. The bonds were issued at a discount of \$177,801, which is amortized over the life of the bond.

2009 Water Revenue Bond – Original Issue \$4,750,000

The Ceres Financing Authority issued the Water Revenue Bonds, Series A in the amount of \$4,750,000 to finance the acquisition and construction of certain improvements to the water enterprise system of the City. The bonds mature annually through June 1, 2039, in amounts ranging from \$90,000 to \$290,000. Interest rates vary from 4.50% to a maximum of 5.00% and are payable semiannually on June 1 and December 1. Bonds are payable from revenues consisting primarily of installment payments payable by the City to the Authority under a Water Installment Purchase Agreement. The bonds were issued at a discount of \$102,202, which is being amortized over the life of the bond.

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

8. LONG-TERM LIABILITIES, Continued

Future debt service at June 30, 2018, is as follows for all remaining debt except claims liabilities:

Year Ending June 30,	Business-type Activities				
	2009 Water Revenue Bonds		Discount - 2009 Water Revenue Bonds	Sub-Totals	
	Principal	Interest		Principal	Interest
2019	\$ 120,000	\$ 187,775	\$ (3,407)	\$ 116,593	\$ 187,775
2020	120,000	182,975	(3,407)	116,593	182,975
2021	125,000	178,175	(3,407)	121,593	178,175
2022	130,000	173,175	(3,407)	126,593	173,175
2023	135,000	167,813	(3,407)	131,593	167,813
2024-2028	785,000	742,650	(17,035)	767,965	742,650
2029-2033	985,000	539,500	(17,035)	967,965	539,500
2034-2038	1,260,000	267,250	(17,035)	1,242,965	267,250
2039-2041	290,000	14,500	(2,411)	287,589	14,500
Total	\$ 3,950,000	\$ 2,453,813	\$ (70,551)	\$ 3,879,449	\$ 2,453,813
Due within one year	\$ 120,000	\$ 187,775	\$ (3,407)	\$ 116,593	\$ 187,775
Due after one year	3,830,000	2,266,038	(67,144)	3,762,856	2,266,038
Total	\$ 3,950,000	\$ 2,453,813	\$ (70,551)	\$ 3,879,449	\$ 2,453,813

Year Ending June 30,	Discount - 2009 Wastewater Revenue Bonds				
	2009 Wastewater Revenue Bonds		Discount - 2009 Wastewater Revenue Bonds	Grand Totals	
	Principal	Interest	Principal	Principal	Interest
2019	\$ 205,000	\$ 325,788	\$ (5,927)	\$ 315,666	\$ 513,563
2020	210,000	317,588	(5,927)	320,666	500,563
2021	220,000	309,188	(5,927)	335,666	487,363
2022	230,000	300,387	(5,927)	350,666	473,562
2023	240,000	290,900	(5,927)	365,666	458,713
2024-2028	1,360,000	1,286,275	(29,635)	2,098,330	2,028,925
2029-2033	1,705,000	935,000	(29,635)	2,643,330	1,474,500
2034-2038	2,180,000	463,750	(29,635)	3,393,330	731,000
2039-2041	505,000	25,250	(5,025)	787,564	39,750
Total	\$ 6,855,000	\$ 4,254,126	\$ (123,565)	\$ 10,610,884	\$ 6,707,939
Due within one year	\$ 205,000	\$ 325,788	\$ (5,927)	\$ 315,666	\$ 513,563
Due after one year	6,650,000	3,928,338	(117,638)	10,295,218	6,194,376
Total	\$ 6,855,000	\$ 4,254,126	\$ (123,565)	\$ 10,610,884	\$ 6,707,939

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

9. NET POSITION/ FUND BALANCES

Net Position

	Governmental Activities	Business-type Activities	Totals
Net investment in capital assets	\$ 84,368,226	\$ 19,569,258	\$ 103,937,484
Restricted	4,733,813	-	4,733,813
Unrestricted	(3,047,039)	22,923,104	19,876,065
Total	<u>\$ 86,055,000</u>	<u>\$ 42,492,362</u>	<u>\$ 128,547,362</u>

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

Fund Balance

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

Nonspendable:	
Petty cash	\$ 6,850
Prepaid items	3,712
Total nonspendable	<u>\$ 10,562</u>
Restricted for:	
Home Program	\$ 156,504
CDBG Programs	548,123
Storm Drain Benefit Districts	1,853,293
Eastgate Street Benefit District	74,114
BEGIN Grant Program	320
Program Income BEGIN	184,833
Measure H Income	324,795
State Gas Tax	30,165
SLESF	-
Dept of Conservation Grant	72,559
Fire Hydrant Benefit District	128,328
Transportation Development Act	6,045
Ceres Community Foundation	152,658
Measure L	918,613
Road Maintenance and Rehab	280,031
Total restricted	<u>\$ 4,730,381</u>
Committed:	
General Fund Reserve	\$ 17,988
Street Expansion	1,139,922
Neighborhood Park Fees	176,395
State Gas Tax	31,634
Community Facilities District	3,904
Total committed	<u>\$ 1,369,843</u>

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

9. NET POSITION/ FUND BALANCES, Continued

The following describe the purpose of each nonspendable, restriction and commitment used by the City:

Nonspendable

Petty cash – includes imprest balances, which do not represent available, spendable resources even though they are components of assets.

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.

Restricted

HOME Program – represents amounts restricted for housing under the HOME program.

CDBG Programs – represents amounts restricted for housing purposes by the Department of Housing and Urban Development.

Storm Drain Benefit Districts – represents amounts restricted for use on the storm drain systems in the WestPointe, Eastgate, Mitchell Road, and North East benefit districts.

Eastgate Street Benefit District – represents amounts restricted for use on the streets in the Eastgate benefit district.

BEGIN Grant Program – represents amounts restricted for the Building Equity & Growth in Neighborhoods grant to be utilized for deferred-payment second mortgage loans for down payment assistance to lower to moderate-income first-time homebuyers of new homes in projects with affordability enhanced by local regulatory incentives or barrier reductions.

Program Income BEGIN – represents amounts restricted for housing purposes under the BEGIN Grant Program.

Measure H Income – represents amounts restricted as a result of a voter approved ½-cent retail transaction and use tax (sales tax) for the improvement of police, fire and 9-1-1 emergency response; to fund additional personnel and equipment costs.

State Gas Tax – represents amounts restricted for street purposes by the California Streets and Highways Code.

Street Light – Landscape District - represents amounts restricted for the City-wide 1972 Act Landscaping and Lighting District.

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

9. NET POSITION/ FUND BALANCES, Continued

Restricted, Continued

Dept. of Conservation Grant – represents amounts restricted for department of conservation grant programs.

Fire Hydrant Benefit District – represents amounts restricted for use in the fire hydrant benefit district.

Transportation Development Act – represents amounts restricted by use by the Transportation Development Act for transportation, including streets and roads.

Ceres Community Foundation - represents amounts restricted for use for the Ceres Community Foundation.

Measure L – represents amounts restricted for use of local street and road improvements, arterial street widening, signalization, pedestrian, bicyclist, and driver safety improvement projects.

Road Maintenance and Rehab – Restricted to continue essential road maintenance and rehabilitation projects, safety improvements, repairing and replacing aging bridges, and increasing access and mobility options to the traveling public.

Committed

General Fund Reserve – used to represent that portion of fund balance set aside for unexpected events that may impact the City’s ability to provide essential day-to-day services. This amount can only be changed by Council Resolution.

Street Expansion – represents purchase orders issued for ongoing street projects. These amounts are under contract.

Neighborhood Park Fees– represents purchase orders issued for ongoing parks projects. These amounts are under contract.

Community Facilities District – amounts committed for Police, Fire, Parks and Administrative Services. These amounts can only be charged by Council Resolution.

Deficit fund balances consisted of the following:

Nonmajor Special Revenue Funds:

Street Light - Landscape District - \$18,038 resulted from depletion of the fund balance through operational expenditures.

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

9. NET POSITION/ FUND BALANCES, Continued

CMAQ – \$1,202,571 resulted from the advance of funds through a Federal grant setup on a cost reimbursement basis with revenues to be received in future years.

Community Center - \$1,602,731 resulted from operational costs in excess of revenues. The City plans to address this deficit in the next fiscal year.

Daniel Whitmore House - \$121 resulted from the advance of funds from the City with revenues to be received in future years.

Clinton Whitmore Mansion - \$25,509 resulted from the advance of funds from the City with revenues to be received in future years.

Excess of Expenditures and Transfers Over Appropriations: Expenditures and transfers exceeded appropriations for the year ended June 30, 2018, for the following funds:

	<u>Final Budget</u>	<u>Total Expenditures and Transfers</u>	<u>Excess Expenditures Over Appropriations</u>
<u>Governmental Activities</u>			
Non-major Funds:			
Special Revenue Funds:			
Traffic Safety	48,197	65,580	(17,383)
Used Oil Grants	8,500	8,795	(295)
LLEBG	12,800	13,109	(309)
Ceres Community Foundation	7,120	21,194	(14,074)

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

10. INTERFUND TRANSACTIONS

Due to and due from other funds consisted of the following as of June 30, 2018:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Activities</u>		
Major Funds:		
General Fund	\$ 2,726,653	\$ -
Total Major Funds	<u>2,726,653</u>	<u>-</u>
Non-major Funds:		
Special Revenue Funds:		
Neighborhood Park Fees	145,362	-
Measure H	-	184,554
COPS (SLESF)	-	48,747
Street Light-Landscape District	-	9,884
Traffic Safety	-	4,223
CMAQ	-	913,622
Stancog Local Transportation	-	41,982
Transportation Development Act	-	25
Community Center	-	1,507,866
Public Facilities Fees	-	135,478
2016 Public Safety Grants	-	-
Clinton Whitmore Mansion	-	25,400
Total Non-major Special Revenue Funds	<u>145,362</u>	<u>2,871,781</u>
Total Non-major Funds	<u>145,362</u>	<u>2,871,781</u>
Internal Service Funds:		
Information Technology	-	234
Total Governmental Activities	<u>\$ 2,872,015</u>	<u>\$ 2,872,015</u>

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.

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

10. INTERFUND TRANSACTIONS, Continued

Activity for advances for the year ended June 30, 2018, was as follows:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
<u>Governmental Activities</u>		
Major Funds:		
General Fund	\$ 531,494	\$ -
Total Governmental Activities	<u>531,494</u>	<u>-</u>
<u>Successor Agency</u>		
SCRC	-	531,494
Total Successor Agency	<u>-</u>	<u>531,494</u>
Total Advances	<u>\$ 531,494</u>	<u>\$ 531,494</u>

Advances from the General Fund to the Successor Agency - SCRC were for Redevelopment Agency start-up costs.

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.

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

10. INTERFUND TRANSACTIONS, Continued

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

Transfers consisted of the following at June 30, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities</u>		
Major Funds:		
General Fund	\$ 627,041	\$ 10,818
Total Major Funds	<u>627,041</u>	<u>10,818</u>
Non-major Funds:		
Special Revenue Funds:		
Neighborhood Park Fees	135,478	-
Gas tax	55	-
Prop 1B	-	55
ARRA	-	313
Community Facilities District	-	623,410
Public Facilities Fees	-	135,478
Daniel Whitmore House	9,484	-
Ceres Community Foundation	-	1,984
Total Non-major Special Revenue Funds	<u>145,017</u>	<u>761,240</u>
Total Non-major Funds	<u>145,017</u>	<u>761,240</u>
Total Governmental Activities	<u>772,058</u>	<u>772,058</u>
Total Transfers	<u>\$ 772,058</u>	<u>\$ 772,058</u>

Transfers In reported in the General fund from the Non-Major Governmental funds represent the City's commitment to supporting recreation programs. Transfers In reported in Non-Major Governmental funds from Major Governmental funds represent support for community services expenses.

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

11. RISK MANAGEMENT

The City participates with other public entities in a joint venture under a joint powers agreement which established the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and the CSJVRMA is such that the 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 workers' 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 the City's self-insurance retention of \$50,000 and workers' compensation losses under the City's self-insurance retention of \$100,000. The CSJVRMA participates in an excess pool, which provides general liability coverage from \$1,000,001 to \$15,000,000. The CSJVRMA participates in an excess pool, which provides workers' compensation coverage from \$500,001 to \$5,000,000 and also 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 three to four 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.

The financial information from the audited financial statements of the CSJVRMA, as of June 30, 2018, the most recent available, is presented below:

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

Detailed financial information may be obtained from the CSJVRMA.

At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the cities in accordance with the governing documents. There were no excess claims over premiums for any of the City's risk management programs in 2017-2018, and there were no changes to the City's insurance coverage from the prior year.

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

11. RISK MANAGEMENT, Continued

The following chart depicts the claims payments and liability amounts for the years shown:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments for Current and Prior Years	End of Year Liability
2013-2014	\$ 1,069,104	\$ 1,542,610	\$ (1,579,841)	\$ 1,031,873
2014-2015	1,031,873	1,733,076	(1,908,477)	856,472
2015-2016	856,472	16,512,903	(15,621,589)	1,747,786
2016-2017	1,747,786	1,347,031	(2,214,425)	880,392
2017-2018	880,392	2,011,551	(1,904,705)	987,238

12. PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified full-time employees are eligible to participate in the City's public employee retirement system, a cost sharing, multiple-employer, defined benefit pension plans administered by the Stanislaus County Employees Retirement Association (Association). The Association provides defined benefit plans, which include retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Association acts as a common investment and administrative agent for participating public entities. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the Association's annual financial report may be obtained from their offices located at 832 12th Street, Suite 600, Modesto, California 95353.

Benefits Provided

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

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

12. PENSION PLAN, Continued

The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous Plan	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	10.98%
Required employer contribution rates	29.96%	25.09%

Employees Covered

At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	180
Inactive employees entitled but not yet receiving benefits	43
Active employees	101
Total	324

Contributions

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

For the measurement period ended June 30, 2017 (the measurement date), the active employees are required to contribute 8.0 percent of their annual pay. The City's average required contribution rate was 26.844 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan recognized as pension expense from the City were \$4,745,406 for the year ended June 30, 2018.

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

12. PENSION PLAN, Continued

B. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions Used to Calculate Net Pension Liability

The total pension liability in the June 30, 2017 actuarial valuations was determined using the following actuarial assumptions:

Actuarial Assumptions	
Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.25%
Inflation	3.00%
Payroll growth	100% of CPI to 3.0% annually with banking. 2.7% annual increases assumed
Projected salary increases	3.25% plus service based rates
Investment Rate of Return	7.75%

Post-retirement mortality rates were based on the RP2000 Combined tables projected to the year 2020 with adjustments for mortality improvements based on Society of Actuaries Scale AA. For pre-retirement mortality, withdrawal rates, disability rates and service retirement rates, the rates vary by age, gender and classification.

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

12. PENSION PLAN, Continued

B. Net Pension Liability, Continued

The long-term defined benefit pension plan return expectations were determined using a building-block approach. An inflation forecast is the baseline and various real return premiums (e.g. bonds, equities, etc.) are added to create nominal return expectations for each asset class.

These expectations are combined to produce the long-term expected rate of return by weighting the expected nominal rates of return by the target asset allocation percentages and including an expected return from rebalancing uncorrelated asset classes.

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equities	
US Large Cap	5.30%
US Small Cap	5.60%
International Equities	
International Development	5.60%
Emerging Market Equity	6.40%
US Fixed Income	0.70%
Real Estate Securities	3.90%
Direct Lending	5.60%
Infrastructure	3.70%
Cash	-0.70%

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate share of the net pension liability of the Plan of \$33,371,414.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2016 was 5.1682% and 5.8514% respectively.

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

12. PENSION PLAN, Continued

B. Net Pension Liability, Continued

For the year ended June 30, 2017, the City recognized pension expense of \$6,468,499. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Pension contributions subsequent to measurement date	\$ 5,247,336	\$ -
Differences between actual and expected experience	915,336	636,073
Changes in proportions	250,284	2,274,406
Differences between the employer's contributions and the employer's proportionate share of the contributions	557,337	-
Net differences between projected and actual earnings on plan investments	-	248,264
Changes in assumptions	5,576,535	
Total	<u>\$ 12,546,828</u>	<u>\$ 3,158,743</u>

\$5,247,336 reported as deferred outflows of resources related to contributions subsequent to the measurement date and changes in proportion that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended 30-Jun	
2019	\$ 3,611,505
2020	2,827,713
2021	(1,735,806)
2022	(562,665)
2023	-
Thereafter	-

C. Changes in Net Pension Liability

At June 30, 2017, the City reported a net pension liability of \$33,371,414. The City's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

12. PENSION PLAN, Continued

C. Changes in Net Pension Liability, Continued

The changes in the Net Pension Liability for the entire Plan was as follows:

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability / (Asset) (c) = (a) - (b)
Balance at 6/30/2015	2,659,510,907	1,994,223,311	665,287,596
Balance at 6/30/2016	2,772,667,458	2,126,960,745	645,706,713
Net changes during 2015-16	\$ 113,156,551	\$ 132,737,434	\$ (19,580,883)

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

The following presents the net pension liability of the City calculated using the discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease in Discount Rate (6.25%)	Current Discount Rate (7.25%)	1% increase in Discount Rate (8.25%)
Net pension liability	\$ 53,569,582	\$ 33,371,414	\$ 16,907,241

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

E. Payable to the Pension Plan

At June 30, 2018, the City reported a payable of \$199,093 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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

13. ABANDONED VEHICLE ABATEMENT PROGRAM

The City has an Abandoned Vehicle Abatement Program (AVA) with revenues, expenditures, and balances of abandoned vehicle abatement funds for the year ended June 30, 2018 as follows:

Revenues	\$ 75,816
Expenditures:	
Public safety	<u>42,411</u>
Revenues (under) expenditures	33,405
Fund balances:	
Beginning balance	<u>46,407</u>
Ending balance	<u><u>\$ 79,812</u></u>

AVA expenditures for 2018 are in compliance with Sections 9250.7 and 22710 of the Vehicle Code.

14. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2013, 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 Ceres that previously had reported two redevelopment agencies within the reporting entity of the City as blended component units.

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 9, 2013, the City Council elected to become the Successor Agency for both the former Ceres Redevelopment Agency and Stanislaus-Ceres Redevelopment Commission in accordance with the Bill as part of City resolution number 2013-04 and 2013-05, respectively.

After enactment of the law, which occurred 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.

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

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

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.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2013. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City included in the fund financial statements as Former Ceres Redevelopment Agency Special Revenue Fund and Low/Moderate Income Housing Fund, Capital Projects Fund and Debt Service Fund. The

City also reported the Former Stanislaus-Ceres Redevelopment Commission Special Revenue Fund and Low/Moderate Income Housing Fund, Capital Projects Fund and Debt Service Fund.

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. The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2013 (effectively the same date as January 31, 2013) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2013 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

Loans and notes receivable

Through the City's various housing rehabilitation funds and first-time home buyer's funds, the City has loaned funds to qualifying individuals and businesses. Interest rates vary depending on the terms of the loan. Interest is accrued on the loans that bear interest.

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

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

Through the City’s various housing rehabilitation funds and first-time home buyer’s funds, the City has loaned funds to qualifying individuals and businesses. Interest rates vary depending on the terms of the loan. Interest is accrued on the loans that bear interest.

Loans and notes receivable for the year ended June 30, 2018 for the Successor Agency, consisted of the following:

Description	Beginning July 1, 2017	Additions	(Deletions)	Ending June 30, 2018
First-Time Homebuyer Loans	\$ 6,600	\$ -	\$ -	\$ 6,600
Housing Rehabilitation Loans:				
Home Exterior Grant Program	16,624	-	-	16,624
2004 Walnut	96,772	-	-	96,772
Low Income Deferred Loans	24,250	-	-	24,250
River Crest	600,000	-	-	600,000
Habitat for Humanity Loans	56,353	-	-	56,353
Broad Acres	168,272	-	-	168,272
Total Housing Rehabilitation Loans	962,271	-	-	962,271
Whitmore Oaks	612,500	-	-	612,500
ACLC	436,050	-	-	436,050
Della Tiara	633,000	-	-	633,000
Total loans receivable	\$ 2,650,421	\$ -	\$ -	\$ 2,650,421

The following is a summary of the loans and notes receivable outstanding as of June 30, 2018:

First-Time Homebuyer Loans

The City has provided various loans to assist first-time homebuyers with loans up to \$50,000. Loan repayment is deferred for 30 years or until sale or refinancing of the property. Interest rates vary from 1% to 5%. Total first-time homebuyer loans outstanding at June 30, 2018 were \$6,600.

Housing Rehabilitation Loans

The City administers various housing rehabilitation loan programs that used the former CRA 20% Set Aside funds. Under these programs, individuals with incomes below a certain level are eligible to receive low interest, variable term loans, secured by deeds of trust for rehabilitation work on their homes. Interest rates may vary from 0% to 3%. The loan repayments may be amortized over the life of the loans, deferred or a combination of both. Total rehabilitation loans outstanding at June 30, 2018 were \$962,271.

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

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

Whitmore Oaks

The Whitmore Oaks loan was made to assist the developer with the costs to develop and construct a 53 unit apartment complex for seniors. The former CRA provided a loan of \$612,500 and the City, through the State's HOME Investment Partnership Program, provided a loan of up to \$865,361. Loan provisions require the apartment complex provide not less than eleven affordable housing units to be rented to qualified very-low and low income persons and families. The CRA loan carries an interest rate of 3% starting 2015 and the note is payable in full in 2057. The HOME loan carries an interest rate of 3% starting in 2027 and the note is payable in full in 2042. The amount outstanding at June 30, 2018 was \$612,500.

ACLC

The CRA provided a loan to Asociacion Campesina "Lazaro Cardenas" (ACLC) to assist in the acquisition and rehabilitation of a 46 unit affordable apartment complex in the City. This project will preserve the 46 units of affordable housing stock in the City. This project was funded through the former CRA Low/Mod housing funds. The interest rate on the loan is 3% simple interest and the loan is deferred for 55 years. The amount outstanding at June 30, 2018 was \$436,050.

Della Tiara

The CRA provided a loan to Della Tiara for the construction of a 26-unit apartment complex (the "Project) using HOME grant funds. The loan bears simple interest of 3% per year and interest begins to accrue January 1, 2015. The loan is deferred for 55 years. Commencing in 2018, principal and interest is due in an amount equal to 35% of residual cash flow from the Project provided that the residual cash flow in any year is over \$10,000. The amount outstanding at June 30, 2018 was \$633,000.

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

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

Long-term Liabilities

The following is a summary of changes in long-term debt for fiduciary activities for the year ended June 30, 2018:

	Balance July 1, 2017	Transfers/ Additions	Retirements	Balance June 30, 2018	Due Within One Year
<i>Fiduciary Activities:</i>					
2000 SCRC Tax Allocation Bonds	\$ 995,000	\$ -	\$ (45,000)	\$ 950,000	\$ 50,000
2015 Successor CRA Tax Allocation Refunding Bonds	7,910,000	-	(295,000)	7,615,000	300,000
Bond premium	233,123		(12,270)	220,853	12,270
2006 CRA Housing Refunding Tax Allocation Bonds	1,025,000	-	(55,000)	970,000	60,000
Bond discount	(15,294)		1,124	(14,170)	(1,124)
Deferred amount on refunding	(11,284)		829	(10,455)	(829)
2006 CRA Non-Housing Refunding Tax Allocation Bonds	28,100,000	-	(980,000)	27,120,000	1,015,000
Bond discount	(452,892)	-	25,328	(427,564)	(25,328)
Deferred amount on refunding	(333,139)	-	18,340	(314,799)	(18,340)
Total fiduciary activities	<u>\$ 37,450,514</u>	<u>\$ -</u>	<u>\$ (1,341,649)</u>	<u>\$ 36,108,865</u>	<u>\$ 1,391,649</u>

2000 SCRC Tax Allocation Bonds – Original Issue \$1,440,000

On May 16, 2000, the SCRC issued tax allocation bonds for the purpose of financing a portion of the costs of the Stanislaus/Ceres Redevelopment Project. The bonds are payable from and secured by the tax revenues to be derived from the project area. The bonds mature annually through 2030, in amounts ranging from \$20,000 to \$105,000.

Interest rates vary from 4.65% to a maximum of 6.70% and are payable semiannually on May 1 and November 1. The bonds maturing before November 1, 2010, are not subject to optional redemption prior to their stated maturities. Bonds maturing on or after November 1, 2010, are subject to redemption in whole or in part on any interest payment date. Redemption includes a premium of 2% commencing on November 1, 2010, and reduced by 1% on each November 1 thereafter.

2006 CRA Housing Tax Allocation Refunding Bonds — Original Issue \$1,480,000

The CRA issued tax allocation bonds for the purpose of financing certain redevelopment activities and to refund and defease the 2000 CRA Tax Allocation Bonds. The bonds are payable from and secured by the tax revenues to be derived from the project area. The bonds mature annually through 2030, in amounts ranging from \$40,000 to \$100,000. Interest rates vary from 3.25% to a maximum of 5.00% and are payable semiannually on May 1 and November 1. The bonds maturing on or before November 1, 2018, are not subject to optional redemption prior to their stated maturities. Bonds maturing on or after November 1, 2018, are subject to redemption in whole or in part on any interest payment date.

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

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

2015 Successor Agency to the Ceres Redevelopment Agency Tax Allocation Refunding Bonds

On June 17, 2015, the Successor Agency to the CRA issued the CRA Project Area No. 1 Non-Housing bonds. The proceeds will be used to refund and defease the 2003 CRA Tax Allocation Bonds. The Non-Housing Bonds are payable from and secured by Tax Revenues allocated to the CRA from the Project Area. Interest on the bonds will be payable on May 1 and November 1 of each year. Non-Housing Bonds maturing on or before November 1, 2018, will not be subject to redemption prior to their stated maturity.

2006 CRA Non-Housing Tax Allocation Refunding Bonds — Original Issue \$36,645,000

On December 21, 2006, the CRA issued the CRA Project Area No. 1 Non-Housing bonds. The proceeds will be used to finance projects in Project Area No. 1 and to refund and defease the 2000 CRA Tax Allocation Bonds, which was completed in year 2006-07. The Non-Housing Bonds are payable from and secured by Tax Revenues allocated to the CRA from the Project Area. Interest on the bonds will be payable on May 1 and November 1 of each year. Non-Housing Bonds maturing on or before November 1, 2018, will not be subject to redemption prior to their stated maturity. Those maturing on or after November 1, 2018, are subject to redemption prior to their stated maturity at the option of the Agency, in whole or in part on any date, from the proceeds of refunding bonds or other available funds in the manner determined by the Agency and by lot within a maturity on or after November 1, 2018 at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the redemption date, without premium.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The City performed calculations of excess investment earnings on various bonds and financings and at June 30, 2018, there were no arbitrage liabilities.

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

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

Future debt service at June 30, 2018, is as follows for fiduciary debt:

Year Ending June 30,	Governmental Activities								
	2001 SCRC Tax Allocation		2015 CRA Tax Allocation		2006 CRA Housing Refunding Tax Allocation		2006 CRA Non-Housing Refunding Tax Allocation		
	Bonds		Refunding Bonds		Bonds		Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 50,000	\$ 61,745	\$ 300,000	\$ 149,300	\$ 60,000	\$ 39,267	1,015,000	1,089,413	
2020	50,000	58,420	305,000	178,300	60,000	36,868	1,055,000	1,048,013	
2021	55,000	54,929	315,000	205,575	60,000	34,468	1,100,000	999,413	
2022	60,000	51,105	325,000	227,825	65,000	31,968	1,155,000	948,812	
2023	60,000	47,115	335,000	278,275	65,000	29,303	1,200,000	897,963	
2024-2028	375,000	166,500	1,945,000	1,239,587	385,000	100,232	6,825,000	3,664,981	
2029-2033	300,000	30,820	3,150,000	483,319	275,000	18,168	6,795,000	2,238,300	
2034-2038	-	-	940,000	35,250	-	-	7,975,000	486,700	
Total	\$ 950,000	\$ 470,634	\$ 7,615,000	\$ 2,797,431	\$ 970,000	\$ 290,274	\$ 27,120,000	\$ 11,373,595	
Due within one year	\$ 50,000	\$ 61,745	\$ 300,000	\$ 149,300	\$ 60,000	\$ 39,267	\$ 1,015,000	\$ 1,089,413	
Due after one year	900,000	408,889	7,315,000	2,648,131	910,000	251,007	26,105,000	10,284,182	
Total	\$ 950,000	\$ 470,634	\$ 7,615,000	\$ 2,797,431	\$ 970,000	\$ 290,274	\$ 27,120,000	\$ 11,373,595	
Year Ending June 30,	Discount and Deferred Amount - 2006 CRA Housing Refunding Tax Allocation Bonds		Discount and Deferred Amount - 2006 CRA Non-Housing Refunding Tax Allocation Bonds		Premium 2015 CRA Tax Allocation Refunding Bonds		Totals		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
	2019	(1,953)	-	(43,668)	-	12,270	-	1,391,649	1,339,725
	2020	(1,953)	-	(43,668)	-	12,270	-	1,436,649	1,321,601
2021	(1,953)	-	(43,668)	-	12,270	-	1,496,649	1,294,385	
2022	(1,953)	-	(43,668)	-	12,270	-	1,571,649	1,259,710	
2023	(1,953)	-	(43,668)	-	12,270	-	1,626,649	1,252,656	
2024-2028	(9,765)	-	(218,340)	-	61,350	-	9,363,245	5,171,300	
2029-2033	(5,095)	-	(218,340)	-	61,350	-	10,357,915	2,770,607	
2034-2038	-	-	(87,343)	-	36,803	-	8,864,460	521,950	
Total	\$ (24,625)	\$ -	\$ (742,363)	\$ -	\$ 220,853	\$ -	\$ 36,108,865	\$ 14,931,934	
Due within one year	\$ (1,953)	\$ -	\$ (43,668)	\$ -	\$ 12,270	\$ -	\$ 1,391,649	\$ 1,339,725	
Due after one year	(22,672)	-	(698,695)	-	208,583	-	34,717,216	13,592,209	
Total	\$ (24,625)	\$ -	\$ (742,363)	\$ -	\$ 220,853	\$ -	\$ 36,108,865	\$ 14,931,934	

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

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

Activity for advances for the year ended June 30, 2018, was as follows:

	<u>Other Funds</u>	<u>Other Funds</u>
<u>Governmental Activities</u>		
Major Funds:		
General Fund	\$ 531,494	\$ -
Total Major Funds	<u>531,494</u>	<u>-</u>
Total Governmental Activities	<u>531,494</u>	<u>-</u>
Fiduciary Activities:		
Private Purpose Trust Funds:		
Former Stanislaus - Ceres Redevelopment		
Commission Successor Agency Non-Housing	-	531,494
Total Private Purpose Trust Funds	<u>-</u>	<u>531,494</u>
Total Fiduciary Activities	<u>-</u>	<u>531,494</u>
Totals	<u>\$ 531,494</u>	<u>\$ 531,494</u>

Advances from the General Fund to the Former Redevelopment Agency Fund were for Redevelopment start-up costs.

15. COMMITMENTS AND CONTINGENCIES

The City is a party to claims and lawsuits arising in the ordinary course of business. The City's management and legal council are of the opinion that the ultimate liability, if any, arising from these claims will not have material adverse impact on the financial position of the City. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

16. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

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

16. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", for OPEB. Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2018. This statement had no effect on these financial statements.

The GASB has issued Statement No. 81, "*Irrevocable Split-Interest Agreements*." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2017. This statement had no effect on these financial statements.

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

The GASB has issued Statement No. 83, "*Certain Asset Retirement Obligations*." The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2019.

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

The GASB has issued Statement No. 85, "*Omnibus 2017*." The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This statement had no effect on these financial statements.

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

16. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The GASB has issued Statement No. 86, "*Certain Debt Extinguishment Issues.*" The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This statement had no effect on these financial statements.

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

REQUIRED SUPPLEMENTARY INFORMATION

City of Ceres, California
Required Supplementary Information - Schedule of Contributions

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 4,265,800	\$ 3,554,625	\$ 3,393,450
Contributions in relation to the actuarially determined contributions	<u>4,265,800</u>	<u>3,554,625</u>	<u>3,393,450</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 11,548,405	\$ 13,228,342	\$ 13,055,073
Contribution as a percentage of covered-employee payroll	36.94%	26.87%	25.99%

Notes to Schedule

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

* Due changes in StanCERA reporting, only 2017 and 2015 were available. Additional years will be presented as they become available.

City of Ceres, California

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

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	5.1682%	5.8514%	5.6629%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 33,371,414	\$ 43,142,269	\$ 16,714,375
Plan's Covered-Employee Payroll	<u>\$ 11,548,405</u>	<u>\$ 13,228,342</u>	<u>\$ 13,055,073</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	288.97%	326.14%	128.03%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	67.20%	70.60%	86.10%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 4,265,800	\$ 3,554,625	\$ 3,393,450

Notes to Schedule

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

* Due changes in StanCERA reporting, only 2017 and 2015 were available. Additional years will be presented as they become available.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NON-MAJOR GOVERNMENTAL FUNDS

Fund	Description
Street Tree	Fees collected from developers to be used by the City for planting trees along City streets and roads in new subdivisions.
Storm Drain Benefit Districts	These benefit district funds are used to account for developer fees used for the construction of the storm drain systems in the specific districts of WestPointe, Eastgate, Mitchell Road, and North East.
Brown Annex - Public Safety Mitigation	To account for public safety mitigation fees collected for the Brown Annexation area; to provide funding for police salaries.
Eastgate Street & Landscape Benefit District	To account for street and landscape improvements made in the Eastgate subdivisions, funded by fees collected on property developed within the benefited area.
AB939 Source Reduction/Recycle	This fund is to account for funds received to be used to inform citizens of recycling requirements.
Neighborhood Park Fees	Fees collected from each new dwelling constructed, to be used for planning, acquisition, improvement, and expansion of neighborhood parks.
BEGIN Grant	Fund established for State Housing & Community Development Building Equity & Growth in Neighborhoods grant to be utilized for deferred-payment second mortgage loans for down payment assistance to lower to moderate-income first-time homebuyers of new homes in projects with affordability enhanced by local regulatory incentives or barrier reductions.
Program Income	Fund established for the Program Income from the State Housing & Community Development Building Equity & Growth in Neighborhoods grant.
Measure H	Voter approved ½-cent retail transaction and use tax (sales tax) for the improvement of police, fire and 9-1-1 emergency response; to fund additional personnel and equipment costs.
State Gas Tax	The City's share of the State gas tax allocations are recorded in this fund. These funds can be used for any street purpose. The City charges the street department to the gas tax
Prop 1B	State allocation of 2006 Transportation Bond, Local Streets and Roads funding to be utilized for transportation improvements, including maintenance, rehabilitation and construction or as local match for state and federal transportation funds for similar purposes.
SLESF Grant	Accounts for revenues and expenditures associated with State funds provided as a match for the COPS Universal Hiring Grant.
Abandoned Vehicle Abatement	This fund contains revenues obtained from the sale of forfeited vehicle. Funds are used for law enforcement supplies and equipment.
Seized Property	This fund contains revenues obtained from the sale of forfeited property in drug related cases. Funds are used for law enforcement equipment.
Downtown Revitalization	Revenues for this fund come from assessments to downtown businesses. These funds are used to improve the downtown area with such programs as façade and streetscape improvements and promotional events.
Street-Light and Landscape District	This fund is used to account for financial activity relating to the City-wide 1972 Act Landscaping and Lighting District. Revenues include assessment to the property owners within the district and expenditures related to the maintenance and upkeep of the street lights, median landscaping, and landscaping adjacent to sound walls.

(continued)

NON-MAJOR GOVERNMENTAL FUNDS, Continued

Fund	Description
Traffic Offender	To account for activities of the Police Traffic Unit, including towing/impound fees and State grants utilized for Unit expenditures.
State Traffic Safety	This fund is used to account for fines as a result of arrests by City officers. These funds can only be used for traffic control devices and maintenance of equipment and supplies for traffic enforcement.
Used Oil Recycling Grant	This fund is to account for grant funds received to be used to inform citizens of oil recycling opportunities and procedures.
American Recovery & Reinvestment Act	This fund is used to account for activities for the projects funded by the American Recovery and Reinvestment Act .
Department of Conservation	State Department of Conservation grant utilized for promotion of recycling, reuse, and other green initiatives within the City.
CMAQ	This fund is used to account for Federal funds used for transit and street-related purposes.
Community Facilities District	To account for the special property taxes levied for the provision of public services (Police, Fire, and Parks).
Fire Hydrant Benefit District	These funds are collected from developers in the district for the installation of additional fire hydrants because the existing hydrant spacing does not meet City standards.
Transportation Development Act	This fund is used to account for local transportation funds restricted to transit, street, pedestrian, and bike purposes.
Community Center	To account for operational revenues and expenses of Ceres Community Center.
Local Law Enforcement Block Grant	The City's receipt and expenditures of the federal grants are recorded in these funds. Expenditures are made to assist in projects that reduce crime and improve public safety.
Public Facilities Fees	These fees are received from developers to increase space and improve to City buildings, specifically, Public Safety, Planning, Public Works, and City Hall to mitigate the growth of the City.
Daniel Whitmore House	The City owns the Daniel Whitmore Home. It is the oldest house in the City and is now a museum. These funds are used for museum expenses and improvements.
River Bluff Regional Park	To account for construction of Ceres River Bluff Regional Park and associated State grant revenues utilized for project.
Ceres Community Foundation	Accounts for activities related to the Ceres Community Foundation.
2018 Public Safety Grants	This fund is to account for the COPS Hiring Grant and SAFER Hiring Grant to increase staffing in Police and Fire services.
Clinton Whitmore Mansion	The City owns the Clinton Whitmore Mansion. These funds are used for operating expenses and improvements.
Measure L	Local Roads First Transportation Funding Measure which establishes and implements a one-half cent transaction and use tax. Funding is to be used for local street and road improvements, arterial street widening, signalization, pedestrian, bicyclist, and drive safety improvements. The tax will expire on March 31, 2042.
Road Maintenance & Rehab	Senate Bill 1, the Road and Repair and Accountability Act of 2017. Funds are used to continue essential road maintenance and rehabilitation projects, safety improvements, repairing and replacing aging bridges, and increasing access and mobility options to the traveling public.

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City of Ceres, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Street Tree	Storm Drain Benefit Districts	Brown Annex	Eastgate Street Benefit District	AB 939
ASSETS					
Cash and investments	\$ 97,634	\$ 1,853,293	\$ 14,992	\$ 74,114	\$ 390,143
Receivables:					
Taxes	-	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans receivable	-	-	-	-	-
Other receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 97,634	\$ 1,853,293	\$ 14,992	\$ 74,114	\$ 390,143
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 1,101
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	1,101
Deferred inflows: Grants	-	-	-	-	-
Total liabilities and deferred inflows	-	-	-	-	1,101
Fund Balances:					
Restricted	-	1,853,293	-	74,114	-
Committed	-	-	-	-	-
Assigned, reported in:					
Special revenue funds	97,634	-	14,992	-	389,042
Unassigned (deficit)	-	-	-	-	-
Total fund balances	97,634	1,853,293	14,992	74,114	389,042
Total liabilities and fund balances	\$ 97,634	\$ 1,853,293	\$ 14,992	\$ 74,114	\$ 390,143

Neighborhood Park Fees	BEGIN Grant	Program Income BEGIN	Measure H Income	State Gas Tax	Prop 1B	SLESF
\$ 1,443,839	\$ 320	\$ 184,833	\$ -	\$ 141,967	\$ -	\$ -
-	-	-	516,628	-	-	-
-	-	0	-	-	-	-
-	-	-	-	-	-	-
-	762,150	-	-	-	-	-
-	-	-	-	255	-	48,747
145,362	-	-	-	-	-	-
<u>\$ 1,589,201</u>	<u>\$ 762,470</u>	<u>\$ 184,833</u>	<u>\$ 516,628</u>	<u>\$ 142,222</u>	<u>\$ -</u>	<u>\$ 48,747</u>
\$ 58,751	\$ -	\$ -	\$ 7,279	\$ 80,423	\$ -	\$ -
-	-	-	184,554	-	-	48,747
<u>58,751</u>	<u>-</u>	<u>-</u>	<u>191,833</u>	<u>80,423</u>	<u>-</u>	<u>48,747</u>
<u>-</u>	<u>762,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>58,751</u>	<u>762,150</u>	<u>-</u>	<u>191,833</u>	<u>80,423</u>	<u>-</u>	<u>48,747</u>
-	320	184,833	324,795	30,165	-	-
176,395	-	-	-	31,634	-	-
1,354,055	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,530,450</u>	<u>320</u>	<u>184,833</u>	<u>324,795</u>	<u>61,799</u>	<u>-</u>	<u>-</u>
<u>\$ 1,589,201</u>	<u>\$ 762,470</u>	<u>\$ 184,833</u>	<u>\$ 516,628</u>	<u>\$ 142,222</u>	<u>\$ -</u>	<u>\$ 48,747</u>

(continued)

City of Ceres, California
Combining Balance Sheet
Nonmajor Special Revenue Funds, Continued
June 30, 2018

	Abandoned Vehicle Abatement	Seized Property	Downtown Revitalization	Street Light- Landscape District	Traffic Offender
ASSETS					
Cash and investments	\$ 79,943	\$ 107,541	\$ 84,140	\$ -	\$ 20,393
Receivables:					
Taxes	-	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans receivable	-	-	-	-	-
Other receivable	-	-	-	4,343	-
Due from other funds	-	-	-	-	-
Total assets	\$ 79,943	\$ 107,541	\$ 84,140	\$ 4,343	\$ 20,393
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 131	\$ -	\$ 340	\$ 12,497	\$ 3,447
Due to other funds	-	-	-	9,884	-
Total liabilities	131	99,692	340	22,381	3,447
Deferred inflows: Grants	-	-	-	-	-
Total liabilities and deferred inflows	131	99,692	340	22,381	3,447
Fund Balances:					
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned, reported in:					
Special revenue funds	79,812	7,849	83,800	-	16,946
Unassigned (deficit)	-	-	-	(18,038)	-
Total fund balances	79,812	7,849	83,800	(18,038)	16,946
Total liabilities and fund balances	\$ 79,943	\$ 107,541	\$ 84,140	\$ 4,343	\$ 20,393

Traffic Safety	Used Oil Grants	ARRA	Dept of Conservation Grant	CMAQ	Community Facilities District
\$ -	\$ 18,465	\$ -	\$ 73,760	\$ -	\$ 186
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,223	-	-	-	-	3,718
-	-	-	-	-	-
<u>\$ 4,223</u>	<u>\$ 18,465</u>	<u>\$ -</u>	<u>\$ 73,760</u>	<u>\$ -</u>	<u>\$ 3,904</u>
\$ -	\$ 627	\$ -	\$ 1,201	\$ 288,949	\$ -
4,223	-	-	-	913,622	0
<u>4,223</u>	<u>627</u>	<u>-</u>	<u>1,201</u>	<u>1,202,571</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,223</u>	<u>627</u>	<u>-</u>	<u>1,201</u>	<u>1,202,571</u>	<u>-</u>
-	-	-	72,559	-	-
-	-	-	-	-	3,904
-	17,838	-	-	-	-
-	-	-	-	(1,202,571)	-
<u>-</u>	<u>17,838</u>	<u>-</u>	<u>72,559</u>	<u>(1,202,571)</u>	<u>3,904</u>
<u>\$ 4,223</u>	<u>\$ 18,465</u>	<u>\$ -</u>	<u>\$ 73,760</u>	<u>\$ -</u>	<u>\$ 3,904</u>

(continued)

City of Ceres, California
Combining Balance Sheet
Nonmajor Governmental Funds, Continued
June 30, 2018

	Fire Hydrant Benefit District	Transportation Development Act	Community Center	LLEBG	Public Facilities Fees
ASSETS					
Cash and investments	\$ 128,328	\$ 48,052	\$ -	\$ 32,359	\$ 2,576,678
Receivables:					
Taxes	-	-	-	-	-
Loans receivable	-	-	-	-	-
Other receivable	-	-	-	10,223	-
Due from other funds					
Total assets	\$ 128,328	\$ 48,052	\$ -	\$ 42,582	\$ 2,576,678
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 12,527	\$ -	\$ 13,500
Deposits payable	-	-	82,338	-	-
Intergovernmental payable	-	-	-	-	-
Due to other funds	-	42,007	1,507,866	-	135,478
Total liabilities	-	42,007	1,602,731	-	148,978
Deferred inflows: Grants	-	-	-	10,223	-
Total liabilities and deferred inflows	-	42,007	1,602,731	10,223	148,978
Fund Balances:					
Restricted	128,328	6,045	-	-	-
Committed	-	-	-	-	-
Assigned, reported in:					
Special revenue funds	-	-	-	32,359	2,427,700
Unassigned (deficit)	-	-	(1,602,731)	-	-
Total fund balances	128,328	6,045	(1,602,731)	32,359	2,427,700
Total liabilities and fund balances	\$ 128,328	\$ 48,052	\$ -	\$ 42,582	\$ 2,576,678

Daniel Whitmore House	RiverBluff Regional Park	Ceres Community Foundation	2018 Public Safety Grants	Clinton Whitmore Mansion	Measure L	Road Maintenance and Rehab	Totals
\$ 1	\$ 6,697	\$ 154,017	\$ -	\$ -	\$ 959,525	178,817	\$ 8,670,037
-	-	-	-	-	-	-	516,628
-	-	-	-	-	-	-	762,150
-	-	-	-	-	-	101,214	172,723
-	-	-	-	-	-	-	145,362
<u>\$ 1</u>	<u>\$ 6,697</u>	<u>\$ 154,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 959,525</u>	<u>\$ 280,031</u>	<u>\$ 10,266,900</u>
\$ 122	\$ -	\$ 1,359	\$ -	\$ 109	\$ 40,912	\$ -	\$ 523,275
-	-	-	-	-	-	-	82,338
-	-	-	-	-	-	-	99,692
-	-	-	-	25,400	-	-	2,871,781
<u>122</u>	<u>-</u>	<u>1,359</u>	<u>-</u>	<u>25,509</u>	<u>40,912</u>	<u>-</u>	<u>3,577,086</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>772,373</u>
<u>122</u>	<u>-</u>	<u>1,359</u>	<u>-</u>	<u>25,509</u>	<u>40,912</u>	<u>-</u>	<u>4,349,459</u>
-	-	152,658	-	-	918,613	280,031	4,025,754
-	-	-	-	-	-	-	211,933
-	6,697	-	-	-	-	-	4,528,724
<u>(121)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,509)</u>	<u>-</u>	<u>-</u>	<u>(2,848,970)</u>
<u>(121)</u>	<u>6,697</u>	<u>152,658</u>	<u>-</u>	<u>(25,509)</u>	<u>918,613</u>	<u>280,031</u>	<u>5,917,441</u>
<u>\$ 1</u>	<u>\$ 6,697</u>	<u>\$ 154,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 959,525</u>	<u>\$ 280,031</u>	<u>\$ 10,266,900</u>

(concluded)

City of Ceres, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2018

	Street Tree	Storm Drain Benefit Districts	Brown Annex	Eastgate Street Benefit District	AB 939
REVENUES:					
Property and other taxes	\$ -	\$ 23,491	\$ 8,919	\$ 2,262	\$ -
Fines, forfeitures and penalties	-	-	-	-	-
Charges for services	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Use of money and property	890	17,433	79	664	3,729
Other revenues	-	-	-	-	-
Total revenues	890	40,924	8,998	2,926	3,729
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Engineering and Transportation	-	-	-	-	36,025
Public works	-	-	-	-	-
Community services	-	-	-	-	-
Economic development	-	-	-	-	-
Capital outlay	-	127,925	-	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	127,925	-	-	36,025
REVENUES OVER (UNDER) EXPENDITURES	890	(87,001)	8,998	2,926	(32,296)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	890	(87,001)	8,998	2,926	(32,296)
FUND BALANCES (DEFICIT):					
Beginning of year	96,744	1,940,294	5,994	71,188	421,338
End of year	\$ 97,634	\$ 1,853,293	\$ 14,992	\$ 74,114	\$ 389,042

Neighborhood Park Fees	BEGIN Grant	Program Income BEGIN	Measure H	State Gas Tax	Prop 1B	SLESF
\$ -	\$ -	\$ -	\$ 3,114,045	\$ 1,000,359	\$ -	\$ -
-	-	-	-	-	-	-
146,556	-	-	-	-	-	-
-	-	0	-	-	-	148,747
17,299	3	1,684	-	2,127	1	-
-	-	-	-	1,437	-	-
163,855	3	1,684	3,114,045	1,003,923	1	148,747
46	-	-	-	-	-	-
-	-	-	3,069,478	-	-	188,163
-	-	-	-	1,009,242	-	-
-	-	-	-	19,718	-	-
-	-	-	-	-	-	-
-	0	-	-	-	-	-
1,212,361	-	-	162,606	777	-	-
-	-	-	-	118,979	-	-
1,212,407	-	-	3,232,084	1,148,716	-	188,163
(1,048,552)	3	1,684	(118,039)	(144,793)	1	(39,416)
135,478	-	-	-	55	-	-
-	-	-	-	-	(55)	-
135,478	-	-	-	55	(55)	-
(913,074)	3	1,684	(118,039)	(144,738)	(54)	(39,416)
2,443,524	317	183,149	442,834	206,537	54	39,416
\$ 1,530,450	\$ 320	\$ 184,833	\$ 324,795	\$ 61,799	\$ -	\$ -

(continued)

City of Ceres, California

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

Nonmajor Special Revenue Funds

For the year ended June 30, 2018

	Abandoned Vehicle Abatement	Seized Property	Downtown Revitalization	Street Light- Landscape District	Traffic Offender
REVENUES:					
Property and other taxes	\$ -	\$ -	\$ -	\$ 406,644	\$ -
Fines, forfeitures and penalties	-	-	-	-	-
Charges for services	-	-	12,928	-	45,904
Intergovernmental	75,286	1,690	-	-	-
Use of money and property	530	1,056	755	-	-
Other revenues	-	-	-	-	(5)
Total revenues	75,816	2,746	13,683	406,644	45,899
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	42,411	-	-	-	40,028
Engineering and Transportation	-	-	-	185,908	-
Public works	-	-	-	-	-
Community services	-	-	-	188,394	-
Economic development	-	-	9,803	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Total expenditures	42,411	-	9,803	374,302	40,028
REVENUES OVER (UNDER) EXPENDITURES	33,405	2,746	3,880	32,342	5,871
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	33,405	2,746	3,880	32,342	5,871
FUND BALANCES (DEFICIT):					
Beginning of year	46,407	5,103	79,920	(50,380)	11,075
End of year	\$ 79,812	\$ 7,849	\$ 83,800	\$ (18,038)	\$ 16,946

Traffic Safety	Used Oil Grants	ARRA	Dept of Conservation Grant	CMAQ	Community Facilities District
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 628,835
61,114	-	-	-	-	-
-	-	-	-	-	-
-	12,996	-	2,471	960,965	-
-	94	-	687	-	194
-	-	-	-	-	-
61,114	13,090	-	3,158	960,965	629,029
-	-	-	-	-	-
65,580	-	-	-	-	-
-	8,795	2	7,060	54,158	-
-	-	-	-	-	9,059
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,662,045	-
-	-	-	-	-	-
65,580	8,795	2	7,060	1,716,203	9,059
(4,466)	4,295	(2)	(3,902)	(755,238)	619,970
-	-	-	-	-	-
-	-	(313)	-	-	(623,410)
-	-	(313)	-	-	(623,410)
(4,466)	4,295	(315)	(3,902)	(755,238)	(3,440)
4,466	13,543	315	76,461	(447,333)	7,344
\$ -	\$ 17,838	\$ -	\$ 72,559	\$ (1,202,571)	\$ 3,904

(continued)

City of Ceres, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds, Continued

For the year ended June 30, 2018

	Fire Hydrant Benefit District	Transportation Development Act	Community Center	LLEBG	Public Facilities Fees
REVENUES:					
Property and other taxes	\$ 610	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and penalties	-	-	-	-	-
Charges for services	-	-	144,525	-	130,005
Intergovernmental	-	-	-	2,886	-
Use of money and property	-	(12)	-	327	24,648
Other revenues	-	-	185	-	-
Total revenues	610	(12)	144,710	3,213	154,653
EXPENDITURES:					
Current:					
General government	-	5,500	-	-	-
Public safety	-	-	-	13,109	-
Engineering and Transportation	-	-	-	-	-
Public works	-	-	-	-	-
Community services	-	-	269,169	-	-
Economic development	-	-	-	-	-
Capital outlay	-	14,500	-	-	190,168
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	20,000	269,169	13,109	190,168
REVENUES OVER (UNDER) EXPENDITURES	610	(20,012)	(124,459)	(9,896)	(35,515)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(135,478)
Total other financing sources and uses	-	-	-	-	(135,478)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	610	(20,012)	(124,459)	(9,896)	(170,993)
FUND BALANCES (DEFICIT):					
Beginning of year	127,718	26,057	(1,478,272)	42,255	2,598,693
End of year	\$ 128,328	\$ 6,045	\$ (1,602,731)	\$ 32,359	\$ 2,427,700

Daniel Whitmore House	RiverBluff Regional Park	Ceres Community Foundation	2018 Public Safety Grants	Clinton Whitmore Mansion	Measure L	Road Maintenance and Rehab	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,185,165
-	-	-	-	-	-	-	61,114
-	-	-	-	-	-	-	479,918
-	-	-	432,732	-	1,736,093	279,817	3,653,683
-	(2)	1,263	-	-	3,773	214	77,436
-	1,321	52,053	-	3,000	-	-	57,991
-	1,319	53,316	432,732	3,000	1,739,866	280,031	9,515,307
-	-	15,100	-	-	-	-	20,646
-	-	-	366,909	-	-	-	3,785,678
-	-	-	-	-	-	-	1,301,190
-	-	-	-	-	8,881	-	37,658
9,485	-	6,094	-	6,694	-	-	479,836
-	-	-	-	-	-	-	9,803
-	-	-	-	-	812,372	-	4,182,754
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	118,979
9,485	-	21,194	366,909	6,694	821,253	-	9,936,544
(9,485)	1,319	32,122	65,823	(3,694)	918,613	280,031	(421,237)
9,484	-	-	-	-	-	-	145,017
-	-	(1,984)	-	-	-	-	(761,240)
9,484	-	(1,984)	-	-	-	-	(616,223)
(1)	1,319	30,138	65,823	(3,694)	918,613	280,031	(1,037,460)
(120)	5,378	122,520	(65,823)	(21,815)	-	-	6,954,901
\$ (121)	\$ 6,697	\$ 152,658	\$ -	\$ (25,509)	\$ 918,613	\$ 280,031	\$ 5,917,441

(concluded)

City of Ceres, California

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

Street Tree Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ 450	\$ 450	\$ 890	\$ 440
Total revenues	<u>450</u>	<u>450</u>	<u>890</u>	<u>440</u>
EXPENDITURES:				
Current:				
Community services	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>450</u>	<u>450</u>	<u>890</u>	<u>440</u>
Net change in fund balances	450	450	890	440
FUND BALANCES:				
Beginning of year	96,744	96,744	96,744	-
End of year	<u>\$ 97,194</u>	<u>\$ 97,194</u>	<u>\$ 97,634</u>	<u>\$ 440</u>

City of Ceres, California

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

Storm Drain Benefit Districts Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Property and other taxes	\$ 10,000	\$ 10,000	\$ 23,491	\$ 13,491
Use of money and property	5,600	5,600	17,433	11,833
Total revenues	15,600	15,600	40,924	25,324
EXPENDITURES:				
Capital outlay	10,000	883,570	127,925	755,645
Total expenditures	10,000	883,570	127,925	755,645
REVENUES OVER (UNDER) EXPENDITURES	5,600	(867,970)	(87,001)	780,969
Net change in fund balances	5,600	(867,970)	(87,001)	780,969
FUND BALANCES:				
Beginning of year	1,940,294	1,940,294	1,940,294	-
End of year	\$ 1,945,894	\$ 1,072,324	\$ 1,853,293	\$ 780,969

City of Ceres, California

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

Brown Annex Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Property and other taxes	\$ -	\$ -	\$ 8,919	\$ 8,919
Use of money and property	-	-	79	79
Total revenues	-	-	8,998	8,998
EXPENDITURES:				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	8,998	8,998
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	8,998	8,998
FUND BALANCES:				
Beginning of year	5,994	5,994	5,994	-
End of year	\$ 5,994	\$ 5,994	\$ 14,992	\$ 8,998

City of Ceres, California

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

Eastgate Street Benefit District Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Property and other taxes	\$ 1,500	\$ 1,500	\$ 2,262	\$ 762
Use of money and property	175	175	664	489
Total revenues	1,675	1,675	2,926	1,251
EXPENDITURES:				
Current:				
Engineering and Transportation	-	21,893	-	21,893
Total expenditures	-	21,893	-	21,893
REVENUES OVER (UNDER) EXPENDITURES	1,675	(20,218)	2,926	23,144
Net change in fund balances	1,675	(20,218)	2,926	23,144
FUND BALANCES:				
Beginning of year	71,188	71,188	71,188	-
End of year	\$ 72,863	\$ 50,970	\$ 74,114	\$ 23,144

City of Ceres, California

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

AB 939 Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	1,000	1,000	3,729	2,729
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>3,729</u>	<u>2,729</u>
EXPENDITURES:				
Current:				
Engineering and Transportation	39,040	38,972	36,025	2,947
Total expenditures	<u>39,040</u>	<u>38,972</u>	<u>36,025</u>	<u>2,947</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(38,040)</u>	<u>(37,972)</u>	<u>(32,296)</u>	<u>5,676</u>
Net change in fund balances	<u>(38,040)</u>	<u>(37,972)</u>	<u>(32,296)</u>	<u>5,676</u>
FUND BALANCES:				
Beginning of year	421,338	421,338	421,338	-
End of year	<u>\$ 383,298</u>	<u>\$ 383,366</u>	<u>\$ 389,042</u>	<u>\$ 5,676</u>

City of Ceres, California

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

Neighborhood Park Fees Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 85,000	\$ 85,000	\$ 146,556	\$ 61,556
Use of money and property	7,000	7,000	17,299	10,299
Total revenues	92,000	92,000	163,855	71,855
EXPENDITURES:				
Current:				
General government	500	500	46	454
Public works	20,000	20,000	-	20,000
Capital outlay	1,000,000	2,482,985	1,212,361	1,270,624
Total expenditures	1,020,500	2,503,485	1,212,407	1,291,078
REVENUES OVER (UNDER)				
EXPENDITURES	(928,500)	(2,411,485)	(1,048,552)	1,362,933
OTHER FINANCING SOURCES (USES):				
Transfers in	135,478	135,478	135,478	-
Transfers out	-	-	-	-
Total other financing sources (uses)	135,478	135,478	135,478	-
Net change in fund balances	(793,022)	(2,276,007)	(913,074)	1,362,933
FUND BALANCES:				
Beginning of year	2,443,524	2,443,524	2,443,524	-
End of year	\$ 1,650,502	\$ 167,517	\$ 1,530,450	\$ 1,362,933

City of Ceres, California

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

BEGIN Grant Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	3	3
Total revenues	-	-	3	3
EXPENDITURES:				
Current:				
Economic development	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	3	3
Net change in fund balances	-	-	3	3
FUND BALANCES:				
Beginning of year	317	317	317	-
End of year	\$ 317	\$ 317	\$ 320	\$ 3

City of Ceres, California

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

Program Income BEGIN Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Use of money and property	120	120	1,684	1,564
Total revenues	50,120	50,120	1,684	(48,436)
EXPENDITURES:				
Current:				
Economic development	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	50,120	50,120	1,684	(48,436)
Net change in fund balances	50,120	50,120	1,684	(48,436)
FUND BALANCES:				
Beginning of year	183,149	183,149	183,149	-
End of year	\$ 233,269	\$ 233,269	\$ 184,833	\$ (48,436)

City of Ceres, California

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

Measure H Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Property and other taxes	\$ 2,889,575	\$ 2,889,575	\$ 3,114,045	\$ 224,470
Total revenues	<u>2,889,575</u>	<u>2,889,575</u>	<u>3,114,045</u>	<u>224,470</u>
EXPENDITURES:				
Current:				
Public safety	3,118,594	3,127,214	3,069,478	57,736
Capital outlay	166,275	166,275	162,606	3,669
Total expenditures	<u>3,284,869</u>	<u>3,293,489</u>	<u>3,232,084</u>	<u>61,405</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(395,294)</u>	<u>(403,914)</u>	<u>(118,039)</u>	<u>285,875</u>
Net change in fund balances	(395,294)	(403,914)	(118,039)	285,875
FUND BALANCES:				
Beginning of year	442,834	442,834	442,834	-
End of year	<u>\$ 47,540</u>	<u>\$ 38,920</u>	<u>\$ 324,795</u>	<u>\$ 285,875</u>

City of Ceres, California

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

State Gas Tax Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Property and other taxes	\$ 1,319,466	\$ 1,319,466	\$ 1,000,359	\$ (319,107)
Use of money and property	1,500	1,500	2,127	627
Other revenues	1,500	1,500	1,437	(63)
Total revenues	1,322,466	1,322,466	1,003,923	(318,543)
EXPENDITURES:				
Current:				
Engineering and Transportation	1,286,356	1,294,916	1,009,242	285,674
Public works	218,180	218,180	19,718	198,462
Capital outlay	18,630	18,630	777	17,853
Debt service:				
Interest and fiscal charges	-	-	118,979	(118,979)
Total expenditures	1,523,166	1,531,726	1,148,716	383,010
REVENUES OVER (UNDER) EXPENDITURES	(200,700)	(209,260)	(144,793)	64,467
OTHER FINANCING SOURCES (USES):				
Transfers in	54	54	55	1
Total other financing sources (uses)	54	54	55	1
Net change in fund balances	(200,646)	(209,206)	(144,738)	64,468
FUND BALANCES (DEFICIT):				
Beginning of year	206,537	206,537	206,537	-
End of year	\$ 5,891	\$ (2,669)	\$ 61,799	\$ 64,468

City of Ceres, California

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

Prop 1B Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
EXPENDITURES:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	1	1
OTHER FINANCING SOURCES (USES):				
Transfers out	(54)	(54)	(55)	(1)
Total other financing sources (uses)	(54)	(54)	(55)	(1)
Net change in fund balances	(54)	(54)	(54)	-
FUND BALANCES:				
Beginning of year	54	54	54	-
End of year	\$ -	\$ -	\$ -	\$ -

City of Ceres, California

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

SLESF Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 148,747	\$ 48,747
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>148,747</u>	<u>48,747</u>
EXPENDITURES:				
Current:				
Public safety	-	100,000	188,163	(88,163)
Total expenditures	<u>-</u>	<u>100,000</u>	<u>188,163</u>	<u>(88,163)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>100,000</u>	<u>-</u>	<u>(39,416)</u>	<u>(39,416)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(100,000)	(100,000)	-	100,000
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Net change in fund balances	-	(100,000)	(39,416)	60,584
FUND BALANCES:				
Beginning of year	39,416	39,416	39,416	-
End of year	<u>\$ 39,416</u>	<u>\$ (60,584)</u>	<u>\$ -</u>	<u>\$ 60,584</u>

City of Ceres, California

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

Abandoned Vehicle Abatement Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 75,286	\$ 30,286
Use of money and property	225	225	530	305
Total revenues	45,225	45,225	75,816	30,591
EXPENDITURES:				
Current:				
Public safety	64,406	64,406	42,411	21,995
Total expenditures	64,406	64,406	42,411	21,995
REVENUES OVER (UNDER)				
EXPENDITURES	(19,181)	(19,181)	33,405	52,586
Net change in fund balances	(19,181)	(19,181)	33,405	52,586
FUND BALANCES (DEFICIT):				
Beginning of year	46,407	46,407	46,407	-
End of year	\$ 27,226	\$ 27,226	\$ 79,812	\$ 52,586

City of Ceres, California

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

Seized Property Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 1,690	\$ 1,690
Use of money and property	375	375	1,056	681
Total revenues	375	375	2,746	2,371
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	375	375	2,746	2,371
Net change in fund balances	375	375	2,746	2,371
FUND BALANCES:				
Beginning of year	5,103	5,103	5,103	-
End of year	\$ 5,478	\$ 5,478	\$ 7,849	\$ 2,371

City of Ceres, California

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

Downtown Revitalization Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 12,750	\$ 12,750	\$ 12,928	\$ 178
Use of money and property	200	200	755	555
Total revenues	12,950	12,950	13,683	733
EXPENDITURES:				
Current:				
Economic development	39,675	39,675	9,803	29,872
Total expenditures	39,675	39,675	9,803	29,872
REVENUES OVER (UNDER) EXPENDITURES	(26,725)	(26,725)	3,880	30,605
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(26,725)	(26,725)	3,880	30,605
FUND BALANCES:				
Beginning of year	79,920	79,920	79,920	-
End of year	<u>\$ 53,195</u>	<u>\$ 53,195</u>	<u>\$ 83,800</u>	<u>\$ 30,605</u>

City of Ceres, California

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

Street-Light and Landscape District Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Property and other taxes	\$ 438,560	\$ 438,560	\$ 406,644	\$ (31,916)
Use of money and property	-	-	-	-
Total revenues	438,560	438,560	406,644	(31,916)
EXPENDITURES:				
Current:				
Engineering and Transportation	210,303	210,303	185,908	24,395
Community services	208,173	208,173	188,394	19,779
Total expenditures	418,476	418,476	374,302	44,174
REVENUES OVER (UNDER)				
EXPENDITURES	20,084	20,084	32,342	12,258
Net change in fund balances	20,084	20,084	32,342	12,258
FUND BALANCES (DEFICIT):				
Beginning of year	(50,380)	(50,380)	(50,380)	-
End of year	\$ (30,296)	\$ (30,296)	\$ (18,038)	\$ 12,258

City of Ceres, California

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

Traffic Offender Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 48,000	\$ 48,000	\$ 45,904	\$ (2,096)
Other revenues	-	-	(5)	(5)
Total revenues	48,000	48,000	45,899	(2,101)
EXPENDITURES:				
Current:				
Public safety	50,975	50,975	40,028	10,947
Total expenditures	50,975	50,975	40,028	10,947
REVENUES OVER (UNDER)				
EXPENDITURES	(2,975)	(2,975)	5,871	8,846
Net change in fund balances	(2,975)	(2,975)	5,871	8,846
FUND BALANCES (DEFICIT):				
Beginning of year	11,075	11,075	11,075	-
End of year	\$ 8,100	\$ 8,100	\$ 16,946	\$ 8,846

City of Ceres, California

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

Traffic Safety Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ 75,000	\$ 75,000	\$ 61,114	\$ (13,886)
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>61,114</u>	<u>(13,886)</u>
EXPENDITURES:				
Current:				
Public safety	48,197	48,197	65,580	(17,383)
Total expenditures	<u>48,197</u>	<u>48,197</u>	<u>65,580</u>	<u>(17,383)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>26,803</u>	<u>26,803</u>	<u>(4,466)</u>	<u>(31,269)</u>
Net change in fund balances	26,803	26,803	(4,466)	(31,269)
FUND BALANCES (DEFICIT):				
Beginning of year	4,466	4,466	4,466	-
End of year	<u>\$ 31,269</u>	<u>\$ 31,269</u>	<u>\$ -</u>	<u>\$ (31,269)</u>

City of Ceres, California

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

Used Oil Grants Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 13,100	\$ 13,100	\$ 12,996	\$ (104)
Use of money and property	30	30	94	64
Total revenues	13,130	13,130	13,090	(40)
EXPENDITURES:				
Current:				
Engineering and Transportation	8,500	8,500	8,795	(295)
Public works			-	-
Total expenditures	8,500	8,500	8,795	(295)
REVENUES OVER (UNDER)				
EXPENDITURES	4,630	4,630	4,295	(335)
Net change in fund balances	4,630	4,630	4,295	(335)
FUND BALANCES:				
Beginning of year	13,543	13,543	13,543	-
End of year	\$ 18,173	\$ 18,173	\$ 17,838	\$ (335)

City of Ceres, California

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

ARRA Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Engineering and Transportation	-	-	2	(2)
Total expenditures	-	-	2	(2)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(2)	(2)
OTHER FINANCING SOURCES (USES):				
Transfers out	(313)	(313)	(313)	-
Total other financing sources (uses)	(313)	(313)	(313)	-
Net change in fund balances	(313)	(313)	(315)	(2)
FUND BALANCES:				
Beginning of year	315	315	315	-
End of year	\$ 2	\$ 2	\$ -	\$ (2)

City of Ceres, California

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

Department of Conservation Grant Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 10,690	\$ 10,690	\$ 2,471	\$ (8,219)
Use of money and property	150	150	687	537
Total revenues	10,840	10,840	3,158	(7,682)
EXPENDITURES:				
Current:				
Engineering and Transportation	15,756	21,952	7,060	14,892
Total expenditures	15,756	21,952	7,060	14,892
REVENUES OVER (UNDER)				
EXPENDITURES	(4,916)	(11,112)	(3,902)	7,210
Net change in fund balances	(4,916)	(11,112)	(3,902)	7,210
FUND BALANCES:				
Beginning of year	76,461	76,461	76,461	-
End of year	\$ 71,545	\$ 65,349	\$ 72,559	\$ 7,210

City of Ceres, California

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

CMAQ Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 9,426,485	\$ 9,426,485	\$ 960,965	\$ (8,465,520)
Total revenues	<u>9,426,485</u>	<u>9,426,485</u>	<u>960,965</u>	<u>(8,465,520)</u>
EXPENDITURES:				
Current:				
Engineering and Transportation	43,060	43,060	54,158	(11,098)
Capital outlay	<u>9,125,145</u>	<u>7,924,650</u>	<u>1,662,045</u>	<u>6,262,605</u>
Total expenditures	<u>9,168,205</u>	<u>7,967,710</u>	<u>1,716,203</u>	<u>6,251,507</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>258,280</u>	<u>1,458,775</u>	<u>(755,238)</u>	<u>(2,214,013)</u>
Net change in fund balances	258,280	1,458,775	(755,238)	(2,214,013)
FUND BALANCES (DEFICIT):				
Beginning of year	<u>(447,333)</u>	<u>(447,333)</u>	<u>(447,333)</u>	<u>-</u>
End of year	<u>\$ (189,053)</u>	<u>\$ 1,011,442</u>	<u>\$ (1,202,571)</u>	<u>\$ (2,214,013)</u>

City of Ceres, California

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

Community Facilities District Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Property and other taxes	\$ 684,378	\$ 684,378	\$ 628,835	\$ (55,543)
Use of money and property	500	500	194	(306)
Total revenues	684,878	684,878	629,029	(55,849)
EXPENDITURES:				
Current:				
Public works	-	-	9,059	(9,059)
Total expenditures	-	-	9,059	(9,059)
REVENUES OVER (UNDER) EXPENDITURES	684,878	684,878	619,970	(64,908)
OTHER FINANCING SOURCES (USES):				
Transfers out	(684,378)	(684,378)	(623,410)	60,968
Total other financing sources (uses)	(684,378)	(684,378)	(623,410)	60,968
Net change in fund balances	500	500	(3,440)	(3,940)
FUND BALANCES:				
Beginning of year	7,344	7,344	7,344	-
End of year	\$ 7,844	\$ 7,844	\$ 3,904	\$ (3,940)

City of Ceres, California

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

Fire Hydrant Benefit District Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Property and other taxes	\$ 1,500	\$ 1,500	\$ 610	\$ (890)
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>610</u>	<u>(890)</u>
EXPENDITURES:				
Capital outlay	-	100,000	-	100,000
Total expenditures	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>1,500</u>	<u>(98,500)</u>	<u>610</u>	<u>99,110</u>
Net change in fund balances	1,500	(98,500)	610	99,110
FUND BALANCES:				
Beginning of year	<u>127,718</u>	<u>127,718</u>	<u>127,718</u>	<u>-</u>
End of year	<u>\$ 129,218</u>	<u>\$ 29,218</u>	<u>\$ 128,328</u>	<u>\$ 99,110</u>

City of Ceres, California

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

Transportation Development Act Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 42,000	\$ 42,000	\$ -	\$ (42,000)
Use of money and property	-	-	(12)	(12)
Total revenues	<u>42,000</u>	<u>42,000</u>	<u>(12)</u>	<u>(42,012)</u>
EXPENDITURES:				
Current:				
General government	5,500	5,500	5,500	-
Engineering and Transportation	-	-	-	-
Capital outlay	-	16,580	14,500	2,080
Total expenditures	<u>5,500</u>	<u>22,080</u>	<u>20,000</u>	<u>2,080</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>36,500</u>	<u>19,920</u>	<u>(20,012)</u>	<u>(39,932)</u>
Net change in fund balances	36,500	19,920	(20,012)	(39,932)
FUND BALANCES (DEFICIT):				
Beginning of year	26,057	26,057	26,057	-
End of year	<u>\$ 62,557</u>	<u>\$ 45,977</u>	<u>\$ 6,045</u>	<u>\$ (39,932)</u>

City of Ceres, California

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

Community Center Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 120,000	\$ 120,000	\$ 144,525	\$ 24,525
Other revenues	-	-	185	185
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>144,710</u>	<u>24,710</u>
EXPENDITURES:				
Current:				
Community services	<u>310,097</u>	<u>310,097</u>	<u>269,169</u>	<u>40,928</u>
Total expenditures	<u>310,097</u>	<u>310,097</u>	<u>269,169</u>	<u>40,928</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(190,097)</u>	<u>(190,097)</u>	<u>(124,459)</u>	<u>65,638</u>
Net change in fund balances	(190,097)	(190,097)	(124,459)	65,638
FUND BALANCES (DEFICIT):				
Beginning of year	<u>(1,478,272)</u>	<u>(1,478,272)</u>	<u>(1,478,272)</u>	<u>-</u>
End of year	<u>\$ (1,668,369)</u>	<u>\$ (1,668,369)</u>	<u>\$ (1,602,731)</u>	<u>\$ 65,638</u>

City of Ceres, California

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

LLEBG Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 12,800	\$ 12,800	\$ 2,886	\$ (9,914)
Use of money and property	100	100	327	227
Total revenues	12,900	12,900	3,213	(9,687)
EXPENDITURES:				
Current:				
Public safety	12,800	12,800	13,109	(309)
Total expenditures	12,800	12,800	13,109	(309)
REVENUES OVER (UNDER)				
EXPENDITURES	100	100	(9,896)	(9,996)
Net change in fund balances	100	100	(9,896)	(9,996)
FUND BALANCES:				
Beginning of year	42,255	42,255	42,255	-
End of year	\$ 42,355	\$ 42,355	\$ 32,359	\$ (9,996)

City of Ceres, California

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

Public Facilities Fees Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 163,200	\$ 163,200	\$ 130,005	\$ (33,195)
Use of money and property	9,000	9,000	24,648	15,648
Total revenues	<u>172,200</u>	<u>172,200</u>	<u>154,653</u>	<u>(17,547)</u>
EXPENDITURES:				
Capital outlay	2,004,042	1,241,077	190,168	1,050,909
Total expenditures	<u>2,004,042</u>	<u>1,241,077</u>	<u>190,168</u>	<u>1,050,909</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,831,842)</u>	<u>(1,068,877)</u>	<u>(35,515)</u>	<u>1,033,362</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(135,478)	(135,478)	-
Total other financing sources (uses)	<u>-</u>	<u>(135,478)</u>	<u>(135,478)</u>	<u>-</u>
Net change in fund balances	<u>(1,831,842)</u>	<u>(1,204,355)</u>	<u>(170,993)</u>	<u>1,033,362</u>
FUND BALANCES:				
Beginning of year	2,598,693	2,598,693	2,598,693	-
End of year	<u>\$ 766,851</u>	<u>\$ 1,394,338</u>	<u>\$ 2,427,700</u>	<u>\$ 1,033,362</u>

City of Ceres, California

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

Daniel Whitmore House Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Community services	9,933	9,933	9,485	448
Total expenditures	<u>9,933</u>	<u>9,933</u>	<u>9,485</u>	<u>448</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(9,933)</u>	<u>(9,933)</u>	<u>(9,485)</u>	<u>448</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	10,917	10,917	9,484	(1,433)
Total other financing sources (uses)	<u>10,917</u>	<u>10,917</u>	<u>9,484</u>	<u>(1,433)</u>
Net change in fund balances	984	984	(1)	(985)
FUND BALANCES (DEFICIT):				
Beginning of year	(120)	(120)	(120)	-
End of year	<u>\$ 864</u>	<u>\$ 864</u>	<u>\$ (121)</u>	<u>\$ (985)</u>

City of Ceres, California

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

RiverBluff Regional Park Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Other revenues	2,000	2,000	1,321	(679)
Total revenues	2,000	2,000	1,319	(681)
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	2,000	2,000	1,319	(681)
Net change in fund balances	2,000	2,000	1,319	(681)
FUND BALANCES (DEFICIT):				
Beginning of year	5,378	5,378	5,378	-
End of year	\$ 7,378	\$ 7,378	\$ 6,697	\$ (681)

City of Ceres, California

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

Ceres Community Foundation Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ 300	\$ 300	\$ 1,263	\$ 963
Other revenues	11,100	11,100	52,053	40,953
Total revenues	11,400	11,400	53,316	41,916
EXPENDITURES:				
Current:				
General government	3,100	3,100	15,100	(12,000)
Community services	4,020	4,020	6,094	(2,074)
Total expenditures	7,120	7,120	21,194	(14,074)
REVENUES OVER (UNDER) EXPENDITURES	4,280	4,280	32,122	27,842
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(1,984)	(1,984)
Total other financing sources (uses)	-	-	(1,984)	(1,984)
Net change in fund balances	4,280	4,280	30,138	25,858
FUND BALANCES:				
Beginning of year	122,520	122,520	122,520	-
End of year	\$ 126,800	\$ 126,800	\$ 152,658	\$ 25,858

City of Ceres, California

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

2018 Public Safety Grants Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 432,732	\$ 432,732
Total revenues	<u>-</u>	<u>-</u>	<u>432,732</u>	<u>432,732</u>
EXPENDITURES:				
Current:				
Public safety	493,331	493,331	366,909	126,422
Total expenditures	<u>493,331</u>	<u>493,331</u>	<u>366,909</u>	<u>126,422</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(493,331)</u>	<u>(493,331)</u>	<u>65,823</u>	<u>559,154</u>
Net change in fund balances	(493,331)	(493,331)	65,823	559,154
FUND BALANCES (DEFICIT):				
Beginning of year	(65,823)	(65,823)	(65,823)	-
End of year	<u>\$ (559,154)</u>	<u>\$ (559,154)</u>	<u>\$ -</u>	<u>\$ 559,154</u>

City of Ceres, California

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

Clinton Whitmore Mansion Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ 4,000	\$ 4,000	\$ 3,000	\$ (1,000)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>3,000</u>	<u>(1,000)</u>
EXPENDITURES:				
Current:				
Community services	11,303	11,303	6,694	4,609
Total expenditures	<u>11,303</u>	<u>11,303</u>	<u>6,694</u>	<u>4,609</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(7,303)</u>	<u>(7,303)</u>	<u>(3,694)</u>	<u>3,609</u>
Net change in fund balances	(7,303)	(7,303)	(3,694)	3,609
FUND BALANCES (DEFICIT):				
Beginning of year	(21,815)	(21,815)	(21,815)	-
End of year	<u>\$ (29,118)</u>	<u>\$ (29,118)</u>	<u>\$ (25,509)</u>	<u>\$ 3,609</u>

City of Ceres, California

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

Measure L Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,625,600	\$ 1,625,600	\$ 1,736,093	\$ 110,493
Use of money and property	-	-	3,773	3,773
Total revenues	<u>1,625,600</u>	<u>1,625,600</u>	<u>1,739,866</u>	<u>114,266</u>
EXPENDITURES:				
Current:				
Public works	40,000	40,000	8,881	31,119
Capital outlay	-	2,453,920	812,372	1,641,548
Total expenditures	<u>40,000</u>	<u>2,493,920</u>	<u>821,253</u>	<u>1,672,667</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,585,600</u>	<u>(868,320)</u>	<u>918,613</u>	<u>1,786,933</u>
Net change in fund balances	1,585,600	(868,320)	918,613	1,786,933
FUND BALANCES (DEFICIT):				
Beginning of year	-	-	-	-
End of year	<u>\$ 1,585,600</u>	<u>\$ (868,320)</u>	<u>\$ 918,613</u>	<u>\$ 1,786,933</u>

City of Ceres, California

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

Road Maintenance and Rehab Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 279,817	\$ 279,817
Use of money and property	-	-	214	214
Total revenues	-	-	280,031	280,031
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	280,031	280,031
Net change in fund balances	-	-	280,031	280,031
FUND BALANCES (DEFICIT):				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ 280,031	\$ 280,031

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

Fund	Description
Equipment Revolving	Accounts for the operation, maintenance, and replacement of City equipment.
Information Technology	Accounts for costs associated with maintaining the City's information systems.
Risk Management	Accounts for the cost of providing workers' compensation and liability insurance coverage on a City-wide basis.
Building Maintenance	Accounts for the activities of building maintenance, custodial service, and building modification projects on a City-wide basis.

City of Ceres, California
Statement of Fund Net Position
Internal Service Funds
June 30, 2018

	Equipment Revolving	Information Technology	Risk Management	Building Maintenance	Totals
ASSETS					
Current assets:					
Cash and investments	\$ 1,105,647	\$ 237,493	\$ 755,985	\$ 467,046	\$ 2,566,171
Interest receivable	-	-	-	-	-
Total current assets	1,105,647	237,493	755,985	467,046	2,566,171
Noncurrent assets:					
Machinery and equipment	5,587,937	213,087	-	225,234	6,026,258
Less accumulated depreciation	(4,177,891)	(117,744)	-	(72,759)	(4,368,394)
Total noncurrent assets	1,410,046	95,343	-	152,475	1,657,864
Total assets	\$ 2,515,693	\$ 332,836	\$ 755,985	\$ 619,521	\$ 4,224,035
LIABILITIES AND NET POSITION					
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 69,397	\$ 17,862	\$ 1,050	\$ 7,340	\$ 95,649
Due to other funds	-	-	234	-	234
Total current liabilities	69,397	17,862	1,284	7,340	95,883
Noncurrent liabilities:					
Compensated absences	92,167	-	-	71,628	163,795
Liability for claims	-	-	987,238	-	987,238
Total noncurrent liabilities	92,167	-	987,238	71,628	1,151,033
Total liabilities	161,564	17,862	988,522	78,968	1,246,916
Net Position:					
Net investment in capital assets	1,410,046	95,343	-	152,475	1,657,864
Unrestricted net position (deficit)	944,083	219,631	(232,537)	388,078	1,319,255
Total net position	2,354,129	314,974	(232,537)	540,553	2,977,119
Total liabilities and net position	\$ 2,515,693	\$ 332,836	\$ 755,985	\$ 619,521	\$ 4,224,035

City of Ceres, California

Statement of Revenues, Expenses, and Changes in Fund Net Position

Internal Service Funds

For the year ended June 30, 2018

	Equipment Revolving	Information Technology	Risk Management	Building Maintenance	Totals
OPERATING REVENUES:					
Interdepartmental charges	\$ 1,457,130	\$ 927,071	\$ 1,766,141	\$ 1,086,279	\$ 5,236,621
Other	26,619	-	190,538	(116)	217,041
Total operating revenues	1,483,749	927,071	1,956,679	1,086,163	5,453,662
OPERATING EXPENSES:					
Salaries and benefits	537,048	513,494	(1,095,640)	731,201	686,103
Contractual and other services	21,923	131,907	-	127,426	281,256
Materials and supplies	549,542	53,792	-	57,985	661,319
Depreciation	380,986	23,022	-	13,992	418,000
Other operating costs	188,243	102,398	2,227,143	173,647	2,691,431
Total operating expenses	1,677,742	824,613	1,131,503	1,104,251	4,738,109
OPERATING INCOME (LOSS)	(193,993)	102,458	825,176	(18,088)	715,553
NONOPERATING REVENUE (EXPENSE):					
Investment expense	-	(61)	(196)	-	(257)
Gain on sale of assets	16,600	-	-	-	16,600
Total non-operating revenue	16,600	(61)	(196)	-	16,343
NET INCOME (LOSS)	(177,393)	102,397	824,980	(18,088)	731,896
CHANGE IN NET POSITION	(177,393)	102,397	824,980	(18,088)	731,896
NET POSITION (DEFICIT):					
Beginning of year	2,531,522	212,577	(1,057,517)	558,641	2,245,223
End of year	<u>\$ 2,354,129</u>	<u>\$ 314,974</u>	<u>\$ (232,537)</u>	<u>\$ 540,553</u>	<u>\$ 2,977,119</u>

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

	Equipment Revolving	Information Technology	Risk Management	Building Maintenance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from other funds for services	\$ 1,457,130	\$ 927,071	\$ 1,766,141	\$ 1,086,279	\$ 5,236,621
Cash received from loss claim recoveries	-	-	190,538	-	190,538
Cash payments to suppliers for goods and services	(723,382)	(274,096)	-	(363,582)	(1,361,060)
Cash payments to employees for services	(492,730)	(513,494)	1,095,640	(726,881)	(637,465)
Cash payments for loss claims	-	-	(2,987,691)	-	(2,987,691)
Net cash provided (used) by operating activities	241,018	139,481	64,628	(4,184)	440,943
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers received (paid)	-	-	(1)	-	(1)
Net cash provided by noncapital financing activities	-	-	(1)	-	(1)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(535,989)	(71,102)	-	-	(607,091)
Proceeds from sale of capital assets	16,600	-	-	-	16,600
Net cash (used) by capital and related financing activities	(519,389)	(71,102)	-	-	(590,491)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment expense paid	-	(61)	(196)	-	(257)
Net increase in cash and cash equivalents	(278,371)	68,318	64,431	(4,184)	(149,806)
CASH AND CASH EQUIVALENTS:					
Beginning of year	1,384,018	169,175	691,554	471,230	2,715,977
End of year	<u>\$ 1,105,647</u>	<u>\$ 237,493</u>	<u>\$ 755,985</u>	<u>\$ 467,046</u>	<u>\$ 2,566,171</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:					
Income (loss) from operations	\$ (193,993)	\$ 102,458	\$ 825,176	\$ (18,088)	\$ 715,553
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:					
Depreciation	380,986	23,022	-	13,992	418,000
(Increase) decrease in current assets:					
Accounts receivable	-	-	-	-	-
Increase (decrease) in liabilities:					
Accounts payable and accrued liabilities	9,707	14,001	-	(4,408)	19,300
Compensated absences	44,318	-	-	4,320	48,638
Increase (decrease) in claims liability - noncurrent	-	-	(760,548)	-	(760,548)
Net cash provided (used) by operating activities	\$ 241,018	\$ 139,481	\$ 64,628	\$ (4,184)	\$ 440,943

TRUST AND AGENCY FUNDS

Fund	Description
Private Purpose Trust Funds	
Former Ceres Redevelopment Agency	
Successor Agency - Non-Housing	Accounts for funds collected and disbursed for the dissolution of the former Ceres Redevelopment Agency related to Administration and Retirement of enforceable obligations.
Successor Agency - Housing	Accounts for funds collected and disbursed for the dissolution of the former Ceres Redevelopment Agency's housing related debts.
Former Stanislaus-Ceres Redevelopment Commission	
Successor Agency - Non-Housing	Accounts for funds collected and disbursed for the dissolution of the former Stanislaus-Ceres Redevelopment Commission related to Administration and Retirement of enforceable obligations.
Successor Agency - Housing	Accounts for funds collected and disbursed for the dissolution of the former Stanislaus-Ceres Redevelopment Commission's housing related debts.
Agency Funds	
Westpointe Assessment District Debt Service	Accounts for assessments made for debt service of the Westpointe AD bonds for which the City is not obligated.

City of Ceres, California
Combining Statement of Net Position
Private Purpose Trust Funds
June 30, 2018

	Former Ceres Redevelopment Agency Successor Agency		Former Stanislaus - Ceres Redevelopment Commission Successor Agency		Totals
	Non-Housing	Housing	Non-Housing	Housing	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets:					
Cash and investments	\$ 2,185,985	\$ 69,389	\$ 258,911	\$ -	\$ 2,514,285
Cash and investments with trustee/fiscal agent	4,544,225	-	115,213	-	4,659,438
Interest receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total current assets	<u>6,730,210</u>	<u>69,389</u>	<u>374,124</u>	<u>-</u>	<u>7,173,723</u>
Non-Current assets:					
Advances to other funds	-	1,826,680	-	-	1,826,680
Long-term loans receivable	-	2,457,899	-	192,522	2,650,421
Construction in progress	12,500,147	-	-	-	12,500,147
Total Non-current assets	<u>12,500,147</u>	<u>4,284,579</u>	<u>-</u>	<u>192,522</u>	<u>16,977,248</u>
Total assets	<u>19,230,357</u>	<u>4,353,968</u>	<u>374,124</u>	<u>192,522</u>	<u>24,150,971</u>
Deferred outflows: Pension plan	2,003	-	85,382	-	87,385
Total assets and deferred outflows	<u>\$ 19,232,360</u>	<u>\$ 4,353,968</u>	<u>\$ 459,506</u>	<u>\$ 192,522</u>	<u>24,238,356</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 173,387	\$ -	\$ 5,614	\$ -	\$ 179,001
Interest payable	179,559	8,591	-	-	188,150
Compensated absences - current	8,086	-	2,014	-	10,100
Current portion of long term debt	1,283,602	58,047	50,000	-	1,391,649
Total current liabilities	<u>1,644,634</u>	<u>66,638</u>	<u>57,628</u>	<u>-</u>	<u>1,768,900</u>
Long-term liabilities:					
Advances from Stanislaus County	-	-	266,702	-	266,702
Advances from City of Ceres General Fund	-	-	531,494	-	531,494
Advances from other funds	1,826,680	-	-	-	1,826,680
Due after one year	32,929,888	887,328	900,000	-	34,717,216
Net pension obligation	96,698	-	159,869	-	256,567
Total long-term liabilities	<u>34,853,266</u>	<u>887,328</u>	<u>1,858,065</u>	<u>-</u>	<u>37,598,659</u>
Total liabilities	<u>36,497,900</u>	<u>953,966</u>	<u>1,915,693</u>	<u>-</u>	<u>39,367,559</u>
Deferred inflows: Pension plan	29,807	-	8,152	-	37,959
Total liabilities and deferred inflows	<u>36,527,707</u>	<u>953,966</u>	<u>1,923,845</u>	<u>-</u>	<u>39,405,518</u>
Net Position (Deficit):					
Net position held in trust for Redevelopment Dissolution	(17,295,347)	3,400,002	(1,464,339)	192,522	(15,167,162)
Total liabilities, deferred inflows, and net position	<u>\$ 19,232,360</u>	<u>\$ 4,353,968</u>	<u>\$ 459,506</u>	<u>\$ 192,522</u>	<u>\$ 24,238,356</u>

City of Ceres, California

Combining Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds

For the year ended June 30, 2018

	Former Ceres Redevelopment Agency Successor Agency		Former Stanislaus - Ceres Redevelopment Commission Successor Agency		Totals
	Non-Housing	Housing	Non-Housing	Housing	2018
ADDITIONS:					
Property taxes	\$ 3,080,306	\$ -	\$ 171,776	\$ -	\$ 3,252,082
Investment earnings	(66,004)	7,639	1,718	-	(56,647)
Other revenue	-	-	-	-	-
Gain on debt refunding	-	-	-	-	-
Total additions	<u>3,014,302</u>	<u>7,639</u>	<u>173,494</u>	<u>-</u>	<u>3,195,435</u>
DEDUCTIONS:					
General and administrative	-	-	6,030	-	6,030
Salaries and benefits	117,500	-	38,266	-	155,766
Contractual and other services	72,398	-	22,089	-	94,487
Materials and supplies	42,697	-	5,185	-	47,882
Economic development	-	-	-	-	-
Interest and debt service expenses	2,196,280	-	64,904	-	2,261,184
Amortization	169,704	3,906	-	-	173,610
Total deductions	<u>2,598,579</u>	<u>3,906</u>	<u>136,474</u>	<u>-</u>	<u>2,738,959</u>
CHANGE IN FIDUCIARY NET POSITION	415,723	3,733	37,020	-	456,476
NET POSITION (DEFICIT):					
Beginning of year	(17,711,070)	3,396,269	(1,501,359)	192,522	(15,623,638)
End of year	<u>\$ (17,295,347)</u>	<u>\$ 3,400,002</u>	<u>\$ (1,464,339)</u>	<u>\$ 192,522</u>	<u>\$ (15,167,162)</u>

City of Ceres, California
Combining Statement of Changes in Assets and Liabilities
Westpointe Assessment District Debt Service Agency Fund
For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
ASSETS				
Cash and investments	\$ 603,799	\$ 423,058	\$ (603,799)	\$ 423,058
Cash and investments held by fiscal agent	289,955	289,955	(289,955)	289,955
Receivables:				
Interest	1,065	-	(1,065)	-
Other	360,373	-	(360,373)	-
Total assets	<u>\$ 1,255,192</u>	<u>\$ 713,013</u>	<u>\$ (1,255,192)</u>	<u>\$ 713,013</u>
LIABILITIES				
Accounts payable	\$ -	\$ 357,825	\$ -	\$ 357,825
Due to (from) others	1,255,192	355,188	(1,255,192)	355,188
Total liabilities	<u>\$ 1,255,192</u>	<u>\$ 713,013</u>	<u>\$ (1,255,192)</u>	<u>\$ 713,013</u>

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