



# **CITY OF PATTERSON COMPREHENSIVE ANNUAL FINANCIAL REPORT 2018-2019**







**CITY OF PATTERSON**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**CITY OF PATTERSON, CALIFORNIA**

Prepared and Issued by  
Finance Department

**SAADIAH RYAN**  
Finance Director



**City of Patterson**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**  
**Table of Contents**

---

	<u>Page</u>
<b><u>INTRODUCTORY SECTION (Unaudited)</u></b>	
Letter of Transmittal.....	i
Principal Officials.....	v
 <b><u>FINANCIAL SECTION</u></b>	
<b>Independent Auditors' Report on Financial Statements .....</b>	<b>1</b>
<b>Management's Discussion and Analysis (Required Supplementary Information) (Unaudited) .....</b>	<b>3</b>
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position.....	16
Statement of Activities .....	18
<b>Fund Financial Statements:</b>	
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet.....	25
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position .....	26
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	27
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities .....	28
<i>Proprietary Fund Financial Statements:</i>	
Statement of Net Position .....	30
Statement of Revenues, Expenses, and Changes in Net Position .....	31
Statement of Cash Flows.....	32
<i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Assets and Liabilities.....	37
<b>Notes to the Basic Financial Statements.....</b>	<b>43</b>

**City of Patterson**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**  
**Table of Contents (Continued)**

	<u>Page</u>
<b><u>FINANCIAL SECTION (Continued)</u></b>	
<b>Required Supplementary Information (Unaudited)</b>	
<i>Notes to the Budgetary Comparison Schedule</i> .....	91
<i>Budgetary Comparison Schedule:</i>	
General Fund .....	92
<i>Defined Benefits Pension Plans – CalPERS:</i>	
Schedule of the Proportionate Share of the Net Pension Liability .....	93
Schedule of the Contributions .....	95
<i>Schedule of Changes in Net OPEB Liability and Related Ratios:</i>	
Other Postemployment Benefits .....	97
<b>Supplementary Information:</b>	
<i>Nonmajor Funds:</i>	
Combining Balance Sheet .....	101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	109
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Patterson Public Financing Authority .....	117
Landscape Maintenance District Special Revenue Fund .....	118
Benefit Assessment Districts Special Revenue Fund.....	119
CSA #15 Assessment District Special Revenue Fund .....	120
Patterson Gardens Fire Suppression Assessment Special Revenue Fund.....	121
Public Safety Special Revenue Fund .....	122
Beautification Committee Special Revenue Fund .....	123
State HCD Rehab Program Special Revenue Fund .....	124
Federal CDBG Grant Special Revenue Fund.....	125
First Time Home Buyers Special Revenue Fund.....	126
Federal HOME Special Revenue Fund.....	127
Neighborhood Stabilization Program Special Revenue Fund.....	128
Gas Tax Special Revenue Fund .....	129
Local Transportation Special Revenue Fund .....	130
Local Transportation Non-Motorized Special Revenue Fund .....	131
Street Project Special Revenue Fund .....	132
Measure L Special Revenue Fund .....	133
Developer Housing In-Lieu Fee Special Revenue Fund.....	134
Westside Drainage Study Special Revenue Fund .....	135
CFD 2013-1 Special Revenue Fund.....	136
CFD 2015-2 Special Revenue Fund.....	137
CFD 2018-2 VOP Maintenance Special Revenue Fund .....	138

**City of Patterson**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**  
**Table of Contents (Continued)**

	<u>Page</u>
<b><u>FINANCIAL SECTION (Continued)</u></b>	
<b>Supplementary Information (Continued)</b>	
<i>Agency Funds:</i>	
Combining Schedule of Fiduciary Net Position – Agency Funds .....	141
Statement of Changes in Assets and Liabilities – All Agency Funds .....	142
<b><u>STATISTICAL SECTION (Unaudited)</u></b>	
Description of Statistical Section Contents .....	147
<b>Financial Trends:</b>	
Net Position by Classification – Last Ten Fiscal Years .....	148
Changes in Net Position – Last Ten Fiscal Years .....	150
Fund Balance, Governmental Funds – Last Ten Fiscal Years .....	154
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years .....	156
<b>Revenue Capacity:</b>	
Tax Revenues by Source – Last Ten Fiscal Years .....	158
Water Sold by Customer Type – Last Five Fiscal Years .....	160
Water and Wastewater Utility Rates – Last Ten Fiscal Years .....	161
City-Wide Assessed Value and Estimated Actual Value of Taxable Property – Last Fiscal Years .....	162
Taxable Property by Use Code, City-Wide – Last Three Fiscal Years .....	165
Direct and Overlapping Property Tax Rates – Last Fiscal Years .....	166
Principal Property Taxpayers – Current Year and Ten Years Ago .....	167
Principal Sales Tax Producers – Current Year and Ten Years Ago .....	168
Historical Sales Tax Amounts by Benchmark Year – Last Ten Fiscal Years .....	170
<b>Demographic and Economic Information:</b>	
Demographic and Economic Statistics - Last Nine Fiscal Years .....	172
Principal Employers .....	173
<b>Operating Information:</b>	
Direct and Overlapping Governmental Activities Debt .....	174
Full-Time Equivalent City Government Employees	
By Function/Program/Department – Last Fiscal Years .....	175
<b>Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	
	179

*This page intentionally left blank.*





# City of Patterson

1 Plaza  
P.O. Box 667  
Patterson, California 95363  
Phone (209) 895-8000

March 17, 2020

To the Honorable Mayor,  
Members of the City Council, and the  
Citizens of City of Patterson, California

We are pleased to present the City of Patterson's ("City") Comprehensive Annual Financial Report ("CAFR") for the year ending June 30, 2019. The information in this CAFR is prepared in accordance with Generally Accepted Accounting Principles ("GAAP") and included an unmodified opinion on the report by the City's independent certified accountants. Although we rely on the standards and expertise of these external auditors, the responsibility for the accuracy and fairness of this report rests with the City.

An overview of the City's financial activities for the fiscal year is discussed in the Management's Discussion and Analysis ("MD&A") section of the CAFR.

## **CITY PROFILE**

The City was incorporated in 1919 and is located in Stanislaus County, on Highway 33, along the Interstate 5 corridor, and is approximately 280 miles north of Los Angeles, 92 miles south of Sacramento, 89 miles southeast of San Francisco and 45 miles southeast of Livermore. The City has a permanent staffing level of 96 City employees and serves approximately 22,000 residents in a land area of 6.0 square miles.

The City operates utilizing the Council-Manager form of government. The Mayor and four Council members are elected for staggered two-year and four-year terms respectively to govern the City. The City recently went to District elections for Council members. The Mayor is still an at-large election. The City Council is responsible for establishing policies, adopting the annual budget, appointing commissions and committees, and hiring the City Manager and City Attorney. The City Manager is responsible for implementing the Council's policies, overseeing the day-to-day operations of the City, and appointing the directors of the various City's departments.

City Departments and areas of responsibility are comprised of the following:

General Government includes staff and activities associated with the City Council, City Manager, City Clerk, City Attorney, Human Resources, Risk Management, Finance and Information Technology.

Public Safety includes Stanislaus Sheriff which includes, Detectives, Communications, Patrol, Investigations and Traffic and Parking Enforcement divisions, as well as Fire with Emergency Services, Prevention Services, Code Enforcement and Advance Life Support Services (ALS).

Community Development includes Economic Development, Housing, and Planning.

Engineering includes Building, Capital Projects, and Engineering.

Public Works includes Wastewater, Garbage, Water, Streets and Park Maintenance.

Parks and Recreation includes Community Services, Senior Center and Programs, Youth Programs, and manages the contract for Crossing Guards.

## **ECONOMIC CONDITION AND OUTLOOK**

The City has enjoyed strong economic growth over the last several years. There are no indications that the economy will be cooling off to recessionary levels. Factors that will impact our economic strength are the online sales which, in some instances, do not provide the City with a “point-of-sale” taxable nexus. The City is still fortunate to have a more diverse revenue structure which can continue to benefit from Measure L the 1/2cents sales tax over 25 years and new establishments.

Based on our recent approval of the Water Master Plan, the City recently approved a water rate study and rate increase of 11% over 5years. This will allow for much needed maintenance of some of our deteriorating water infrastructure in our older areas in town.

The City takes into consideration the following factors that may contribute to General Fund decrease in reserve level in the foreseeable future:

- In December 2016, CalPERS Board approved lowering its projected rate of return on investments from 7.5% to 7.0% phased in over a three-year period beginning in FY 2018-19;
- The rising cost of health care;
- Other Postemployment Benefits (OPEB)

## **INTERNAL CONTROLS**

The management of the City is responsible for establishing and maintaining internal controls designated to ensure that the assets of the City are protected from loss, theft or misuse, and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: the cost of a control should not exceed the benefits likely to be derived; and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the stated framework. City management believes the City’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

## **BUDGETARY CONTROL**

As part of the City’s internal controls, it maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. Annually, departments work with the City Manager and Finance Department to submit operating budget requests for the year. The City Manager then makes recommendations to the City Council regarding the budget. After public discussion and evaluations of their recommendations, the City Council adopts the budget for the fiscal year with or without modifications.

Expenditures are controlled at the fund level for all budgeted departments within the City. At this level, expenditures may not legally exceed appropriations. The City Manager or his designee is authorized to transfer funds between departments within the same fund, and limit expenditures in response to lower than expected revenues whenever necessary. The budgets are adopted on a basis substantially consistent with GAAP. Any amendment to the total level of appropriations for a fund or transfers between funds must be approved by the City Council.

## MAJOR INITIATIVES AND PROJECTS

As part of the budget preparation process, the City Council articulates goals and objectives for the next year and evaluates the progress made on the goals established as part of the previous budget. The following represent some of the most significant goals established for Fiscal Years 2018-19 budget process:

- Continued progression of our Strategic Plan
- Continued enhancement and expansion of Recreation programs and classes for youth, adults, and seniors.
- Increase program revenues through sponsorships and donations.
- Complete outstanding master plans; (traffic and Parks)
- Measure L funds are available, allowing for roadway maintenance throughout the City.
- Engage community through a broad spectrum of events to educate and inform them about public safety services; and collaborate to enhance services.
- Continue review and analysis of development and redevelopment activities with new marketing materials, including a new City tag line.
- Continued application processes for grant opportunities.

Some of the specific projects underway in Fiscal Year 2018-19 included the following:

- Roger Road Water Tank (\$1,350,000)
- I-5 Interchange PA&ED Study (Aqueduct) (\$1,470,000)
- Clarifier Improvements WQCF (\$2,200,000)
- Ninth Street Improvement (\$817,000)
- Sperry Avenue Improvement (Baldwin to Hwy 33) (\$725,349)
- Street Maintenance projects-slurry seal (\$673,000)
- Community Complex Parking Lot (\$505,276)

New Commercial Development included:

- Mobile gas/Baja Fresh
- Burger King
- Hampton Inn Hotel
- Starbucks
- Round Table Pizza
- KP Patterson – Cannabis dispensary
- Central Valley Sierra - Cannabis dispensary

New Residential Development included:

- Self-Help Enterprise has broken ground to start construction of approximately 40 new affordable homes.
- K.HOB Homes approximately 150 single-family homes.
- K.B. Homes approximately 64 single-family homes.
- VOP approximately 54 units apartment.
- VOP approximately 105 triplex.

## Acknowledgements

This is the third year the City prepared a Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019.

This CAFR was prepared by the City's Finance Department staff. This report is representative of the staff's ongoing effort and commitment to provide excellent service to Patterson residents. Our Thank you is also extended to the independent auditor of The PUN Group, LLP for their review of this report and to the City Council for their stewardship and commitment to assist in ensuring the long-term fiscal health of the City.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ken Irwin', written in a cursive style.

Ken Irwin  
City Manager



**CITY OF PATTERSON**  
**Comprehensive Annual Financial Report**  
FISCAL YEAR  
2018 - 2019  
**City Council**

**MAYOR**  
**Deborah M. Novelli**

**COUNCIL MEMBERS**  
**Dominic Farinha**  
**Dennis McCord**  
**Joshua Naranjo**  
**Cynthia Homen**

**Executive Staff**

**Kenneth Irwin, City Manager**

**Maricela Vela, City Clerk**

**Marcelino Nuno, Chief of Police**

**Jeffery Gregory, Chief of Fire**

**Di Smith, Director of Human Resource**

**Michael Willett, Director of Public Works**

**Fernando Ulloa, Director of Engineering, Building & Capital Projects**

**Saadiah Ryan, Director of Finance**

**Juliene Flanders, Recreation & Community Services Director**

**David James, Community Development Director**

**Thomas Hallinan, City Attorney**

**Douglas L. White, Deputy City Attorney**

*This page intentionally left blank.*



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members  
of the City Council of the City of Patterson  
Patterson, California

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Patterson, California (the "City"), as of and for the year ended June 30, 2019, and the related notes to the basic 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.

### ***Auditors' 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 basic financial statements are free of 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 City'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 City'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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, 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.

**2121 North California Blvd., Suite 290, Walnut Creek, California 94596**

**Tel: 925-974-3394 • Fax: 949-777-8850**

**[www.pungroup.com](http://www.pungroup.com)**

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management’s Discussion, Analysis, the Budgetary Comparison Schedules, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Plan Contributions, and the Schedule of Changes in Total OPEB Liability and Related Ratios, as identified in the accompanying table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 introductory section, the combining and individual fund financial statements, the budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, and the budgetary comparison schedules are the responsibility of management and were derived from and related 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 supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have 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 them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020, 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 solely 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 the effectiveness of the City’s 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.



Walnut Creek, California  
March 17, 2020



**City of Patterson**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

---

As management of the City of Patterson, California, (City) we offer readers of the City of Patterson's financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

**Financial Highlights**

- **Changes in Net Position:** The government's total net position increased by \$2,665,433. The governmental activities decreased by \$379,437 and business-type activities increased by \$3,044,870 at the end of fiscal year June 30, 2019. The increased in total net position is related to increase in Taxes revenue by 10%, increase in other revenue by 38% and increase in Police contract by 31% and increase in Revenue from Fiduciary Fund to Water and Sewer Funds.
- **Long Term Debt:** The City of Patterson's total debt decreased by \$2,936,024, because of the scheduled debt service payments.
- **Governmental Funds:** As of June 30, 2019, the City's governmental funds reported combined ending fund balances of \$84,634,831 a decrease of \$2,394,801 in comparison with the prior year due to increase in capital outlay and scheduled debt service payment. Approximately 11.73 percent of the ending fund balance, \$9,926,340 is available for spending at the government's discretion as either a committed, assigned, and unassigned fund balance within the guidelines of the funding sources.
- **Proprietary Funds:** As of June 30, 2019, the City's total net position increased by \$3,044,870 due to increase in water rate of 11% (full year in 2019), sewer rate of 6%, Garbage rate of 6%, and transfer in from Fiduciary fund to fund Clarifier project and Roger Road water tank project.
- **General Fund:** At June 30, 2019, committed, assigned and unassigned fund balance of the general fund was \$7,798,523. All but \$6,605,542 of these funds are committed or assigned for specific purposes in accordance with City policies and budgetary guidelines.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Patterson's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the City of Patterson's assets, deferred outflows of resources, liabilities, and deferred inflow of resources with the difference between the four reported as *net positions*. Over time, increase or decreases in net position may serve as a useful indicator of whether the financial position of the City of Patterson is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**City of Patterson**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

---

Both of the government-wide financial statements distinguish functions of the City of Patterson that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Patterson include general government, public safety, community development, public works and parks and recreation.

The government-wide financial statements include the City of Patterson and a component unit the Patterson Public Financing Authority. Financial information for this component unit is reported within the funds of the City.

The government-wide financial statements can be found on pages 16 – 19 of this report.

**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 of Patterson, 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 of Patterson can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 *balances on 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 governmental funds 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 statements. By doing so, readers may better understand the long-term impact of the government's near-term financing 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 fund* and *governmental activities*.

The City of Patterson maintains thirty-seven governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the other thirteen governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* in the supplementary information.

The City of Patterson adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget in the required supplementary information. Budgetary comparisons for other funds are provided in the supplementary information of this report.

The governmental fund financial statements can be found on pages 25 – 28 of this report.

**Proprietary funds.** The City of Patterson maintains a proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Patterson uses enterprise funds to account for its Water, Sewer and Garbage operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Garbage operations.

The proprietary fund financial statements can be found on pages 30 – 33 of this report.

**City of Patterson**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Patterson's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statement can be found on page 38 of this report.

**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 financial statements can be found on pages 43 – 87 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Patterson's General Fund budgetary comparison schedule, pension and changes in net pension liabilities and related ratio schedules, pension contribution schedules, and other post-employment funding progress schedule. Required supplementary information can be found on pages 91 – 97 of this report.

The combining statements referred to earlier in connection with other governmental funds and agency funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 101 – 116 of this report.

**Government-wide Financial Analysis**

As noted earlier, net positions may serve over time as a useful indicator of a government's financial position. In the case of the City of Patterson, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$104,898,980 at the close of the most recent fiscal year.

	<b>Net Position</b>					
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 23,263,999	\$ 94,246,577	\$ 10,061,421	\$ 9,912,529	\$ 33,325,420	\$ 104,159,106
Capital assets	130,108,551	60,819,764	52,637,004	49,282,639	182,745,555	110,102,403
Total Assets	153,372,550	155,066,341	62,698,425	59,195,168	216,070,975	214,261,509
Deferred Outflow of Resources	2,004,661	2,753,619	1,547,766	1,767,493	3,552,427	4,521,112
Long-term liabilities outstanding	81,891,979	85,082,253	21,093,279	21,277,457	102,985,258	106,359,710
Other liabilities	8,382,768	7,420,399	1,827,914	1,490,468	10,210,682	8,910,867
Total Liabilities	90,274,747	92,502,652	22,921,193	22,767,925	113,195,940	115,270,577
Deferred Inflow of Resources	987,105	822,512	541,377	455,985	1,528,482	1,278,497
Net Positions:						
Net Investment in Capital Assets	60,390,350	60,721,785	37,746,179	37,346,159	98,136,529	98,067,944
Restricted	11,658,062	8,385,204	469,817	469,905	12,127,879	8,855,109
Unrestricted	(7,933,053)	(4,612,193)	2,567,625	(77,313)	(5,365,428)	(4,689,506)
Net Position	<u>\$ 64,115,359</u>	<u>\$ 64,494,796</u>	<u>\$ 40,783,621</u>	<u>\$ 37,738,751</u>	<u>\$ 104,898,980</u>	<u>\$ 102,233,547</u>

By far, the largest portion of the City of Patterson's net positions, 93.55 percent, reflects its net investment in capital assets (i.e. land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress). The City of Patterson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Patterson's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Patterson**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

Additional portion of the City of Patterson's net position, 11.56 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$5,365,428) may be used to meet the government's ongoing obligation to citizens and creditors, but is subject to designation for specific City programs.

At the end of the current fiscal year, the City of Patterson is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. At year-end, 92.55 percent of the City of Patterson's business-type activities' net assets were invested in capital assets.

	<b>Changes in Net Position</b>					
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>						
<b>Program revenues</b>						
Charges for services	\$ 5,687,097	\$ 5,808,777	\$ 12,657,675	\$ 11,622,256	\$ 18,344,772	\$ 17,431,033
Operating grants and contributions	1,114,479	1,546,871	34,318	68,852	1,148,797	1,615,723
Capital grants and contributions	943,669	1,171,357	-	-	943,669	1,171,357
<b>Total program revenues</b>	<b>7,745,245</b>	<b>8,527,005</b>	<b>12,691,993</b>	<b>11,691,108</b>	<b>20,437,238</b>	<b>20,218,113</b>
<b>General revenues</b>						
Taxes	13,922,854	12,624,053	-	-	13,922,854	12,624,053
Investment earnings	4,179,507	4,131,216	171,436	74,144	4,350,943	4,205,360
Capital Contribution	-	-	-	-	-	-
Other	4,547,233	3,305,701	2,574,579	(706,484)	7,121,812	2,599,217
<b>Total general revenues</b>	<b>22,649,594</b>	<b>20,060,970</b>	<b>2,746,015</b>	<b>(632,340)</b>	<b>25,395,609</b>	<b>19,428,630</b>
<b>TOTAL REVENUES</b>	<b>30,394,839</b>	<b>28,587,975</b>	<b>15,438,008</b>	<b>11,058,768</b>	<b>45,832,847</b>	<b>39,646,743</b>
<b>EXPENSES</b>						
General government	3,167,076	3,408,080	-	-	3,167,076	3,408,080
Police	6,711,694	5,123,296	-	-	6,711,694	5,123,296
Fire	4,937,738	4,484,833	-	-	4,937,738	4,484,833
Community development and planning	2,523,052	1,724,228	-	-	2,523,052	1,724,228
Public works	4,455,175	4,901,136	-	-	4,455,175	4,901,136
Parks and recreation	4,618,872	4,283,486	-	-	4,618,872	4,283,486
Interest and fiscal charges	4,360,669	3,810,538	-	-	4,360,669	3,810,538
Water	-	-	4,561,024	4,917,985	4,561,024	4,917,985
Sewer	-	-	5,287,098	5,297,929	5,287,098	5,297,929
Garbage	-	-	2,545,016	2,397,523	2,545,016	2,397,523
<b>TOTAL EXPENSES</b>	<b>30,774,276</b>	<b>27,735,597</b>	<b>12,393,138</b>	<b>12,613,437</b>	<b>43,167,414</b>	<b>40,349,034</b>
<b>CHANGES IN NET POSITION</b>	<b>\$ (379,437)</b>	<b>\$ 852,378</b>	<b>\$ 3,044,870</b>	<b>\$ (1,554,669)</b>	<b>\$ 2,665,433</b>	<b>\$ (702,291)</b>

Additional information on the change in net position can be found on page 16 – 19 of this report.

**City of Patterson**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

---

**Governmental activities.** Overall, governmental revenues increased by \$1,806,864 or 6.0 percent from prior year. Key elements of the change are as follows:

- Taxes increased by \$1,298,801 or 10 percent due to increase in property taxes by \$293,306, motor vehicle in lieu \$141,873 and sales tax by \$809,829.
- Other revenue increased by \$1,241,532 due to increase in miscellaneous revenue related to school district reimbursement of \$750,000, gain on sale of land \$473,114 and increase in transfer in \$20,000.
- Charges for services decreased by \$121,680 or 2 percent mainly due to decrease in plan check and building permits as residential and commercial projects were delayed.
- Operating grants and contribution decreased by \$432,392 mainly due to decrease in various grants such as Urban Forestry Grant, CDBG grant and SJVAPCD grant.

Overall, expenses increased by \$3,038,679 or 11.0 percent compared to prior year. Major increase in expenditures was in police, fire, community development and planning and park and recreation due to ongoing capital improvement projects, Self Help Enterprise project, maintenance expenditures and increase in salaries and benefits.

Additional information on activities and change in net position can be found on pages 18 – 19 of this report.

**Business-type activities.** Water operating revenue increased by \$563,027 and expenses decreased by \$297,528 and in fiscal year 2019, resulting in operating income of \$608,859. Revenue increased due to increase in number of customers and full year of water rate increase by 11%. Decrease in water expense was due to decrease in contractual and professional services cost \$130,000, equipment maintenance and utilities wells cost \$50,000 and decrease in salaries and benefits due to salary savings \$83,000. The Water fund's net position was \$19,968,851. Of this amount, \$19,061,933 was invested in net investment in capital assets, and \$906,918 was unrestricted.

Sewer operating revenue increased by \$274,077 and expenses decreased by \$1,833 in fiscal year 2019. The increase was due to sewer rate increase of 6% and decreased in salaries and benefits due to salary savings. As of June 30, 2019, Sewer fund's net position was \$19,656,165. Of this amount, \$18,625,828 was invested in net investment in capital assets, \$469,817 was restricted and \$560,520 was unrestricted.

Garbage operating revenue and expenses increased by \$148,210 and \$147,493 respectively in fiscal year 2019. The increase was due to garbage rate increase of 6% and increased in number of customers, increased in salaries and benefits and increased in controlled costs of contract services. As of June 30, 2019, the Garbage fund's net position was \$1,158,605. Of this amount \$58,418 was invested in net investment in capital assets and \$1,100,187 was unrestricted.

**City of Patterson**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

---

**Financial Analysis of the Government's Funds**

As noted earlier, the City of Patterson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Patterson's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Patterson's financing requirements. In particular, spendable fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

As of the end of the current fiscal year, the City of Patterson's governmental funds reported combined ending fund balances of \$84,634,831, a decrease of \$2,394,801 in comparison with the prior year. The decrease was due to increase in Police, Park and Recreation, Fire operating costs, capital outlay and debt service payments. \$9,926,340 of the City's governmental funds ending fund balances or 11.73 percent constitute committed, assigned and unassigned fund balance, which is available for spending at the government's discretion within the guidelines of the funding sources. The remainder of fund balance, \$74,708,491, is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws or regulations of other governments or through enabling legislation.

**Proprietary funds.** The City of Patterson's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Enterprise Funds at the end of the year amounted to \$2,567,625, an increase of \$2,175,033 from the prior year. This fund will be used to fund water, sewer and garbage operations and planned capital improvements. Other factors concerning the finance of these funds have already been addressed in the discussion of the City of Patterson's business-type activities.

**General Fund Financial Highlights**

The General Fund is the chief operating fund of the City of Patterson. At the end of the current fiscal year, committed, assigned and unassigned fund balance of the general fund was \$7,798,523, while total fund balance was \$8,173,139. The general fund's ending fund balance increased by \$538,365 in comparison with the prior year. As a measure of the General Fund's liquidity, it may be useful to compare only the committed, assigned and unassigned fund balance to total fund expenditures. Committed, assigned and unassigned fund balance represents 40.37 percent of the total general fund expenditures, most of which is committed or assigned to meet the City's long-term obligations.

Overall, General Fund revenues (including transfers in) increased year-over-year by \$1,198,907 and expenditures (including transfers out) increased by \$57,828. Tax related revenue increased by \$1,103,135, due to increase in sales tax and increase in property tax. Motor vehicle in lieu and Licenses, permits and fees was up \$141,873 and \$149,300 respectively. Franchise fee decreased by \$1,307 and intergovernmental grants experienced an overall decreased of \$49,825. Charges for services increased by \$8,019. The overall increase in expenditures was attributed to increase in operation costs.

**City of Patterson**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

---

**General Fund Budgetary Highlights**

For the fiscal year ended June 30, 2019, General Fund's revenue final amended budget increased over the original budget by \$72,751 and actual revenue increased by \$1.6 million from final amended budget. The expenditure final amended budget increased by \$179,519 over original budget and the actual expenditures were \$320,860 lower than the final amended budget. These can be briefly summarized as follows:

- Public Work building maintenance operating cost was lower than final amended budget by \$16,000.
- Public Work park maintenance operating expenditures actual was lower than final amended budget by \$94,000.
- Public Work street maintenance operating expenditures actual was lower than final amended budget by \$17,000.
- Public Work urban forestry operating expenditures actual was lower than final amended budget by \$148,000.
- Non-Departmental overall expenditures actual was lower than final amended budget by \$34,000.

**Capital Asset and Debt Administration**

**Capital assets.** The City of Patterson's net investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$109,720,045, a decrease of \$382,358 or 0.35 percent of total capital assets over prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, and streets.

	<b>Capital Assets (Net of depreciation)</b>			
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land	\$ 5,271,125	\$ 5,898,011	\$ 6,145,971	\$ 6,145,970
Construction in progress	9,516,692	8,729,084	4,957,068	2,625,894
Infrastructure	45,668,703	46,192,669	38,160,486	40,510,775
Total	\$ 60,456,520	\$ 60,819,764	\$ 49,263,525	\$ 49,282,639

Additional information on the City of Patterson's capital assets can be found in Note 7 to the basic financial statements.

**City of Patterson**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

**Long-term debt.** At the end of the current fiscal year, the City of Patterson's total long-term debt outstanding increased to \$87,095,668 a decrease of \$2,936,024 attributable to the normal scheduled debt service payments. Revenue bonds and loan payable of \$6,935,025 are to be paid out of sewer revenues. Revenue bonds of \$8,150,000 is to be paid out of water revenues.

**LONG-TERM LIABILITIES**

	<u>2019</u>	<u>2018</u>
<b>Governmental activities</b>		
Compensated absences	\$ 355,174	\$ 409,006
PPFA 2013 Heartland Ranch Revenue Bonds	3,134,422	3,531,771
PPFA 2013 Series A revenue bonds	59,777,347	61,278,881
PPFA 2013 Series B revenue bonds	5,890,000	6,030,000
2018 Lease Revenue bonds	2,303,118	2,429,000
Capital leases	66,169	97,979
Settlement payable	364,000	364,000
<b>Total governmental activities</b>	<u>71,890,230</u>	<u>74,140,637</u>
<b>Business-type activities</b>		
<b>Water</b>		
Compensated absences	50,299	104,166
2011 Water revenue bond	8,150,000	8,375,000
<b>Total for water fund</b>	<u>8,200,299</u>	<u>8,479,166</u>
<b>Sewer</b>		
Compensated absences	59,072	111,689
State revolving fund loan	536,209	577,860
2009 sewer bonds	415,000	490,000
2017 Sewer Refunding Revenue Bond	2,630,800	2,658,300
Banc of america loan	1,412,602	1,422,034
CEC loan	1,940,415	2,134,185
<b>Total for sewer fund</b>	<u>6,994,097</u>	<u>7,394,068</u>
<b>Garbage</b>		
Compensated absences	11,040	17,820
<b>Total for garbage fund</b>	<u>11,040</u>	<u>17,820</u>
<b>Total business-type activities</b>	<u>\$ 15,205,436</u>	<u>\$ 15,891,054</u>

Additional information on the City of Patterson's long-term debt can be found in Note 8 to the basic financial statements.



**City of Patterson**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

---

**Economic Condition, Outlook and Activity**

The City has enjoyed strong economic growth over the last several years. Although the economy continues to level out, the City of Patterson remains focused on several interested new businesses that have visited our business Parks over the last 6 months. Factors that will impact our economic strength are the online sales which, in some instances, do not provide the City with a "point-of-sale" taxable nexus. The City is still fortunate to have a more diverse revenue structure which can continue to benefit from Measure L; the ½ cents transaction and use tax over 25 years, SB1 revenue, new establishments such as the Hampton Hotel, Starbucks, Flying J, Burger King restaurant, and Cannabis retail and manufacturing.

The rate studies for water, sewer, and garbage have been completed and approved. This will provide stable enterprise funding to provide a high level of infrastructure maintenance in these areas.

Our budget provides for a continuation of high levels of service, funding of capital improvements to further improve the City and maintain public safety staffing, and new programs to enhance community quality of life for the City's population.

Several new businesses opened their doors in Patterson this year such as Mobile gas/Baja Fresh, Burger King. The new truck wash located in the business park is under construction, and the new Hampton hotel construction is well under way. The 700,000 sf building in the Keystone Business Park is completed and awaiting new tenants. Our infill homes have all completed construction and most have been purchased. Self-Help Enterprise has broken ground to start construction of approximately 40 new affordable homes. The Patterson Ranch Project has broken ground and will provide approximately 250 affordable homes that fit into the middle income affordable category.

**Next Year's Budget**

The following factors were taken into consideration during the preparation of the City's budget for the fiscal year 2019-2020.

The expected growth in commercial and residential developments contributed to the increase in major revenue source such as property tax and sales tax.

The availability of both Federal, State grants and State Revolving Fund Loan (SRF).

State legislation mandating a steady increase toward a minimum wage to \$15 per hour by 2022 point to further increases in weekly wages.

The accumulation of Measure L revenue provides the funding source to the street capital projects that are being carefully orchestrated to begin upon completion of various water capital pipeline projects.

During the water rate study, the City incorporated the 5 year long range capital improvement plan. The City will begin the improvement of the water line projects, clarifier replacement project and street projects to enhance and improve the quality of our community's water, sewer and streets infrastructure.

The City's Sewer, Water, and Storm Drain Master Plans were all completed last year with great support from Staff, Stakeholders, and Council. These Master Plans will help provide organized and quality growth of the City as will continue to attract small and large businesses of all types.

The City is currently working on the garbage rate study and Sewer, Water and Storm Drain Impact Fee Study. The garbage rate study is necessary to respond to the new regulation of organic green waste and incorporates the CPI index factor over 5 years. The Sewer, Water and Storm Drain Impact Fee Study to align with the requirements and parameters of the recently completed Sewer, Water and Storm Drain Master Plans.

General Fund property tax, sales tax and motor vehicle in lieu revenues are projected to increase as new commercial and residential developments are completed and continuing growth in all business and industry in Patterson. We expect revenue from the Cannabis pilot project will increase General Fund revenue.

**City of Patterson**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

---

General Fund expenditures are projected to increase as well, as capital assets such as equipment need replacements and increase operations and maintenance expenditures.

General Fund's fund balance reserve is projected to be at 22.98% by end of fiscal year 2020.

Enterprise Fund water revenue is projected to increase as water rate study being approved by council and went into effect March 2018. Wastewater and Garbage revenues are projected to increase due to rate increase of 6% being implemented for Wastewater and increase in commercial and residential garbage services respectively.

Enterprise Fund expenses are projected to increase due to major capital projects, repairs and increase in operations and maintenance expenditures.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Patterson, 1 Plaza, Patterson, CA 95363.

## **BASIC FINANCIAL STATEMENTS**

*This page intentionally left blank.*

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Patterson**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 18,896,676	\$ 8,123,253	\$ 27,019,929
Restricted cash and investments	-	469,817	469,817
Receivables:			
Accounts	4,123,392	1,377,400	5,500,792
Interest	52,343	20,573	72,916
Due from Fiduciary Funds	107,122	-	107,122
Prepaid items	84,466	70,378	154,844
<b>Total current assets</b>	<b>23,263,999</b>	<b>10,061,421</b>	<b>33,325,420</b>
<b>Noncurrent assets:</b>			
Cash and investments with fiscal agents	1,093,949	3,373,477	4,467,426
Investments held in trust	66,674,236	-	66,674,236
Notes receivable	1,883,846	-	1,883,846
Capital assets, net	60,456,520	49,263,527	109,720,047
<b>Total noncurrent assets</b>	<b>130,108,551</b>	<b>52,637,004</b>	<b>182,745,555</b>
<b>Total assets</b>	<b>153,372,550</b>	<b>62,698,425</b>	<b>216,070,975</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding	-	194,200	194,200
OPEB-related deferred outflows of resources	175,821	80,876	256,697
Pension-related deferred outflows of resources	1,828,840	1,272,690	3,101,530
<b>Total deferred outflows of resources</b>	<b>2,004,661</b>	<b>1,547,766</b>	<b>3,552,427</b>

**City of Patterson**  
**Statement of Net Position (Continued)**  
**June 30, 2019**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	1,913,225	902,673	2,815,898
Accrued liabilities	248,404	-	248,404
Accrued interest payable	1,256,975	59,662	1,316,637
Unearned revenue	563,654	-	563,654
Deposits payable	1,918,950	144,670	2,063,620
Due within one year:			
Compensated absences	355,174	120,411	475,585
Long-term debt	2,126,386	600,498	2,726,884
<b>Total current liabilities</b>	<b>8,382,768</b>	<b>1,827,914</b>	<b>10,210,682</b>
<b>Noncurrent liabilities:</b>			
Due in more than one year:			
Long-term debt	69,044,671	14,484,527	83,529,198
Settlement liabilities	364,000	-	364,000
Total OPEB liability	7,455,009	3,242,501	10,697,510
Aggregate net pension liability	5,028,299	3,366,251	8,394,550
<b>Total noncurrent liabilities</b>	<b>81,891,979</b>	<b>21,093,279</b>	<b>102,985,258</b>
<b>Total liabilities</b>	<b>90,274,747</b>	<b>22,921,193</b>	<b>113,195,940</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB-related deferred inflows of resources	922,278	477,705	1,399,983
Pension-related deferred inflows of resources	64,827	63,672	128,499
<b>Total deferred inflows of resources</b>	<b>987,105</b>	<b>541,377</b>	<b>1,528,482</b>
<b>NET POSITION</b>			
Net investment in capital assets	60,390,350	37,746,179	98,136,529
Restricted for:			
Special programs	11,658,062	469,817	12,127,879
Unrestricted (deficit)	(7,933,053)	2,567,625	(5,365,428)
<b>Total net position</b>	<b>\$ 64,115,359</b>	<b>\$ 40,783,621</b>	<b>\$ 104,898,980</b>

**City of Patterson**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

<b>Functions/Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 3,167,076	\$ 653,327	\$ 162,060	\$ -
Police	6,711,694	198,638	160,297	-
Fire	4,937,738	1,620,028	773,534	-
Community development and planning	2,523,052	530,975	2,500	-
Public Works	4,455,175	920,656	13,764	943,669
Parks and recreation	4,618,872	1,763,473	2,324	-
Interest and fiscal charges	4,360,669	-	-	-
<b>Total governmental activities</b>	<b>30,774,276</b>	<b>5,687,097</b>	<b>1,114,479</b>	<b>943,669</b>
<b>Business-type Activities:</b>				
Water	4,561,024	4,764,097	-	-
Sewer	5,287,098	4,665,525	34,318	-
Garbage	2,545,016	3,228,053	-	-
<b>Total business-type activities</b>	<b>12,393,138</b>	<b>12,657,675</b>	<b>34,318</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 43,167,414</b>	<b>\$ 18,344,772</b>	<b>\$ 1,148,797</b>	<b>\$ 943,669</b>



**City of Patterson**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2019**

<b>Functions/Programs</b>	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>			
General government	\$ (2,351,689)	\$ -	\$ (2,351,689)
Police	(6,352,759)	-	(6,352,759)
Fire	(2,544,176)	-	(2,544,176)
Community development and planning	(1,989,577)	-	(1,989,577)
Public Works	(2,577,086)	-	(2,577,086)
Parks and recreation	(2,853,075)	-	(2,853,075)
Interest and fiscal charges	(4,360,669)	-	(4,360,669)
<b>Total governmental activities</b>	(23,029,031)	-	(23,029,031)
<b>Business-type Activities:</b>			
Water	-	203,073	203,073
Sewer	-	(587,255)	(587,255)
Garbage	-	683,037	683,037
<b>Total business-type activities</b>	-	298,855	298,855
<b>Total primary government</b>	(23,029,031)	298,855	(22,730,176)
<b>General revenues and transfers:</b>			
<b>General revenues:</b>			
Taxes:			
Property taxes	3,386,596	-	3,386,596
Sales taxes	5,837,364	-	5,837,364
Franchise taxes	205,047	-	205,047
Motor vehicle in lieu	2,089,248	-	2,089,248
Other taxes	2,404,599	-	2,404,599
Total taxes	13,922,854	-	13,922,854
Investment earnings	4,179,507	171,436	4,350,943
Revenue from Fiduciary Fund	1,745,012	3,850,536	5,595,548
Gain on sale of capital assets	473,114	-	473,114
Miscellaneous	1,038,772	14,378	1,053,150
<b>Transfers</b>	1,290,335	(1,290,335)	-
<b>Total general revenues and transfers</b>	22,649,594	2,746,015	25,395,609
<b>Changes in net position</b>	(379,437)	3,044,870	2,665,433
<b>Net Position:</b>			
<b>Beginning of year</b>	64,494,796	37,738,751	102,233,547
<b>End of year</b>	\$ 64,115,359	\$ 40,783,621	\$ 104,898,980

*This page intentionally left blank.*

**FUND FINANCIAL STATEMENTS**

*This page intentionally left blank.*

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

*This page intentionally left blank.*

**City of Patterson**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Patterson Public Financing Authority</u>	<u>Other Governmental Funds</u>	
<b>ASSETS</b>				
Cash and investments	\$ 6,053,734	\$ -	\$ 12,842,942	\$ 18,896,676
Cash and investments with fiscal agents	-	1,093,949	-	1,093,949
Investments held in trust	-	66,674,236	-	66,674,236
Receivables:				
Accounts	2,305,974	-	1,817,418	4,123,392
Interest	18,035	-	34,308	52,343
Notes and loans	16,632	-	1,867,214	1,883,846
Due from other funds	3,590,526	-	-	3,590,526
Due from Fiduciary Funds	107,122	-	-	107,122
Prepaid Items	84,466	-	-	84,466
<b>Total assets</b>	<u>\$ 12,176,489</u>	<u>\$ 67,768,185</u>	<u>\$ 16,561,882</u>	<u>\$ 96,506,556</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,636,638	\$ 36,701	\$ 239,886	\$ 1,913,225
Accrued liabilities	248,404	-	-	248,404
Due to other funds	-	1,180,898	2,409,628	3,590,526
Unearned revenue	92,507	-	471,147	563,654
Deposit and other liabilities	1,844,324	-	74,626	1,918,950
<b>Total liabilities</b>	<u>3,821,873</u>	<u>1,217,599</u>	<u>3,195,287</u>	<u>8,234,759</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue	181,477	-	3,455,489	3,636,966
<b>Total deferred inflows of resources</b>	<u>181,477</u>	<u>-</u>	<u>3,455,489</u>	<u>3,636,966</u>
<b>FUND BALANCES:</b>				
Nonspendable	84,466	-	-	84,466
Restricted	290,150	66,550,586	7,783,289	74,624,025
Committed	3,725,949	-	4,639,119	8,365,068
Assigned	2,879,593	-	-	2,879,593
Unassigned (deficit)	1,192,981	-	(2,511,302)	(1,318,321)
<b>Total Fund Balances</b>	<u>8,173,139</u>	<u>66,550,586</u>	<u>9,911,106</u>	<u>84,634,831</u>
<b>Total Liabilities, Deferred Inflows of Resource, and Fund Balances</b>	<u>\$ 12,176,489</u>	<u>\$ 67,768,185</u>	<u>\$ 16,561,882</u>	<u>\$ 96,506,556</u>

**City of Patterson**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Government-Wide Statement of Net Position**  
**June 30, 2019**

---

<b>Total fund balances of governmental funds</b>	<u>\$ 84,634,831</u>
 <b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds.	60,456,520
Pension-related deferred outflows/inflows of resources in the governmental activities were not financial resources (uses) and therefore were not reported in the Governmental Funds Balance Sheet.	
Pension-related deferred outflows of resources	1,828,840
Pension-related deferred inflows of resources	(64,827)
OPEB-related deferred outflows/inflows of resources in the governmental activities were not financial resources (uses) and therefore were not reported in the Governmental Funds Balance Sheet.	
OPEB-related deferred outflows of resources	175,821
OPEB-related deferred inflows of resources	(922,278)
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.	(1,256,975)
Unavailable revenues reported on the Governmental Fund Financial Statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.	3,636,966
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.	
Long-term debt	(71,171,057)
Settlement payable	(364,000)
Compensated absences	(355,174)
Total OPEB liability	(7,455,009)
Aggregated net pension liability	<u>(5,028,299)</u>
 <b>Net position of governmental activities</b>	 <u><u>\$ 64,115,359</u></u>



**City of Patterson**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Patterson Public Financing Authority</u>	<u>Other Governmental Funds</u>	
<b>REVENUES:</b>				
Taxes:				
Property	\$ 3,369,074	\$ -	\$ 17,522	\$ 3,386,596
Sales	5,837,364	-	-	5,837,364
Franchise	205,047	-	-	205,047
Motor vehicle in lieu	2,089,248	-	-	2,089,248
Other	136,047	-	-	136,047
Licenses, permits, and fees	1,070,931	-	290,006	1,360,937
Charges for current services	455,280	-	3,913,906	4,369,186
Intergovernmental:				
Federal grant and subsidies	183,389	-	416,284	599,673
Other governmental	552,967	-	2,331,296	2,884,263
Fines and forfeitures and penalties	181,044	-	-	181,044
Use of money and property	-	-	19,190	19,190
Interest	142,219	3,818,678	218,610	4,179,507
Revenue from Fiduciary Fund	1,223,339	521,673	-	1,745,012
Miscellaneous	1,006,333	-	182,755	1,189,088
<b>Total revenues</b>	<u>16,452,282</u>	<u>4,340,351</u>	<u>7,389,569</u>	<u>28,182,202</u>
<b>EXPENDITURES:</b>				
Current:				
General government	2,842,913	-	56,350	2,899,263
Police	5,374,098	-	-	5,374,098
Fire	2,557,990	-	2,138,657	4,696,647
Community development and planning	1,632,260	-	913,695	2,545,955
Public works	1,452,936	-	1,814,445	3,267,381
Park and recreation	4,014,566	-	-	4,014,566
Contribution to West Patterson Financing Authority	1,100,000	-	-	1,100,000
Capital outlay	40,000	660,669	2,076,305	2,776,974
Debt service:				
Principal	125,882	2,067,349	31,809	2,225,040
Interest and fiscal charges	83,204	3,981,613	2,597	4,067,414
<b>Total expenditures</b>	<u>19,223,849</u>	<u>6,709,631</u>	<u>7,033,858</u>	<u>32,967,338</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,771,567)</u>	<u>(2,369,280)</u>	<u>355,711</u>	<u>(4,785,136)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of property	1,100,000	-	-	1,100,000
Transfers in	2,304,341	-	1,514,657	3,818,998
Transfers out	(94,409)	-	(2,434,254)	(2,528,663)
<b>Total financing sources (uses)</b>	<u>3,309,932</u>	<u>-</u>	<u>(919,597)</u>	<u>2,390,335</u>
<b>Net change in fund balances</b>	538,365	(2,369,280)	(563,886)	(2,394,801)
<b>FUND BALANCES:</b>				
Beginning of year	7,634,774	68,919,866	10,474,992	87,029,632
End of year	<u>\$ 8,173,139</u>	<u>\$ 66,550,586</u>	<u>\$ 9,911,106</u>	<u>\$ 84,634,831</u>

See accompanying Notes to the Basic Financial Statements.

**City of Patterson**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances to the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2019**

---

**Net change in fund balances - total governmental funds** \$ (2,394,801)

**Amounts reported for governmental activities in the Statement of Activities are different because:**

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period. (amount includes \$87,778 of repairs and maintenance)	2,689,196
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds.	(2,425,554)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net position.	(626,886)
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position	
Principal payment of long-term debt	2,225,040
Amortization of bond discount	(28,466)
Interest expenses on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year.	(264,789)
Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	53,832
Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds.	449,188
Certain pension expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in pension related deferred outflows of resources	(798,929)
Changes in net pension liabilities	741,505
Changes in pension related deferred inflows of resources	88,891
Certain OPEB expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in OPEB related deferred outflows of resources	49,971
Changes in total OPEB liabilities	115,849
Changes in OPEB related deferred inflows of resources	(253,484)
<b>Change in net position of governmental activities</b>	<u><u>\$ (379,437)</u></u>

**PROPRIETARY FUND FINANCIAL STATEMENTS**

**City of Patterson**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Major Funds			Total
	Water	Sewer	Garbage	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ 3,335,461	\$ 3,378,666	\$ 1,409,126	\$ 8,123,253
Restricted cash and investments	-	469,817	-	469,817
Accounts receivable	557,964	468,374	351,062	1,377,400
Interest receivable	8,732	8,152	3,689	20,573
Prepaid items	64,354	5,656	368	70,378
<b>Total current assets</b>	<u>3,966,511</u>	<u>4,330,665</u>	<u>1,764,245</u>	<u>10,061,421</u>
<b>Noncurrent assets:</b>				
Cash and investments with fiscal agents	3,307,227	66,250	-	3,373,477
Capital assets, net	23,904,706	25,300,403	58,418	49,263,527
<b>Total noncurrent assets</b>	<u>27,211,933</u>	<u>25,366,653</u>	<u>58,418</u>	<u>52,637,004</u>
<b>Total assets</b>	<u>31,178,444</u>	<u>29,697,318</u>	<u>1,822,663</u>	<u>62,698,425</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding	-	194,200	-	194,200
OPEB-related deferred outflows of resources	36,089	37,034	7,753	80,876
Pension-related deferred outflows of resources	532,405	632,400	107,885	1,272,690
<b>Total deferred outflows of resources</b>	<u>568,494</u>	<u>863,634</u>	<u>115,638</u>	<u>1,547,766</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	270,298	481,261	151,114	902,673
Deposits payable	144,670	-	-	144,670
Accrued interest	33,125	26,537	-	59,662
Compensated absences - due within one year	50,299	59,072	11,040	120,411
Long-term liabilities - due within one year	235,000	365,498	-	600,498
<b>Total current liabilities</b>	<u>733,392</u>	<u>932,368</u>	<u>162,154</u>	<u>1,827,914</u>
<b>Noncurrent liabilities:</b>				
Compensated absences - due in more than one year	-	-	-	-
Long-term liabilities - due in more than one year	7,915,000	6,569,527	-	14,484,527
Net OPEB liability	1,491,266	1,471,793	279,442	3,242,501
Aggregate net pension liability	1,408,205	1,672,691	285,355	3,366,251
<b>Total noncurrent liabilities</b>	<u>10,814,471</u>	<u>9,714,011</u>	<u>564,797</u>	<u>21,093,279</u>
<b>Total liabilities</b>	<u>11,547,863</u>	<u>10,646,379</u>	<u>726,951</u>	<u>22,921,193</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB-related deferred inflows of resources	203,588	226,769	47,348	477,705
Pension-related deferred inflows of resources	26,636	31,639	5,397	63,672
<b>Total deferred inflows of resources</b>	<u>230,224</u>	<u>258,408</u>	<u>52,745</u>	<u>541,377</u>
<b>NET POSITION</b>				
Net investment in capital assets	19,061,933	18,625,828	58,418	37,746,179
Restricted	-	469,817	-	469,817
Unrestricted (deficit)	906,918	560,520	1,100,187	2,567,625
<b>Total net position</b>	<u>\$ 19,968,851</u>	<u>\$ 19,656,165</u>	<u>\$ 1,158,605</u>	<u>\$ 40,783,621</u>

**City of Patterson**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Major Funds</b>			<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Garbage</b>	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 4,572,286	\$ 4,556,942	\$ 3,118,488	\$ 12,247,716
Fees, fines, and penalties	191,811	108,583	109,565	409,959
Miscellaneous	1,995	12,383	-	14,378
<b>Total operating revenues</b>	<b>4,766,092</b>	<b>4,677,908</b>	<b>3,228,053</b>	<b>12,672,053</b>
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	2,155,107	2,394,528	562,163	5,111,798
Contractual and professional services	139,443	496,644	1,799,291	2,435,378
Supplies and operating costs	826,267	498,990	170,783	1,496,040
Depreciation	1,036,416	1,690,231	12,779	2,739,426
<b>Total operating expenses</b>	<b>4,157,233</b>	<b>5,080,393</b>	<b>2,545,016</b>	<b>11,782,642</b>
<b>OPERATING INCOME (LOSS)</b>	<b>608,859</b>	<b>(402,485)</b>	<b>683,037</b>	<b>889,411</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Intergovernmental :				
Other governmental	-	34,318	-	34,318
Interest income	100,215	49,788	21,433	171,436
Interest expense	(403,791)	(206,705)	-	(610,496)
<b>Total Nonoperating revenues (expenses)</b>	<b>(303,576)</b>	<b>(122,599)</b>	<b>21,433</b>	<b>(404,742)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>305,283</b>	<b>(525,084)</b>	<b>704,470</b>	<b>484,669</b>
<b>TRANSFERS</b>				
Revenue from Fiduciary Fund	1,852,666	1,997,870	-	3,850,536
Transfers in	299,832	79,261	-	379,093
Transfers out	(543,759)	(577,465)	(548,204)	(1,669,428)
<b>Total Transfers</b>	<b>1,608,739</b>	<b>1,499,666</b>	<b>(548,204)</b>	<b>2,560,201</b>
<b>CHANGES IN NET POSITION</b>	<b>1,914,022</b>	<b>974,582</b>	<b>156,266</b>	<b>3,044,870</b>
<b>NET POSITION:</b>				
Beginning of year	18,054,829	18,681,583	1,002,339	37,738,751
End of year	<u>\$ 19,968,851</u>	<u>\$ 19,656,165</u>	<u>\$ 1,158,605</u>	<u>\$ 40,783,621</u>

**City of Patterson**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Major Funds</b>			<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Garbage</b>	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 4,718,475	\$ 4,744,975	\$ 3,213,341	\$ 12,676,791
Cash paid to suppliers	(812,775)	(711,860)	(1,983,480)	(3,508,115)
Cash paid to employees	(1,988,885)	(2,148,852)	(507,442)	(4,645,179)
Other	1,995	12,383	-	14,378
<b>Net cash provided by operating activities</b>	<b>1,918,810</b>	<b>1,896,646</b>	<b>722,419</b>	<b>4,537,875</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Grants	-	34,318	-	34,318
Transfers in	299,832	79,261	-	379,093
Transfers out	(543,759)	(577,465)	(548,204)	(1,669,428)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(243,927)</b>	<b>(463,886)</b>	<b>(548,204)</b>	<b>(1,256,017)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(1,349,221)	(1,371,093)	-	(2,720,314)
Revenue from Fiduciary Fund	1,852,666	1,997,870	-	3,850,536
Principal paid on revenue bonds and loan	(225,000)	(347,354)	-	(572,354)
Interest paid on capital debt	(404,363)	(139,111)	-	(543,474)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(125,918)</b>	<b>140,312</b>	<b>-</b>	<b>14,394</b>
<b>Cash Flows from Investing Activities:</b>				
Interest	94,788	45,215	20,136	160,139
<b>Net cash provided by investing activities</b>	<b>94,788</b>	<b>45,215</b>	<b>20,136</b>	<b>160,139</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,643,753</b>	<b>1,618,287</b>	<b>194,351</b>	<b>3,456,391</b>
<b>Cash and Cash Equivalents:</b>				
Beginning of year	4,998,935	2,296,446	1,214,775	8,510,156
End of year	<u>\$ 6,642,688</u>	<u>\$ 3,914,733</u>	<u>\$ 1,409,126</u>	<u>\$ 11,966,547</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>				
Cash and investment	\$ 3,335,461	\$ 3,378,666	\$ 1,409,126	\$ 8,123,253
Restricted cash and investments	-	469,817	-	469,817
Cash and investments with fiscal agent	3,307,227	66,250	-	3,373,477
<b>Total cash and investment</b>	<b><u>\$ 6,642,688</u></b>	<b><u>\$ 3,914,733</u></b>	<b><u>\$ 1,409,126</u></b>	<b><u>\$ 11,966,547</u></b>

**City of Patterson**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Major Funds</b>			<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Garbage</b>	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Operating income (loss)	\$ 608,859	\$ (402,485)	\$ 683,037	889,411
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>				
Depreciation expense	1,036,416	1,690,231	12,779	2,739,426
<b>Change in assets and liabilities:</b>				
Accounts receivable	(58,972)	79,450	(14,712)	5,766
Prepaid items	6,309	4,907	1,195	12,411
OPEB-related deferred outflows of resources	(10,814)	(11,951)	(2,961)	(25,726)
Pension-related deferred outflows of resources	57,215	35,646	(1,483)	91,378
Accounts payable	146,626	278,867	(14,601)	410,892
Deposits payable	13,350	-	-	13,350
Compensated absences	(53,867)	(52,617)	(6,780)	(113,264)
Net OPEB liability	(25,071)	(27,706)	(6,864)	(59,641)
Aggregate net pension liability	158,874	257,185	59,902	475,961
OPEB-related deferred inflows of resources	54,857	60,622	(26,932)	88,547
Pension-related deferred inflows of resources	(14,972)	(15,503)	39,839	9,364
<b>Total adjustments</b>	<b>1,309,951</b>	<b>2,299,131</b>	<b>39,382</b>	<b>3,648,464</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,918,810</b>	<b>\$ 1,896,646</b>	<b>\$ 722,419</b>	<b>\$ 4,537,875</b>

*This page intentionally left blank.*



**FIDUCIARY FUND FINANCIAL STATEMENTS**

*This page intentionally left blank.*

**City of Patterson**  
**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**June 30, 2019**

---

<b>ASSETS</b>	<u><b>Agency Funds</b></u>
Cash and investments	\$ 7,017,686
Restricted cash and investments	8,539,477
Accounts receivable	69,822
Interest receivable	14,792
Notes receivable	1,045,000
Other assets	50,364
<b>Total assets</b>	<u><u>\$ 16,737,141</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 2,671
Due to City	107,122
Due to bondholders	16,627,348
<b>Total liabilities</b>	<u><u>\$ 16,737,141</u></u>

*This page intentionally left blank.*

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*This page intentionally left blank.*

**City of Patterson**  
**Index to the Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2019**

---

<b>Note 1 – Summary of Significant Accounting Policies.....</b>	<b>43</b>
A. Financial Reporting Entity .....	43
B. Basis of Accounting and Measurement Focus .....	44
C. Cash, Cash Equivalents and Investment.....	47
D. Restricted Cash and Investments.....	48
E. Accounts and Interest Receivable.....	48
F. Capital Assets .....	48
G. Long-Term Debt.....	49
H. Compensated Absences .....	49
I. Pensions.....	50
J. Other Postemployment Benefits (“OPEB”) .....	50
K. Property Taxes.....	51
L. Net Position .....	52
M. Fund Balances .....	52
N. Use of Estimates .....	53
O. Reclassifications .....	53
P. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2019 .....	53
Q. Upcoming Governmental Accounting Standards Implementation.....	54
<b>Note 2 – Cash and Investments .....</b>	<b>56</b>
A. Cash Deposits .....	56
B. Investments.....	57
C. External Investment Pool .....	58
D. Risk Disclosures .....	58
E. Fair Value Measurement .....	59
<b>Note 3 – Loan and Notes Receivable .....</b>	<b>60</b>
A. Governmental Activities.....	60
B. Fiduciary Fund Financial Statements .....	61
<b>Note 4 – Interfund Transactions.....</b>	<b>61</b>
A. Due From and To Other Funds.....	61
B. Transfers In and Out.....	62
<b>Note 5 – Due from Fiduciary Funds .....</b>	<b>63</b>
<b>Note 6 – Contribution to West Patterson Financing Authority .....</b>	<b>63</b>
<b>Note 7 – Capital Assets .....</b>	<b>63</b>
A. Governmental Activities.....	63
B. Business-Type Activities.....	64
<b>Note 8 – Long-Term Obligations .....</b>	<b>65</b>
A. Governmental Activities.....	65
B. Business-Type Activities.....	68

**City of Patterson**  
**Index to the Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

<b>Note 9 – Conduit Debts .....</b>	<b>72</b>
<b>Note 10 – Fund Balances .....</b>	<b>73</b>
<b>Note 11 – Risk Management.....</b>	<b>74</b>
<b>Note 12 – Pension Plans .....</b>	<b>75</b>
A. Summary .....	75
B. General Information about Pension Plans .....	76
C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions .....	77
D. Payable to the Pension Plan.....	81
<b>Note 13 – Other Postemployment Benefits .....</b>	<b>81</b>
A. Summary .....	81
B. General Information about OPEB .....	82
C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB .....	82
<b>Note 14 – Deferred Compensation Plan.....</b>	<b>85</b>
<b>Note 15 – Other Required Disclosures .....</b>	<b>85</b>
A. Deficit Net Position/Fund Balances .....	85
B. Expenditures Exceeding Appropriations .....	86
<b>Note 16 – Settlement with Eli Development Corporation .....</b>	<b>86</b>
<b>Note 17 – Commitments and Contingencies .....</b>	<b>86</b>
A. Litigation .....	86
B. Grants .....	86
C. Other Matters.....	86
<b>Note 18 – Subsequent Events .....</b>	<b>87</b>



**City of Patterson**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies**

The basic financial statements of the City of Patterson, California (the “City”), have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“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 Patterson (the “City”) operates under a Council-Manager form of government and provides the following services as authorized: public safety (police, fire and civil defense), highway and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services. The City also provides water, garbage, and sewer service.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

**Blended Component Units**

Although the following are legally separate from the City, they have been “blended” as though they are part of the City because the component unit’s governing body is substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component unit; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

**Patterson Public Financing Authority:** The Patterson Public Financing Authority was formed in 2001 pursuant to a joint exercise of powers agreement between the City of Patterson and the former Redevelopment Agency of the City of Patterson. The Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes, and other obligations of, or for the purpose of making loans to, public entities, including the City and to provide financing for public capital improvements for lease to public entities, including the City. The members of the City Council also sit as the Board of Directors of the Authority.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**A. Financial Reporting Entity (Continued)**

The City also participates in the following organization that does not meet the definition of a component unit:

**West Patterson Financing Authority:** The West Patterson Financing Authority (the Authority) was formed in 2001 pursuant to a joint exercise of powers agreement between the City of Patterson and the former Redevelopment Agency of the City of Patterson. The primary activity of the Authority is issuing special tax bonds on behalf of the West Patterson Financing Authority Community Facilities District No. 2001-1 (Public Improvements). The proceeds of the special tax bonds are used to finance the costs of certain engineering, design, construction and other expenses related to public infrastructure improvements.

On October 18, 2005, pursuant to Resolution No. 2005-04 of the Board of Directors of the Authority, the Authority founded its Community Facilities District No. 2005-1 (West Patterson Business Park) and authorized special tax levies therein.

On June 2, 2015 pursuant to Resolution No.2015-03 of the Board of Directors of the Authority, the Authority founded its Community Facilities District No. 2015-1 (Arambel-KND) and authorized special tax levies therein.

On October 16, 2018 pursuant to Resolution No. 2018-04 of the Board of Directors of the Authority, the Authority founded its Community Facilities District No. 2018-1 (Villages of Patterson) and authorized special tax levies therein. The participating landowners have been invoiced for the costs to form CFD 2018-1.

The financial activities of the Authority are included in the City's agency funds. Separate financial statements for the Authority may be obtained from the City at 1 Plaza, Patterson, CA 95363.

**B. Basis of Accounting and Measurement Focus**

**Fund Accounting**

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.

**Deferred Outflows/Inflows of Resources**

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

**Deferred Outflows of Resources** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

**Deferred Inflows of Resources** represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**B. Basis of Accounting and Measurement Focus (Continued)**

**Government–Wide Financial Statements**

The City’s government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These 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, as well as 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 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. However, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due from and to other funds
- Transfers in and out

**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.

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 fund balances. 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.

The primary revenue sources, which have been treated as susceptible to accrual by the City, are taxes, intergovernmental revenues, interest and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**B. Basis of Accounting and Measurement Focus (Continued)**

**Governmental Fund Financial Statements (Continued)**

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position are available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

The reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences.

Governmental funds of the City are outlined below:

**General Fund** - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Patterson Public Financing Authority** - The Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes, and other obligations of, or for the purpose of making loans to, public entities, including the City and to provide financing for public capital improvements for lease to public entities, including the City.

**Other Governmental Funds** – Other Governmental Funds is the aggregate of all the non-major governmental funds.

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows for each major proprietary fund.

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 presents 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 the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

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.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**B. Basis of Accounting and Measurement Focus (Continued)**

**Proprietary Fund Financial Statements (Continued)**

Proprietary funds of the City are outlined below:

**Water Fund** - This fund accounts for all financial transactions relating to the City's water service. Services are on a user charge basis to residents and business owners in Patterson.

**Sewer Fund** - This fund accounts for all financial transactions relating to the City's wastewater treatment collection and treatment. Services are on a user charge basis to residents and business owners located in Patterson.

**Garbage Fund** - This fund accounts for all financial transactions relating to the City's solid waste service. Services are on a user charge basis to residents and business owners located in Patterson.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. The City has one type of fiduciary funds – Agency Funds.

**Agency Funds** - Agency Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**C. Cash, Cash Equivalents and Investment**

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.

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.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

The City participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which 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 to change in interest rates.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**C. Cash, Cash Equivalents and Investment (Continued)**

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

**D. Restricted Cash and Investments**

Certain restricted cash and investments are held by a fiscal agent for the redemption of bonded debt and for acquisition and construction of capital projects.

**E. Accounts and Interest Receivable**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and other fees. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables.

**F. Capital Assets**

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

Buildings and improvements	20-40 years
Machinery and Equipment	3-6 years
Streets and roads	20 years
Curbs, gutters, sidewalks, and	20 years
Storm drains	75 years

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**F. Capital Assets (Continued)**

For all infrastructure systems, the City elected to use the Basic Approach for infrastructure reporting. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, sewer, and park lands. 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.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**G. Long-Term Debt**

In the government-wide financial statements and the proprietary fund financial statements, long-term liabilities, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Initial issue bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs except for insurance, are expenses in the period incurred. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding is included in interest expense.

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

**H. Compensated Absences**

**Government-Wide Financial Statements**

City employees have vested interest in varying levels of vacation and sick leave based on their length of employment and bargaining unit they belong to. Vacation leave is payable to employees at the time a vacation is taken or upon termination of employment. Sick leave is payable only when an employee is unable to work due to personal or family illness. There is no cap on the amount of sick leave that can be accrued. Employees with less than five years of employment do not have vested privilege on sick leave and their sick leave is forfeited upon termination. Eligible employees are accruing their vacation time on a monthly basis based on their years of continuous service. Effective July 1, 2016, the City changed its vesting procedures for department heads, going forward department heads will vest their annual vacation at the beginning of the year, whereas all other eligible employees vest in their vacation on a monthly basis. The amount of compensated absences is accrued when incurred in the government-wide financial statements.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**H. Compensated Absences (Continued)**

**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. When an employee is terminated at fiscal year end, the amount of his or her reimbursable unused vacation is recorded as a liability in the governmental funds. 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 amount of accrued sick pay is not due upon termination and therefore is not recorded as a liability for the City.

**I. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

**J. Other Postemployment Benefits ("OPEB")**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Retiree Benefits Plan ("OPEB Plan") and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan (Note 11). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.



**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**J. Other Postemployment Benefits (“OPEB”) (Continued)**

The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over 5 years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

**K. Property Taxes**

The County of Stanislaus levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year or levy, due to 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. The County of Stanislaus remits tax monies to the City in three installments as follows:

- 55% remitted in January
- 40% remitted in May
- 5% remitted in June

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Property valuations are established by the Assessor of the County of Stanislaus for the secured and unsecured property tax rolls. Under the provisions of Article XIII A of the State Constitution, properties are assessed at 100% of purchase price or value in 1978 whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**L. Net Position**

For government-wide and proprietary fund financial statements, net position is categorized as follows:

*Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted* – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

**M. Fund Balances**

For governmental fund financial statements, fund balances are categorized as follows:

*Nonspendable* – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories and long term receivables, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds

*Restricted* – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

*Committed* – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations imposed by the formal action of the government's highest level of decision making authority normally through resolutions, etc., and that remain binding unless rescinded or modified in the same manner. The City Council is considered the highest authority for the City.

*Assigned* – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City's policy hereby delegates the authority to assign amounts to be used for specific purposes to the City Manager and the Finance Director for the purpose of reporting these amounts in the annual financial statements.

*Unassigned* – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned for those purposes, it may be necessary to report negative unassigned fund balance in that particular fund.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**M. Fund Balances (Continued)**

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

**N. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

**O. Reclassification**

Certain accounts in prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**P. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2019**

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2019. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

*GASB Statement No. 83*

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. Application of this statement is effective for the City's fiscal year ending June 30, 2019. This pronouncement did not have a material effect on the financial statements of the City.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**P. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2019 (Continued)**

*GASB Statement No. 88*

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement also defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. In addition the statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This pronouncement did not have a material effect on the financial statements of the City.

**Q. Upcoming Governmental Accounting Standards Implementation**

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

*GASB Statement No. 84*

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Application of this statement is effective for the City's fiscal year ending June 30, 2020.

*GASB Statement No. 87*

In June 2017, GASB issued Statement No. 87, *Leases*. 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. Application of this statement is effective for the City's fiscal year ending June 30, 2021.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 –Summary of Significant Accounting Policies (Continued)**

**Q. Upcoming Governmental Accounting Standards Implementation (Continued)**

*GASB Statement No. 89*

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the City’s fiscal year ending June 30, 2021.

*GASB Statement No. 90*

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests– An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the City’s fiscal year ending June 30, 2020.

*GASB Statement No. 91*

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments**

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2019:

	Primary Government		Fiduciary Funds	Total
	Governmental Activities	Business-type Activities		
Cash and investments	\$ 18,896,676	\$ 8,123,253	\$ 7,017,686	\$ 34,037,615
Restricted cash and investments	-	469,817	8,539,477	9,009,294
Cash and investments with fiscal agents	1,093,949	3,373,477	-	4,467,426
Investments held in trust	66,674,236	-	-	66,674,236
<b>Total cash and investments</b>	<b>\$ 86,664,861</b>	<b>\$ 11,966,547</b>	<b>\$ 15,557,163</b>	<b>\$ 114,188,571</b>

Cash, cash equivalents, and investments, consisted of the following at June 30, 2019:

<b>Cash and cash equivalents:</b>	
Cash on hand	\$ 1,245
Deposits with financial institutions	16,952,079
<b>Total cash and cash equivalents</b>	<b>16,953,324</b>
<b>Investments:</b>	
Municipal bonds	66,674,236
Money market mutual funds	13,006,903
Central San Joaquin Valley Risk Authority (CSJVRMA)	3,804,626
Local Agency Investment Fund (LAIF)	13,749,482
<b>Total investments</b>	<b>97,235,247</b>
<b>Total cash and investments</b>	<b>\$ 114,188,571</b>

**A. Cash Deposits**

The carrying amounts of the City's demand deposits were \$16,952,079 at June 30, 2019. Bank balances were \$18,082,652 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name is discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits; however, the City has not waived the collateralization requirements.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments (Continued)**

**B. Investments**

**Investments Authorized by the California Code and the City’s Investments Policy**

The table below identifies the investment types that are authorized by the City's investment policy. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Maximum Investment in one Issuer</b>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Certificates of Deposit	2 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Money market Funds	N/A	None	None
Annuities	N/A	None	None
Mutual Funds	N/A	5%	None
Corporate Notes (Minimum rating of "AAA")	5 years	5%	None

\* The table is based on state law requirements or investment policy requirements, whichever is more restrictive.

**Investments Authorized by Debt Agreements**

Investment of debt issuances held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Maximum Investment in one Issuer</b>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Certificates of Deposit	2 years	None	None
Local Agency Investment Fund (LAIF)	None	None	None
Money market Funds	None	None	None
Annuities	None	None	None
Mutual Funds	None	None	None
Corporate Notes (Minimum rating of "AAA")	None	None	None

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments (Continued)**

**C. External Investment Pool**

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments in LAIF at June 30, 2019 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2019, the City had \$13,749,482 invested in LAIF, which had invested 1.77% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2019, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants’ total aggregate amortized cost by total aggregate fair value. The credit quality rating of LAIF is unrated as of June 30, 2019.

**D. Risk Disclosures**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City's interest rate risk is mitigated is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2019:

	Fair Value	Maturity			
		12 Months or Less	1-5 Years	6-10 Years	Thereafter
<b>Investments:</b>					
Municipal bonds	\$ 66,674,236	\$ 1,483,337	\$ 6,957,625	\$ 11,737,196	\$ 46,496,078
Money market mutual funds	13,006,903	13,006,903	-	-	-
Cental San Joaquin Valley Risk Authority (CSJVRMA)	3,804,626	3,804,626	-	-	-
Local Agency Investment Fund (LAIF)	13,749,482	13,749,482	-	-	-
<b>Total investments</b>	<b>\$ 97,235,247</b>	<b>\$ 32,044,348</b>	<b>\$ 6,957,625</b>	<b>\$ 11,737,196</b>	<b>\$ 46,496,078</b>



**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments (Continued)**

**D. Risk Disclosures (Continued)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or debt agreements, and the actual rating as of the fiscal year for each investment type.

	Fair Value	Minimum Legal Rating	Credit Rating	
			S&P	Moody's
<b>Investments:</b>				
Municipal bonds	\$ 66,674,236	N/A	Not rated	Not rated
Money market mutual funds	13,006,903	N/A	AAAm	Aaa-mf
Cental San Joaquin Valley Risk Authority (CSJVRMA)	3,804,626	N/A	Not rated	Not rated
Local Agency Investment Fund (LAIF)	13,749,482	N/A	Not rated	Not rated
<b>Total investments</b>	<u>\$ 97,235,247</u>			

**Disclosures Relating to Concentration of Credit Risk**

The City held the following investments in a single issuer (other than U.S. Treasury securities, external investment pools and mutual funds) that represented 5% or more of total City investment as of June 30, 2019:

Issuer	Investment Type	Amount
West Patterson Financing Authority	Municipal bonds	\$ 66,674,236

**Disclosures Relating to Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. None of the City's investments was subject to custodial credit risk.

**E. Fair Value Measurement**

Fair value of assets measured on a recurring basis at June 30, 2019, are as follows:

Investments measured by fair value level:	June 30, 2019	Level 1	Level 2	Level 3
Municipal bonds	\$ 66,674,236	\$ -	\$ 66,674,236	\$ -
Cental San Joaquin Valley Risk Authority (CSJVRMA)	3,804,626	-	3,804,626	-
<b>Total investments by fair value level</b>	<u>70,478,862</u>	<u>\$ -</u>	<u>\$ 70,478,862</u>	<u>\$ -</u>
<b>Investments not subject to the fair value hierarchy:</b>				
Local Agency Investment Funds (LAIF)	13,749,482			
Money market mutual funds	13,006,903			
<b>Total investments not subject to the fair value hierarchy</b>	<u>26,756,385</u>			
<b>Total investments</b>	<u>\$ 97,235,247</u>			

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments (Continued)**

**E. Fair Value Measurement (Continued)**

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Medium term notes: quoted prices for similar securities in active markets; and
- Asset-backed securities: recent appraisals of the asset value.

**Note 3 – Loan and Notes Receivable**

**A. Governmental Activities**

The City engages in programs designed to encourage business enterprises, construction or improvements in low-to-moderate income housing, or other projects. Under these programs, grants or loans are provided with favorable terms to businesses, homeowners or developers who agree to spend these funds in accordance with the City's terms. Although these notes are expected to be repaid in full, their balance has been offset in the fund financial statements by deferred inflows of resources, as they are not expected to be repaid within the first 60 days of fiscal year 2019.

Summary of changes in loans and notes receivable for the year ended June June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Housing Authority of the County of Stanislaus	\$ 290,000	\$ -	\$ -	\$ 290,000
Greater Valley Housing Development Corporation	900,000	-	-	900,000
Housing Rehabilitation and Affordable Housing	707,002	-	(13,156)	693,846
<b>Total loans and notes receivable</b>	<b>\$ 1,897,002</b>	<b>\$ -</b>	<b>\$ (13,156)</b>	<b>\$ 1,883,846</b>

**Housing Authority of the County of Stanislaus**

The City has a 30-year note receivable with the Housing Authority of the County of Stanislaus in the amount of \$290,000. The note does not bear interest and principal payments are deferred for 30 years. The balance of this note has been offset by deferred inflows of resources in the amount of \$290,000 in the fund financial statements.

**Greater Valley Housing Development Corporation**

On February 1, 2007, the City entered into a loan agreement with the Greater Valley Housing Development Corporation in the amount of \$900,000. These funds were used to build an elderly housing project for low-income senior citizens known as the "Las Palmas Place Senior Apartments". Funding for this loan is derived from developer fees collected over the past few years. As of June 30, 2018 the City had advanced the full amount of \$900,000 to the Greater Valley Housing Development Corporation. The balance of this note has been offset by a related deferred revenue. There are no payments of principal and interest during the first three years of the initial term of this loan. Commencing on the fourth anniversary (February 2011) all accrued interest and principal shall be repaid as long as the Project is generating positive cash flow as determined by a formula in the promissory note. As positive cash flow was not generated during the year, the interest and principal amount is still outstanding.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 3 – Loan and Notes Receivable (Continued)**

**A. Governmental Activities (Continued)**

**Housing Rehabilitation and Affordable Housing**

The City has provided loans to various homeowners and businesses for rehabilitation. The loans have various interest rates and payment dates. The balance of these notes receivable at June 30, 2019 was \$693,846.

**B. Fiduciary Fund Financial Statements**

Loan and notes receivable as of June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Darron Silva Promissory Note	\$ -	\$ 1,045,000	\$ -	\$ 1,045,000
<b>Total loans and notes receivable</b>	<b>\$ -</b>	<b>\$ 1,045,000</b>	<b>\$ -</b>	<b>\$ 1,045,000</b>

**Darron Silva Promissory Note**

On November 21, 2018, the City of Patterson (City) entered into a promissory note secured by deed of trust dated February 19, 2019 with Darron Silva in the amount of \$1,045,000. On March 22, 2019 an amended promissory note secured by deed of trust was executed by the Darron Silva for the benefit of the City and encumbering Assessor Parcel Number 021-088-016, with physical address on 0 Park Center Drive, Patterson, CA 95363 (the property). The promissory note bears 5% fixed interest rate per annum, payable at \$5,609.79 per month for a term of 5 years amortized over 30 years. The outstanding principal amount plus any accrued and unpaid interest (Balloon Payment) shall be due and payable on August 1, 2024. The balance of this note receivable at June 30, 2019 was \$1,045,000.

**Note 4 – Interfund Transactions**

**A. Due From and To Other Funds**

Due from and to other funds as of June 30, 2019, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Patterson Public Financing Authority	\$ 1,180,898	Overdrawn Cash
General Fund	Public Safety	2,044,063	Overdrawn Cash
General Fund	Federal CDBG Grant 2003	214,473	Overdrawn Cash
General Fund	Community Facility Impact Fee	151,092	Overdrawn Cash
	<b>Total</b>	<b>\$ 3,590,526</b>	

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 4 – Interfund Transactions (Continued)**

**B. Transfers In and Out**

Transfers in and out for the year ended June 30, 2019, was as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	CFD 2013-1	\$ 15,865	Administrative cost
General Fund	Community Facility Impact Fee	17,100	Administrative cost
General Fund	CDBG	7,533	Administrative cost
General Fund	Federal HOME Funds	2,000	Administrative cost
General Fund	Gas Tax	325,000	Administrative cost
General Fund	CSA#15 Assessment District	4,404	Administrative cost
General Fund	Public Safety	363,011	Administrative cost
General Fund	Water	543,759	Administrative cost
General Fund	Sewer	577,465	Administrative cost
General Fund	Garbage	448,204	Administrative cost
	<b>Subtotal</b>	<u>2,304,341</u>	
Public Safety	Patterson Garden Fire Suppression Assessment	400,000	Capital projects
Public Safety	CFD 2015-2	80,000	Capital projects
	<b>Subtotal</b>	<u>480,000</u>	
Community Facility Impact Fee	General Fund	61,033	Capital projects
Street Project Fund	Gas Tax	548,550	Capital projects
Street Project Fund	Local Transportation Fund	157,562	Capital projects
Street Project Fund	Street Improvement Impact Fee	167,512	Capital projects
Street Project Fund	Garbage	100,000	Capital projects
	<b>Subtotal</b>	<u>973,624</u>	
Water Fund	Future Water Acquisitions	299,832	Capital projects
	<b>Subtotal</b>	<u>299,832</u>	
Sewer Fund	General Fund	33,376	Capital projects
Sewer Fund	CFD 2013-1	11,396	Capital projects
Sewer Fund	Sewer Impact Fee	34,489	Capital projects
	<b>Subtotal</b>	<u>79,261</u>	
	<b>Total</b>	<u>\$ 4,198,091</u>	

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 5 – Due from Fiduciary Funds**

Due from fiduciary funds as of June 30, 2019, was as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	CFD 2018-1 VOP Infrastructure	\$ 44,522	Overdrawn Cash
General Fund	CFD 2015-1 Arambel Business Park	62,600	Overdrawn Cash
<b>Total</b>		<b>\$ 107,122</b>	

**Note 6 – Contribution to West Patterson Financing Authority**

On November 21, 2018, the City of Patterson (City) sold a parcel of land Assessor Parcel Number 021-088-016, with physical address on 0 Park Center Drive, Patterson, CA 95363 (the property) for the amount of \$1,100,000. The payment tendered for the land was with a promissory note in the amount of \$1,045,000 and cash in the amount of \$55,000. The land was originally purchase in 2015 by the West Patterson Financing Authority with the bond proceeds of the Special Tax Refunding Bonds, Series 2013. The land was purchased for the purpose of building a public safety center on the land. Subsequent to purchase the land was contributed to the City in 2015. In 2018, the City Council made a decision to sell the land instead of building the public safety center, therefore the proceeds of the land sale were contributed to the West Patterson Financing Authority.

**Note 7 – Capital Assets**

**A. Governmental Activities**

Summary of changes in capital assets for governmental activities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2019
<b>Capital assets, not being depreciated</b>					
Land	\$ 5,898,011	\$ -	\$ (626,886)	\$ -	\$ 5,271,125
Construction in progress	8,729,084	2,367,565	-	(1,579,957)	9,516,692
<b>Total capital assets, not being depreciated</b>	<b>14,627,095</b>	<b>2,367,565</b>	<b>(626,886)</b>	<b>(1,579,957)</b>	<b>14,787,817</b>
<b>Capital assets, being depreciated</b>					
Buildings	23,972,872	-	-	-	23,972,872
Improvements	15,745,336	35,843	-	36,918	15,818,097
Streets and roads	23,160,961	254,025	-	1,543,039	24,958,025
Equipments	6,253,304	31,763	-	-	6,285,067
Subtotal	69,132,473	321,631	-	1,579,957	71,034,061
Less: accumulated depreciation					
Buildings	(5,504,690)	(600,015)	-	-	(6,104,705)
Improvements	(6,759,764)	(737,677)	-	-	(7,497,441)
Streets and roads	(5,642,278)	(746,247)	-	-	(6,388,525)
Equipments	(5,033,072)	(341,615)	-	-	(5,374,687)
Subtotal	(22,939,804)	(2,425,554)	-	-	(25,365,358)
<b>Total capital assets, being depreciated, net</b>	<b>46,192,669</b>	<b>(2,103,923)</b>	<b>-</b>	<b>1,579,957</b>	<b>45,668,703</b>
<b>Total capital assets, net</b>	<b>\$ 60,819,764</b>	<b>\$ 263,642</b>	<b>\$ (626,886)</b>	<b>\$ -</b>	<b>\$ 60,456,520</b>

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Capital Assets (Continued)**

**A. Governmental Activities (Continued)**

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2019 are as follows:

General government	\$ 418,960
Fire	257,355
Public works	1,119,395
Park and recreation	<u>629,844</u>
Total depreciation	<u><u>\$ 2,425,554</u></u>

**B. Business-Type Activities**

Summary of changes in capital assets for business-type activities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2019
<b>Capital assets, not being depreciated</b>					
Land	\$ 6,145,970	\$ -	\$ -	\$ -	\$ 6,145,970
Construction in progress	2,625,894	2,662,431	-	(220,287)	5,068,038
<b>Total capital assets, not being depreciated</b>	<u>8,771,864</u>	<u>2,662,431</u>	<u>-</u>	<u>(220,287)</u>	<u>11,214,008</u>
<b>Capital assets, being depreciated</b>					
Streets and roads	63,203,870	-	-	109,956	63,313,826
Equipments	5,279,784	57,883	-	110,331	5,447,998
Subtotal	<u>68,483,654</u>	<u>57,883</u>	<u>-</u>	<u>220,287</u>	<u>68,761,824</u>
Less: accumulated depreciation					
Streets and roads	(25,060,578)	(2,288,463)	-	-	(27,349,041)
Equipments	(2,912,301)	(450,963)	-	-	(3,363,264)
Subtotal	<u>(27,972,879)</u>	<u>(2,739,426)</u>	<u>-</u>	<u>-</u>	<u>(30,712,305)</u>
<b>Total capital assets, being depreciated, net</b>	<u>40,510,775</u>	<u>(2,681,543)</u>	<u>-</u>	<u>220,287</u>	<u>38,049,519</u>
<b>Total capital assets, net</b>	<u><u>\$ 49,282,639</u></u>	<u><u>\$ (19,112)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,263,527</u></u>

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2019 are as follows:

Water	\$ 1,036,416
Sewer	1,690,231
Garbage	<u>12,779</u>
Total depreciation	<u><u>\$ 2,739,426</u></u>

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 8 – Long-Term Obligations**

**A. Governmental Activities**

Summary of changes in long-term liabilities for the governmental activities for the year ended June 30, 2019 is as follows:

	Original Issuance	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year	Due In More Than One Year
PPFA 2013 Heartland Ranch Revenue Bonds	\$ 4,963,568	\$ 3,531,771	\$ -	\$ (397,349)	\$ 3,134,422	\$ 408,446	\$ 2,725,976
PPFA 2013 Series A Revenue Bonds	67,190,000	61,990,000	-	(1,530,000)	60,460,000	1,430,000	59,030,000
Less: bond discount	(853,389)	(711,119)	-	28,466	(682,653)	-	(682,653)
PPFA 2013 Series B Revenue Bonds	6,465,000	6,030,000	-	(140,000)	5,890,000	125,000	5,765,000
2018 Lease Revenue Bonds	2,429,000	2,429,000	-	(125,882)	2,303,118	130,288	2,172,830
Capital leases	161,990	97,979	-	(31,809)	66,170	32,652	33,518
Settlement payable	1,300,000	364,000	-	-	364,000	-	364,000
Compensated Absences	-	409,006	354,170	(408,002)	355,174	355,174	-
<b>Total long-term debt</b>	<b>\$ 81,656,169</b>	<b>\$ 74,140,637</b>	<b>\$ 354,170</b>	<b>\$ (2,604,576)</b>	<b>\$ 71,890,231</b>	<b>\$ 2,481,560</b>	<b>\$ 69,408,671</b>

**2013 Heartland Ranch Revenue Bond**

On July 30, 2013, the Patterson Public Financing Authority issued \$4,963,568 of revenue refunding bonds (Series 2013 Heartland Ranch Revenue Bonds) to repay, in part, the principal of the Authority's 2002 Heartland Ranch Revenue bond. Interest on the bonds is payable semi-annually on March 2 and September 2 of each year through September 2, 2027, beginning on March 2, 2014. The interest rates on the bonds is 3.73 percent. Principal payments are due annually beginning on September 2, 2014. At June 30, 2019, the outstanding balance of the 2013 Heartland Ranch Revenue bonds was \$3,134,422.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 408,446	\$ 109,296	\$ 517,742
2021	433,971	93,585	527,556
2022	443,630	77,218	520,848
2023	462,628	60,316	522,944
2024	470,959	42,905	513,864
2025-2027	914,788	61,043	975,831
Total	<b>\$ 3,134,422</b>	<b>\$ 444,363</b>	<b>\$ 3,578,785</b>

**2013 PPFA Series A Bond**

On August 14, 2013, the Patterson Public Financing Authority issued \$67,190,000 of special tax refunding bonds (Senior Series 2013A) to purchase, in part, the 2013-A1, 2013-A2, and 2013-B special tax bonds Issued by the West Patterson Financing Authority. Interest on the bonds is payable semi-annually on March 1 and September 1 of each year through September 1, 2039, beginning on March 1, 2014. The interest rates on the bonds is 3.00 percent. Principal payments are due annually beginning on September 1, 2014. The notes are secured by a first pledge of the investment revenues and funds on deposit in the Bond Fund, Reserve Fund, and Special Tax Fund. At June 30, 2019, the outstanding balance of the 2013 PPFA Series A bonds was \$60,460,000.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 8 – Long-Term Obligations (Continued)**

**A. Governmental Activities (Continued)**

**2013 PPFA Series A Bond (Continued)**

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,430,000	\$ 3,256,763	\$ 4,686,763
2021	1,540,000	3,197,363	4,737,363
2022	1,660,000	3,133,363	4,793,363
2023	1,785,000	3,055,538	4,840,538
2024	1,880,000	2,961,563	4,841,563
2025-2029	11,775,000	13,091,981	24,866,981
2030-2034	15,350,000	9,457,575	24,807,575
2035-2039	19,950,000	4,535,025	24,485,025
2040	5,090,000	146,338	5,236,338
Total	<u>\$ 60,460,000</u>	<u>\$ 42,835,509</u>	<u>\$ 103,295,509</u>

**2013 PPFA Series B Bond**

On August 14, 2013, the Patterson Public Financing Authority issued \$6,465,000 of special tax refunding bonds (Subordinate Series 2013B) to purchase, in part, the 2013-A1, 2013-A2, and 2013-B special tax bonds Issued by the West Patterson Financing Authority. Interest on the bonds is payable semi-annually on March 1 and September 1 of each year through September 1, 2039, beginning on March 1, 2014. The interest rates on the bonds is 5.875 percent. Principal payments are due annually beginning on September 1, 2014. The notes are secured by a first pledge of the investment revenues and funds on deposit in the Bond Fund, Reserve Fund, and Special Tax Fund. At June 30, 2019, the outstanding balance of the 2013 PPFA Series B bonds was \$5,890,000.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 125,000	\$ 342,366	\$ 467,366
2021	140,000	334,581	474,581
2022	150,000	326,063	476,063
2023	165,000	316,809	481,809
2024	180,000	306,675	486,675
2025-2029	1,135,000	1,349,047	2,484,047
2030-2034	1,520,000	959,094	2,479,094
2035-2039	1,980,000	456,194	2,436,194
2040	495,000	14,541	509,541
Total	<u>\$ 5,890,000</u>	<u>\$ 4,405,370</u>	<u>\$ 10,295,370</u>



**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 8 – Long-Term Obligations (Continued)**

**A. Governmental Activities (Continued)**

**2018 Lease Revenue Bonds**

In June 2018, the Patterson Public Financing Authority issued \$2,429,000 of Lease Revenue Bonds, Series 2018 through ZMFU II, INC., a corporation organized under the laws of the State of Utah. The proceeds were utilized to provide funding for acquisition of land for a multipurpose center and adjacent park site. The Bonds mature annually in amounts ranging from \$62,400 to \$102,760. Interest is due and payable semiannually at a rate of 3.47 percent. At June 30, 2019, the outstanding balance of the 2018 Lease Revenue Bonds was \$2,303,118.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 130,288	\$ 78,798	\$ 209,086
2021	134,848	74,237	209,085
2022	139,568	69,518	209,086
2023	144,453	64,633	209,086
2024	149,510	59,577	209,087
2025-2029	829,802	215,628	1,045,430
2030-2034	774,649	61,694	836,343
Total	<u>\$ 2,303,118</u>	<u>\$ 624,084</u>	<u>\$ 2,927,202</u>

**Capital Lease**

**Self-Contained Breathing Apparatus (SCBA) and Rapid Intervention Team (R.I.T) Equipment**

On June 7, 2016, the City approved the execution of a lease-purchase agreement in the amount of \$161,990 with Government Capital Corporation to provide a tax-exempt financing mechanism to purchase SCBA and R.I.T equipment. The lease payments due on January 1, 2017 through January 1, 2021 with an interest rate of 2.65%. At June 30, 2019, the outstanding balance of the capital lease was \$66,170.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 32,652	\$ 1,754	\$ 34,406
2021	33,518	888	34,406
Total	<u>\$ 66,170</u>	<u>\$ 2,642</u>	<u>\$ 68,812</u>

**Settlement Payable**

On June 20, 2012, the City filed a complaint against Keystone Corporation and the Keystone Pacific Business Park for breach of contract (“Keystone”) based on Keystone’s failure to pay its share of General Plan updates costs incurred by the City. After this filing, the City and Keystone immediately began settlement discussions and requested the case be stayed. Subsequently, a Request for Dismissal was filed on June 24, 2013. Following the dismissal, the City and Keystone had settlement discussions regarding possible money owed to Keystone for the environmental and engineering work performed in relation to the Keystone project, which was not the subject of the City’s breach of contract claim.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 8 – Long-Term Obligations (Continued)**

**A. Governmental Activities (Continued)**

**Settlement Payable (Continued)**

Under the terms of the settlement agreement, the total amount the City will pay Keystone is \$1,300,000. Of that sum, \$936,000 will be paid in three annual installments, beginning July 15, 2014 with the final payment due in July 2016. The remaining amount of the settlement in the amount of \$364,000 will be paid to Keystone upon collection from the entitlement or development of undeveloped land in the West Patterson Business Park. The settlement agreement does not require payment of the \$364,000 in any particular time frame other than as early in the entitlement or development process as possible but no later than entering into development agreements or approving tentative maps or final maps on currently underdeveloped land in the West Patterson Business Park.

At June 30, 2019, the remaining balance of the settlement payable was \$364,000.

**Compensated Absences**

Compensated absences at June 30, 2019, amounted to \$355,174. Typically, the General Fund has been used to liquidate the liability for compensated absences. There is no fixed payment schedule for compensated absences.

**B. Business-Type Activities**

Summary of changes in long-term liabilities for the business-type activities for the year ended June 30, 2019 is as follows:

	Original Issuance	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year	Due In More Than One Year
<b>Water Fund:</b>							
2011 Water Revenue Bonds	\$ 10,200,000	\$ 8,375,000	\$ -	(225,000)	\$ 8,150,000	\$ 235,000	\$ 7,915,000
Compensated Absences	-	104,166	41,190	(95,057)	50,299	50,299	-
<b>Total water fund</b>	<b>10,200,000</b>	<b>8,479,166</b>	<b>41,190</b>	<b>(320,057)</b>	<b>8,200,299</b>	<b>285,299</b>	<b>7,915,000</b>
<b>Sewer Fund:</b>							
2009 Sewer Revenue Bonds	3,195,000	490,000	-	(75,000)	415,000	75,000	340,000
2017 Sewer Refunding Revenue Bonds	2,712,200	2,658,300	-	(27,500)	2,630,800	28,500	2,602,300
State Revolving Fund loan	774,790	577,860	-	(41,651)	536,209	42,734	493,475
Banc of America loan	951,540	1,422,034	-	(9,433)	1,412,601	23,602	1,388,999
CEC loan	2,876,172	2,134,185	-	(193,770)	1,940,415	195,662	1,744,753
Compensated Absences	-	111,689	71,892	(124,509)	59,072	59,072	-
<b>Total sewer fund</b>	<b>10,509,702</b>	<b>7,394,068</b>	<b>71,892</b>	<b>(471,863)</b>	<b>6,994,097</b>	<b>424,570</b>	<b>6,569,527</b>
<b>Garbage Fund:</b>							
Compensated Absences	-	17,820	8,751	(15,531)	11,040	11,040	-
<b>Total garbage fund</b>	<b>-</b>	<b>17,820</b>	<b>8,751</b>	<b>(15,531)</b>	<b>11,040</b>	<b>11,040</b>	<b>-</b>
<b>Total business-type activities</b>	<b>\$ 20,709,702</b>	<b>\$ 15,891,054</b>	<b>\$ 121,833</b>	<b>\$ (807,451)</b>	<b>\$ 15,205,436</b>	<b>\$ 720,909</b>	<b>\$ 14,484,527</b>

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 8 – Long-Term Obligations (Continued)**

**B. Business-Type Activities (Continued)**

**2011 Water Revenue Bonds**

In October 2010, the Patterson Public Financing Authority issued 2010 series water revenue bonds in the amount of \$10,200,000. The bonds were issued for certain improvements to the City's municipal water enterprise (the project). The proceeds will be used to (a) finance, together with available monies, the Project, (b) fund a reserve fund for the bonds, and (c) to pay to costs of issuance for the bonds. Interest on the bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2011; and principal payments are payable annually each June 1. Interest rates on the bonds vary from 0.60% - 5.00%. The bonds are secured by a pledge of revenues made by the City. At June 30, 2019, the outstanding balance of the 2011 Water Revenue Bonds was \$8,150,000.

The annual debt service requirements are as follows:

<b>Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 235,000	\$ 397,500	\$ 632,500
2021	245,000	388,100	633,100
2022	255,000	378,300	633,300
2023	265,000	368,100	633,100
2024	275,000	357,500	632,500
2025-2029	1,605,000	1,566,250	3,171,250
2030-2034	2,050,000	1,122,500	3,172,500
2035-2039	2,615,000	556,250	3,171,250
2040	605,000	30,250	635,250
Total	<u>\$ 8,150,000</u>	<u>\$ 5,164,750</u>	<u>\$ 13,314,750</u>

**2009 Sewer Revenue Bonds**

In May 2009, the Patterson Financing Authority authorized the issuance of \$3,195,000 of revenue bonds (Series 2009) to (i) finance, together with other available moneys, certain wastewater system improvements, (ii) fund a reserve for the bonds, and (iii) to pay the cost of issuance of the bonds. The bonds were issued at a discount of \$9,180 and issuance costs totaled \$219,345. Principal is payable on June 1 of each year through June 2039. Interest is payable semi-annually, on each June 1 and December 1. The bonds are secured by a pledge an lien on the net revenues of the City's municipal wastewater enterprise. During fiscal year 17-18 the bonds were partially refunded by the issuance of the 2017 Sewer Revenue Bonds. At June 30, 2019, the outstanding balance of the 2009 Sewer Revenue Bonds was \$415,000.

The annual debt service requirements are as follows:

<b>Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 75,000	\$ 19,713	\$ 94,713
2021	80,000	16,150	96,150
2022	85,000	12,350	97,350
2023	85,000	8,313	93,313
2024	90,000	4,275	94,275
Total	<u>\$ 415,000</u>	<u>\$ 60,801</u>	<u>\$ 475,801</u>

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 8 – Long-Term Obligations (Continued)**

**B. Business-Type Activities (Continued)**

**2017 Sewer Refunding Revenue Bonds**

On September 5, 2017, Resolution 2017-49 approved the refinancing of a portion of the Patterson Public Financing Authority Revenue Bonds, Series 2009 (City of Patterson Wastewater System Financing Project) (the “2009 Bonds”). The 2009 Bonds were originally issued to finance the costs of acquiring and constructing wastewater system improvements, fund a reserve fund and pay costs of issuance.

The refinancing in the amount of \$2,712,200 closed on September 21, 2017 as a direct placement to Capital One Public Funding at an interest rate of 3.4%. The refinancing refunded the 2039 term bond of the 2009 Bonds consisting of sinking fund payments from 2025 to 2039. Savings from the refinancing were capitalized in the amount of \$469,905 and will be held by the City to provide additional funding for wastewater capital projects.

Interest on the refinancing is payable each December 1 and June 1 beginning December 1, 2017. Principal is payable each June 1 beginning June 1, 2018 to June 1, 2039. The Bank of New York Mellon as Escrow Agent is holding an escrow account for the 2009 Bonds that will pay all principal and interest on the 2009 Bonds that were part of the refinancing until they are called on June 1, 2019. The 2009 Bond that were not part of the refinancing will continue to be paid as regularly scheduled until they are paid off on June 1, 2024. At June 30, 2019, the outstanding balance of the 2017 Sewer Refunding Revenue Bonds was \$2,630,800.

The annual debt service requirements are as follows:

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>June 30</b>			
2020	\$ 28,500	\$ 89,447	\$ 117,947
2021	29,400	88,478	117,878
2022	30,400	87,479	117,879
2023	31,500	86,445	117,945
2024	32,600	85,374	117,974
2025-2029	693,300	376,023	1,069,323
2030-2034	815,300	249,907	1,065,207
2035-2039	969,800	101,028	1,070,828
Total	<u>\$ 2,630,800</u>	<u>\$ 1,164,180</u>	<u>\$ 3,794,980</u>

**State Revolving Fund Loan**

In 2008, the City entered into an agreement with the State Water Resource Board for a loan in the amount of \$1,069,602. However, the project for the loan did not commence until the current fiscal year. The loan amount is based on the amount of draws by the City for reimbursable costs. The loan does not bear interest, however has a grant charge of 2.6%. The loan matures in October 2029. At June 30, 2019, the outstanding balance of the State Revolving Fund Loan was \$536,209.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 8 – Long-Term Obligations (Continued)**

**B. Business-Type Activities (Continued)**

The annual debt service requirements are as follows:

<b>Year Ending</b>				
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2020	\$ 42,734	\$ 13,941	\$	56,675
2021	43,845	12,830		56,675
2022	44,985	11,690		56,675
2023	46,155	10,521		56,676
2024	49,882	6,793		56,675
2025-2029	254,068	29,309		283,377
2030	54,540	2,136		56,676
Total	<u>\$ 536,209</u>	<u>\$ 87,220</u>	<u>\$</u>	<u>623,429</u>

**Banc of America Loan**

In 2014, the City entered into an agreement with Banc of America Public Capital for a loan in the amount of \$1,668,961 which has been partially allocated in the General and Sewer Funds. Interest is calculated at 3.46% per annum payable each April and October 25. Principal payments are due semi-annually on April 25 and October 25 are payable from energy savings within the different funds from solar panels, streetlights, and energy efficient fixtures. In 2015 the remaining General Fund balance of \$686,473 was transferred to the Sewer fund. At June 30, 2019, the outstanding of the Banc of America Loan was \$1,412,602.

The annual debt service requirements are as follows:

<b>Year Ending</b>				
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2020	\$ 23,602	\$ 48,673	\$	72,275
2021	38,946	47,725		86,671
2022	55,538	46,235		101,773
2023	73,458	44,160		117,618
2024	182,495	32,760		215,255
2025-2029	884,271	135,057		1,019,328
2030	154,292	4,015		158,307
Total	<u>\$ 1,412,602</u>	<u>\$ 358,625</u>	<u>\$</u>	<u>1,771,227</u>

**CEC Loan**

In 2014, the City entered into an agreement with the California Energy Commission for a loan in the amount of \$2,876,172. Interest is calculated at 1.0% per annum payable each June and December 22. Principal payments are due semi-annually on June 22 and December 22 and are paid from energy savings within the different funds from solar panels, streetlights, and energy efficient fixtures. At June 30, 2019, the outstanding balance of the CEC loan was \$1,940,415.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 8 – Long-Term Obligations (Continued)**

**B. Business-Type Activities (Continued)**

The annual debt service requirements are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 195,662	\$ 18,968	\$ 214,630
2021	197,674	16,956	214,630
2022	199,656	14,974	214,630
2023	201,658	12,973	214,631
2024	203,651	10,980	214,631
2025-2029	942,114	23,723	965,837
<b>Total</b>	<b>\$ 1,940,415</b>	<b>\$ 98,574</b>	<b>\$ 2,038,989</b>

**Compensated Absences**

Compensated absences at June 30, 2019, amounted to \$50,299, \$59,072, and \$11,040 for water, sewer and garbage, respectively. There is no fixed payment schedule for compensated absences.

**Note 9 – Conduit Debts**

Special assessment districts in various parts of the City have issued debts to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debts issued by these Districts, but does not have direct or contingent liability or moral obligation for the payment of this debt. Therefore, these debts are not included in the general long-term liabilities of the City.

The outstanding balance of each of these issues as of June 30, 2019 was as follows:

Heartland Ranch Authority Bonds	\$ 2,871,650
Community Facilities District No. 2013-A1 Special Tax Bonds	32,789,694
Community Facilities District No. 2013-A2 Special Tax Bonds	27,081,541
Community Facilities District No. 2013-B Special Tax Bonds	3,931,351
Community Facilities District No. 2005-1 Business Park Special Tax Bonds	9,435,000
Community Facilities District No. 2015-1 Special Tax Bonds	4,730,000
<b>Total</b>	<b>\$ 80,839,236</b>

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 10 – Fund Balances**

At June 30, 2019, fund balances classification is as follows:

	General Fund	Patterson Public Financing Authority	Other Governmental Funds	Total
<b>Nonspendable:</b>				
Prepaid items	\$ 84,466	\$ -	\$ -	\$ 84,466
<b>Total nonspendable</b>	<b>84,466</b>	<b>-</b>	<b>-</b>	<b>84,466</b>
<b>Restricted:</b>				
Debt services	290,150	66,550,586	-	66,840,736
Assessment Districts	-	-	3,049,929	3,049,929
Grants	-	-	385,790	385,790
Streets and Roads	-	-	534,947	534,947
Developer Housing In-Lieu	-	-	2,406,429	2,406,429
Police	-	-	1,033,148	1,033,148
Community Facilities Districts	-	-	343,120	343,120
Impact Fee	-	-	29,926	29,926
<b>Total restricted</b>	<b>290,150</b>	<b>66,550,586</b>	<b>7,783,289</b>	<b>74,624,025</b>
<b>Committed:</b>				
Contingencies	3,725,949	-	-	3,725,949
Capital projects	-	-	4,639,119	4,639,119
<b>Total committed</b>	<b>3,725,949</b>	<b>-</b>	<b>4,639,119</b>	<b>8,365,068</b>
<b>Assigned:</b>				
General government operations	879,085	-	-	879,085
Pension and OPEB	1,571,713	-	-	1,571,713
Capital projects	428,795	-	-	428,795
<b>Total assigned</b>	<b>2,879,593</b>	<b>-</b>	<b>-</b>	<b>2,879,593</b>
<b>Unassigned (deficit)</b>	<b>1,192,981</b>	<b>-</b>	<b>(2,511,302)</b>	<b>(1,318,321)</b>
<b>Total</b>	<b>\$ 8,173,139</b>	<b>\$ 66,550,586</b>	<b>\$ 9,911,106</b>	<b>\$ 84,634,831</b>

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 11 – Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City obtains insurance coverage.

Public entity risk pools are formally organized and separated entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influences by member municipalities beyond their representation of that board. Obligations and liabilities of these risk pools are not the City's responsibility.

Since 1986, the City has joined together with other cities to form a public entity risk pool known as the Central San Joaquin Valley Risk Management Authority - CSJVRMA (the Authority), a joint powers authority established in accordance with the California government code. The relationship between the City and the Authority is such that the Authority is not a component unit of the City for financial reporting purposes. Financial statements for the Authority may be obtained from the Authority's management.

The Authority is currently operating as a common risk management and insurance program for 54 member cities. The program's general objectives are to formulate, develop, and administer, on the behalf of the member cities, a program of insurance, to obtain lower cost for that coverage, and to develop a comprehensive loss control program. A member may withdraw from the Authority only by giving six-month notice. Cities applying for membership in the Authority may do so on approval of a two-thirds vote of the board of the Authority.

The latest financial information of the CSJVRMA for fiscal year ended June 30, 2019, is as follows:

Total Assets	<u>\$ 128,442,162</u>
Total Liabilities	<u>\$ 109,661,346</u>
Net Position	<u>\$ 18,780,816</u>
Operating Revenues	<u>\$ 47,181,439</u>
Operating Expenses	<u>\$ 52,250,549</u>
Nonoperating Revenues (Expenses)	<u>\$ 5,824,524</u>
Change in Net Position	<u>\$ 755,414</u>



**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 12 – Pension Plans**

**A. Summary**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred outflows of resources:</b>			
Pension contribution after measurement date:			
Miscellaneous	\$ 420,590	\$ 623,130	\$ 1,043,720
Safety	457,665	-	457,665
Change in assumptions:			
Miscellaneous	195,542	289,710	485,252
Safety	233,947	-	233,947
Difference between expected and actual experience:			
Miscellaneous	57,510	85,206	142,716
Safety	58,997	-	58,997
Difference in projected and actual earnings on pension investments:			
Miscellaneous	11,232	16,642	27,874
Safety	18,661	-	18,661
Adjustments due to differences in proportions			
Miscellaneous	77,930	115,460	193,390
Safety	119,019	-	119,019
Differences between City's contributions and proportionate share of contributions			
Miscellaneous	96,210	142,542	238,752
Safety	81,537	-	81,537
<b>Total deferred outflows of resources</b>	<b>\$ 1,828,840</b>	<b>\$ 1,272,690</b>	<b>\$ 3,101,530</b>
<b>Net pension liabilities:</b>			
Miscellaneous	\$ 2,272,084	\$ 3,366,251	\$ 5,638,335
Safety	2,756,215	-	2,756,215
<b>Total net pension liabilities</b>	<b>\$ 5,028,299</b>	<b>\$ 3,366,251</b>	<b>\$ 8,394,550</b>
<b>Deferred inflows of Resources:</b>			
Adjustments due to differences in proportions			
Miscellaneous	42,976	63,672	106,648
Safety	21,851	-	21,851
<b>Total deferred inflows of resources</b>	<b>\$ 64,827</b>	<b>\$ 63,672</b>	<b>\$ 128,499</b>
<b>Pension expenses:</b>			
Miscellaneous	\$ 539,182	\$ 798,836	\$ 1,338,018
Safety	666,652	-	666,652
<b>Total pension expenses</b>	<b>\$ 1,205,834</b>	<b>\$ 798,836</b>	<b>\$ 2,004,670</b>

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 12 – Pension Plans (Continued)**

**B. General Information about Pension Plans**

Plan Description

The City contributes to the California Public Employees’ Retirement System (“CalPERS”), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the CalPERS annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

Employees Covered by Benefit Terms

At June 30, 2018, measurement date, the following employees were covered by the benefit terms:

	<u>Miscellaneous</u>	<u>Miscellaneous PEPRA</u>	<u>Safety</u>	<u>Safety PEPRA</u>
Active employees	54	44	14	7
Transferred and terminated employees	56	15	10	1
Retired employees and beneficiaries	33	-	33	-
Total	<u>143</u>	<u>59</u>	<u>57</u>	<u>8</u>

Benefit Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic and PEPRA Safety CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

	<u>Miscellaneous</u>	<u>Miscellaneous PEPRA</u>	<u>Safety</u>	<u>Safety PEPRA</u>
Benefit formula	2.7% @ 55	2.0% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50	50-57
Monthly benefits, as a % of eligible compensation	2.7%	2.0%	3.0%	2.0% to 2.7%
Required employee contribution rate	8.000%	6.250%	9.000%	11.500%
Required employer contribution rate	11.049%	6.533%	18.615%	11.990%

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 12 – Pension Plans (Continued)**

**B. General Information about Pension Plans (Continued)**

Contributions

For the year ended June 30, 2019, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Contributions - employer	\$ 1,043,720	\$ 457,665	\$ 1,501,385

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

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
<b>Miscellaneous</b>			
Balance at: 6/30/17 (Valuation date)	\$ 22,045,176	\$ 16,132,739	\$ 5,912,437
Balance at: 6/30/18 (Measurement date)	25,564,760	19,926,425	5,638,335
Net changes during 2017-2018	3,519,584	3,793,686	(274,102)
<b>Safety</b>			
Balance at: 6/30/17 (Valuation date)	\$ 10,286,946	\$ 7,539,289	\$ 2,747,657
Balance at: 6/30/18 (Measurement date)	11,150,352	8,394,137	2,756,215
Net changes during 2017-2018	863,406	854,848	8,558

The City's net pension liability/(asset) for each Plan is measured as the proportionate share of the net pension liability/(asset). The net pension liability/(asset) of each of the Plans is measured as of June 30, 2018, and the total pension liability/(asset) for each Plan used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City's proportion of the net pension liability/(asset) was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability/(asset) for each Plan as of June 30, 2017 and 2018 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2017	0.14998%	0.04598%	0.19597%
Proportion - June 30, 2018	0.14961%	0.04697%	0.19658%
Change - Increase/(Decrease)	-0.00037%	0.00099%	0.00061%

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 12 – Pension Plans (Continued)**

**C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Proportionate Share of Net Pension Liability and Pension Expense (Continued)*

For the year ended June 30, 2019, the City recognized pension expense of \$1,338,018 and \$666,652, for the Miscellaneous and Safety plans, respectively. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Miscellaneous Plan</b>		
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Contribution made after the measurement date	\$ 1,043,720	\$ -
Difference between expected and actual experience	142,716	-
Changes of assumptions	485,252	-
Net difference between projected and actual earnings on pension plan investments	27,874	-
Employer contributions in excess/(under) proportionate share of contributions	238,752	-
Adjustments due to difference in proportions	193,390	106,648
Total	<u>\$ 2,131,704</u>	<u>\$ 106,648</u>
<b>Safety Plan</b>		
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Contribution made after the measurement date	\$ 457,665	\$ -
Difference between expected and actual experience	58,997	-
Changes of assumptions	233,947	-
Net difference between projected and actual earnings on pension plan investments	18,661	-
Employer contributions in excess/(under) proportionate share of contributions	81,537	-
Adjustments due to difference in proportions	119,019	21,851
Total	<u>\$ 969,826</u>	<u>\$ 21,851</u>
<b>Aggregate Total</b>		
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Contribution made after the measurement date	\$ 1,501,385	\$ -
Difference between expected and actual experience	201,713	-
Changes of assumptions	719,199	-
Net difference between projected and actual earnings on pension plan investments	46,535	-
Employer contributions in excess/(under) proportionate share of contributions	320,289	-
Adjustments due to difference in proportions	312,409	128,499
Total	<u>\$ 3,101,530</u>	<u>\$ 128,499</u>

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 12 – Pension Plans (Continued)**

**C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

For the Miscellaneous Plan and Safety Plan, \$1,043,720 and \$457,665, respectively, was reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous Plan	Safety Plan	Total
2019	\$ 724,782	\$ 329,202	\$ 1,053,984
2020	464,626	223,643	688,269
2021	(157,357)	(43,443)	(200,800)
2022	(50,715)	(19,092)	(69,807)
2023	-	-	-
Thereafter	-	-	-
Total	\$ 981,336	\$ 490,310	\$ 1,471,646

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65%
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 12 – Pension Plans (Continued)**

**C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Discount Rate

In determining the long-term expected rate of return, CalPERS took into account, both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10<sup>1</sup></u>	<u>Real Return Years 11 +<sup>2</sup></u>
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	7.00%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

<sup>1</sup> An expected inflation of 2.00% was used for this period.

<sup>2</sup> An expected inflation of 2.92% was used for this period.

The discount rate used to measure the total pension liability was 7.15% for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 Section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. The difference was deemed immaterial to the Public Agency Cost Sharing Multiple-Employer Defined Benefit Pension Plan.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 12 – Pension Plans (Continued)**

**C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the City’s proportionate share of the net position liability for the Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>Plan's Net Pension Liability/(Asset)</b>		
	<b>Discount Rate - 1%</b>	<b>Current Discount</b>	<b>Discount Rate + 1%</b>
	<b>(6.15%)</b>	<b>Rate (7.15%)</b>	<b>(8.15%)</b>
Miscellaneous	\$ 9,096,510	\$ 5,638,335	\$ 2,783,668
Safety	4,293,362	2,756,215	1,496,798
<b>Total</b>	<b>\$ 13,389,872</b>	<b>\$ 8,394,550</b>	<b>\$ 4,280,466</b>

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**D. Payable to the Pension Plan**

At June 30, 2019, the City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2019.

**Note 13 – Other Postemployment Benefits**

**A. Summary**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred outflows of resources:</b>			
Employer contributions made subsequent to the measurement date	\$ 112,647	\$ 51,817	\$ 164,464
Changes in assumptions	63,174	29,059	92,233
<b>Total deferred outflows of resources</b>	<b>\$ 175,821</b>	<b>\$ 80,876</b>	<b>\$ 256,697</b>
<b>Total OPEB liability:</b>			
Total OPEB liability	\$ 7,455,009	\$ 3,242,501	\$ 10,697,510
<b>Total OPEB liability</b>	<b>\$ 7,455,009</b>	<b>\$ 3,242,501</b>	<b>\$ 10,697,510</b>
<b>Deferred inflows of Resources:</b>			
Difference between expected and actual experience	\$ 327,402	\$ 169,581	\$ 496,983
Change in assumption	594,876	308,124	903,000
<b>Total deferred inflows of resources</b>	<b>\$ 922,278</b>	<b>\$ 477,705</b>	<b>\$ 1,399,983</b>
<b>OPEB Expense</b>	<b>\$ 207,215</b>	<b>\$ 90,127</b>	<b>\$ 297,342</b>

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 13 – Other Postemployment Benefits (Continued)**

**B. General Information about OPEB**

Plan Description

Employees of the Miscellaneous bargaining group and other non-represented employees, who retire from the City with ten years or more of contiguous City service, are eligible for a Post-Retirement Health Benefit for themselves and spouse or child or children. This benefit is finite in nature and provides for the cost of benefits for one year only. This cost is computed at the rate of the current health care premiums and the current dental premiums, in place at the time of retirement.

Eligibility

Employees become eligible to retire under PEMHCA and receive City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The City has selected the unequal contribution method, where it contributes a percent of the amount paid for actives to its eligible retirees. The percent increases each year until the City's contribution for retirees eventually equals that for similarly stated active employees. The City currently covers 100% of the cost of medical coverage for active employees and their dependents up to, but not exceeding, the dollar amount of the family premium for the lowest cost HMO.

Membership in the plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Active employees	116
Transferred and terminated employees	10
Retired employees and beneficiaries	12
Total	138

Contributions

The obligation of the City to contribute to the plan is established and may be amended by the City Council. The City Council has established a policy of funding the actuarially determined contribution (ADC) on a pay as you go basis. For the fiscal year ended June 30, 2019, the City's average contribution rate was 2.41 % of covered-employee payroll. Employees are not required to contribute to the plan.

**C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total OPEB liability at June 30, 2019 was \$10,697,510.



**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 13 – Other Postemployment Benefits (Continued)**

**C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)**

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:

Discount Rate	3.43%
Inflation	2.75%
Aggregate payroll increases	3.00%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 1997-2011 Experience Study
Mortality Improvement Scale	Modified projected fully generational with Scale MP-2014
Healthcare Trend Rate - Non-Medicare	An annual healthcare cost trend rate of 7.5% initially reduced by decrements to an ultimate of 4.0% therefore.
Healthcare Trend Rate - Medicare	An annual healthcare cost trend rate of 6.5% initially reduced by decrements to an ultimate of 4.0% therefore.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2018.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.43% percent. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

Change in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Balance at June 30, 2017	\$ 10,873,000
Changes Recognized for the Measurement Period:	
Service Cost	951,252
Interest on the total OPEB liability	394,277
Changes of benefit terms	(891,666)
Difference between expected and actual experience	(552,203)
Changes of assumptions	102,481
Benefit payments	(179,631)
Net Changes during July 1, 2017 to June 30, 2018	(175,490)
Balance at June 30, 2018 (Measurement Date)	<u>\$ 10,697,510</u>

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 13 – Other Postemployment Benefits (Continued)**

**C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)**

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.43 percent) or 1-percentage- point higher (4.43 percent) than the current discount rate:

<b>Plan's Total OPEB Liability</b>		
Discount Rate - 1% (2.43%)	Current Discount Rate (3.43%)	Discount Rate + 1% (4.43%)
\$ 12,447,019	\$ 10,697,510	\$ 9,276,768

*Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<b>Plan's Total OPEB Liability</b>		
Healthcare Cost		
-1%	Trend Rates	1%
\$ 9,300,423	\$ 10,697,510	\$ 12,610,157

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$297,342. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 496,983
Changes of assumptions	92,233	903,000
Employer contributions made subsequent to the measurement date	164,464	-
Total	\$ 256,697	\$ 1,399,983

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 10 years, which was determined as of June 30, 2018, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 13 – Other Postemployment Benefits (Continued)**

**C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amount reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2020	\$ (157,972)
2021	(157,972)
2022	(157,972)
2023	(157,972)
2024	(157,972)
Thereafter	(517,890)
	<u>\$ (1,307,750)</u>

**Note 14 – Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their current salary until future years. Under these plans, participants are not taxed on the deferred portion of their compensation until distributed to them. Distributions are not available to the employees until termination, retirement, death or unforeseeable emergency as defined by the Plan.

**Note 15 – Other Required Disclosures**

**A. Deficit Net Position/Fund Balances**

At June 30, 2019, the Governmental Activities in the Statement of Net Position had unrestricted net position deficit of \$(7,892,944) respectively.

At June 30, 2019, the following funds had a fund balances (deficit) or unrestricted net position (deficit), which will be eliminated through the reduction in future expenditures and/or the use of new funding sources:

Fund	Fund Type	Deficit
Public Safety	Special Revenue	\$ (2,048,649)
Federal CDBG Grant 2003	Special Revenue	(260,288)
Local Transportation Fund	Special Revenue	(2,148)
CFD 2018-2 VOP Maintenance	Special Revenue	(1,296)
Community Facility Impact Fee	Capital Projects	(197,009)
Heartland Ranch Infrastructure	Capital Projects	(1,912)

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 15 – Other Required Disclosures (Continued)**

**B. Expenditures Exceeding Appropriations**

For the year ended June 30, 2019, expenditures exceeded appropriations in the following funds/functions:

Fund	Function	Excess Expenditures
General Fund	Fire	\$ 36,384
General Fund	Park and recreation	1,786,792
General Fund	Capital outlay	40,000
Patterson Public Financing Authority		
Debt Service Fund	Debt service: Principal	484,449
Patterson Gardens Fire Suppression Assessment		
Special Revenue Fund	Fire	901
Public Safety Special Revenue Fund	Fire	150,623
Local Transportation Special Revenue Fund	General government	16,935
Developer Housing In-Lieu Fee Special Revenue Fund	Community development and planning	730,000
CFD 2013-1 Special Revenue Fund	General government	23,292
CFD 2013-1 Special Revenue Fund	Public works	31,546
CFD 2018-2 VOP Maintenance Special Revenue Fund	Public works	1,308

**Note 16 – Settlement with Eli Development Corporation**

On September 17, 2013, Eli Development Corporation submitted a reimbursement request to the City, pursuant to the development agreement between the City and Northeast Territories Patterson, LP, entered into as of December 19, 2006. The City has received the requested evidence from Eli Development Corporation and has determined that only a portion of the amount requested is subject to reimbursement. The landowner has proposed terms for settlement of the dispute and a release agreement has been prepared, subject to landowner review and acceptance. Therefore, the reimbursement would come from other parties and landowners, not the City.

**Note 17 – Commitments and Contingencies**

**A. Litigation**

The City is a defendant in certain legal actions arising in the normal course of operations. The accompanying basic financial statements reflect a liability for the probable amounts of loss associated with these claims.

**B. Grants**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. While no matters of non-compliance were disclosed by the audit of the financial statements or single audit of the Federal grant programs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the City.

**C. Other Matters**

As of January 30, 2019, in the opinion of City Management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

**City of Patterson**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 18 - Subsequent Events**

**Patterson Public Financing Authority, Water Revenue Bonds, Series 2019A and Water Revenue Refunding Bonds, Series 2019B (Forward Delivery)**

On December 24, 2019, the Authority issued \$9,215,000 Water Revenue Bonds, Series 2019A (“Series 2019A”). The City entered into an Installment Sale Agreement dated December 1, 2019 with the Patterson Public Financing Authority to assist with the financing of certain water system improvements in the amount of \$9,591,000. The Series 2019A bonds are scheduled to mature on each June 1 from 2020 to 2049 with serial bonds from 2020 to 2039 and principal amounts ranging from \$50,000 to \$120,000 and term bonds maturing in 2044 in the amount of \$3,415,000 and 2049 in the amount of \$4,080,000. Interest rates range from 2.75% to 4.00%. The Series 2019A bonds are secured by a pledge of Net Revenues of the water System and are on parity with the Water Revenue Bonds, Series 2010. The Series 2019A bonds were sold with a net original issue premium of \$585,803.30 and costs of issuance of \$209,803.30 (including the underwriter’s discount, the fee for bond insurance and a surety fee for the reserve fund).

On March 3, 2020 the Authority is expected to issue \$7,015,000 on a forward delivery basis Water Revenue Refunding Bonds, Series 2019B (Forward Delivery) (“Series 2019B”). The City is expected to enter into a First Supplemental Installment Sale Agreement to be dated March 1, 2020 to facilitate the forward delivery. The Series 2019B bonds are to be issued to refund in full on a current basis the Water Revenue Bonds, Series 2010. The Series 2019B bonds are scheduled to mature as serial bonds on each June 1 from 2020 to 2039 with an interest rate of 4.00%. The bonds are secured by a pledge of Net Revenues of the water system and when issued will be on parity with the Series 2019A bonds. The bonds were sold with a net original issue premium of \$855,441.20 and costs of issuance of \$158,579.62 (including the underwriter’s discount, the feed for bond insurance and a surety fee for the reserve fund).

The Water Revenue Bonds, Series 2010 were originally issued in the amount of \$10,200,000 and are currently outstanding in the amount of \$8,150,000. Upon the issuance of the Series 2019B bonds, an escrow will be established to pay the principal and interest due the Water Revenue Bonds, Series 2010 on June 1, 2020 and redeem the remaining bonds in full without redemption premium on June 1, 2020. Both the Series 2019A and Series 2019B bonds were rated A by Standard and Poor’s and rated AA with insurance and a surety provided by Assured Guaranty Municipal.

*This page intentionally left blank.*

**REQUIRED SUPPLEMENTARY INFORMATION**

*This page intentionally left blank.*



**City of Patterson**  
**Notes to the Budgetary Comparison Schedule**  
**Budgetary Information**  
**For the Year Ended June 30, 2019**

---

The City maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City maintains an encumbrance accounting system to provide management with information regarding obligations against appropriations. Budgetary compliance is based on expenditures during the period (U.S.GAAP), rather than expenditures and encumbrances (non-GAAP). Because appropriations lapse at June 30, encumbrances outstanding at June 30, 2019 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2019 will provide authority to complete those transactions.

The City is required by its municipal code to adopt an annual budget on or before June 30 for the ensuing fiscal year. From the effective date of the budget, the amounts become the "annual appropriated budget".

The following procedures are performed by the City in establishing the budgetary data reflected in the financial statements:

1. The Finance Director submits a preliminary budget by June 30 of each year to City Council. This allows the City to continue normal operations until the final budget is adopted in September. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayers' comments.
3. The appropriated budget is prepared by fund, department, and division. The government department heads may make transfers of appropriation within a department. Transfers of appropriations between departments requires approval of the City Manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.
4. The budget is legally adopted through the passage of a council resolution.
5. The City Council may amend the budget by resolution during the fiscal year. The City Manager may transfer appropriations from one program, activity, or object to another within the same fund. All appropriations lapse at the end of the fiscal year to the extent they have not been expended. Capital project funds are based on a project time frame, rather than a fiscal year "operating" time frame appropriating unused appropriations from year to year until project completion.
6. A budget review is presented to the City Council by the City Manager mid-year and approved additions or changes are legally adopted through Council resolution.
7. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Capital Project Funds.
8. Budgets for the General, Special Revenue, and Capital Project Funds are adopted on a basis consistent with United States generally accepted accounting principles.
9. The City did not adopt a budget for the following fund: Police Asset Forfeiture Special Revenue Fund.

**City of Patterson**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES :</b>				
Taxes:				
Property	\$ 3,295,222	\$ 3,296,235	\$ 3,369,074	\$ 72,839
Sales	5,413,272	5,693,000	5,837,364	144,364
Franchise	180,000	180,000	205,047	25,047
Motor vehicle in lieu	1,700,000	1,700,000	2,089,248	389,248
Other	116,500	116,500	136,047	19,547
Licenses, permits, and fees	2,079,209	1,039,645	1,070,931	31,286
Charges for current services	430,650	491,200	455,280	(35,920)
Intergovernmental:				
Federal grant and subsidies	249,500	249,500	183,389	(66,111)
Other governmental	856,897	814,233	552,967	(261,266)
Fines and forfeitures and penalties	95,152	146,535	181,044	34,509
Interest	37,850	37,850	142,219	104,369
Revenue from Fiduciary Fund	-	-	1,223,339	1,223,339
Miscellaneous	238,407	1,000,712	1,006,333	5,621
<b>Total revenues</b>	<u>14,692,659</u>	<u>14,765,410</u>	<u>16,452,282</u>	<u>1,686,872</u>
<b>EXPENDITURES :</b>				
Current:				
General government	2,737,223	3,055,641	2,842,913	212,728
Police	5,358,198	5,431,895	5,374,098	57,797
Fire	2,487,298	2,521,606	2,557,990	(36,384)
Community development and planning	1,949,457	1,656,845	1,632,260	24,585
Public works	3,292,530	3,340,546	1,452,936	1,887,610
Park and recreation	2,230,082	2,227,774	4,014,566	(1,786,792)
Capital outlay	-	-	40,000	(40,000)
Debt service:				
Principal	127,000	127,000	125,882	1,118
Interest and fiscal charges	83,401	83,401	83,204	197
<b>Total expenditures</b>	<u>18,265,190</u>	<u>18,444,709</u>	<u>18,123,849</u>	<u>320,859</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,572,531)</u>	<u>(3,679,299)</u>	<u>(1,671,567)</u>	<u>2,007,731</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,794,626	3,811,726	2,304,341	(1,507,385)
Transfers out	(146,375)	(207,408)	(94,409)	112,999
<b>Total other financing sources (uses)</b>	<u>3,648,251</u>	<u>3,604,318</u>	<u>2,209,932</u>	<u>(171,047)</u>
<b>Net change in fund balances</b>	<u>\$ 75,720</u>	<u>\$ (74,981)</u>	<u>538,365</u>	<u>\$ 653,343</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>7,634,774</u>	
End of year			<u>\$ 8,173,139</u>	

**City of Patterson**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Last Ten Years**  
**For the Year Ended June 30, 2019**

Measurement period, year ended	<b>Miscellaneous Plan</b>				
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u> <sup>1</sup>
Plan's proportion of the net pension liability	0.1496090%	0.1499839%	0.1499839%	0.1557567%	0.145500%
Plan's proportionate share of the net pension liability	\$ 5,638,335	\$ 5,912,437	\$ 5,141,345	\$ 4,273,133	\$ 3,638,246
Plan's covered-employee payroll	\$ 4,471,812	\$ 4,341,565	\$ 4,215,111	\$ 4,092,341	\$ 3,857,424
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	126.09%	136.18%	121.97%	104.42%	94.32%
Plan's fiduciary net position	\$ 19,926,425	\$ 16,132,739	\$ 13,690,393	\$ 12,687,998	\$ 12,287,961
Plan's fiduciary net position as a percentage of the total pension liability	77.94%	73.18%	72.70%	74.81%	77.16%
Plan's proportionate share of aggregate employer contributions	\$ 900,310	\$ 821,442	\$ 693,115	\$ 748,691	\$ 677,066

**Notes to Schedule:**

**Changes in assumptions.** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

<sup>1</sup> Information only presented from the implementation year

**City of Patterson**  
**Schedule of the Proportionate Share of the Net Pension Liability (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2019**

<b>Safety Plan</b>					
Measurement period, year ended	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u> <sup>1</sup>
Plan's proportion of the net pension liability	0.149609%	0.045984%	0.046120%	0.046242%	0.026700%
Plan's proportionate share of the net pension liability	\$ 2,756,215	\$ 2,756,215	\$ 2,388,655	\$ 1,905,383	\$ 1,661,368
Plan's covered-employee payroll	\$ 1,290,460	\$ 1,252,874	\$ 1,216,383	\$ 1,177,974	\$ 1,094,057
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	213.58%	219.99%	196.37%	161.75%	151.85%
Plan's fiduciary net position	\$ 8,394,137	\$ 7,539,289	\$ 6,653,977	\$ 6,545,084	\$ 6,325,433
Plan's fiduciary net position as a percentage of the total pension liability	75.28%	73.23%	73.58%	77.45%	79.20%
Plan's proportionate share of aggregate employer contri	\$ 393,732	\$ 337,685	\$ 312,567	\$ 364,763	\$ 312,579

**Notes to Schedule:**

**Changes in assumptions.** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

<sup>1</sup> Information only presented from the implementation year

**City of Patterson**  
**Schedule of the Contributions**  
**Last Ten Years**  
**For the Year Ended June 30, 2019**

**Miscellaneous Plan**

Fiscal year	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u> <sup>1</sup>
Contractually determined contribution (actuarially determined)	\$ 1,043,720	\$ 900,310	\$ 821,442	\$ 693,115	\$ 748,691	\$ 691,154
Contributions in relation to the actuarially determined contributions <sup>2</sup>	(1,043,720)	(900,310)	(821,442)	(693,115)	(748,691)	(691,154)
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,034,320)</u>
Covered payroll	\$ 4,471,812	\$ 4,341,565	\$ 4,215,111	\$ 4,092,341	\$ 3,973,147	\$ 3,857,424
Contributions as a percentage of covered payroll	23.34%	20.74%	19.49%	7.53%	7.46%	32.34%

<sup>1</sup> Information only presented from the implementation year

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

**Notes to Schedule**

Valuation date: 6/30/2016

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were from the June 30, 2015 public agency valuations.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2015 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**City of Patterson**  
**Schedule of the Contributions (Continued)**  
**Last Ten Years**  
**For the Year Ended June 30, 2019**

<b>Safety Plan</b>					
Fiscal year	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually determined contribution (actuarially determined)	\$ 457,665	\$ 393,732	\$ 337,685	\$ 312,567	\$ 364,763
Contributions in relation to the actuarially determined contributions <sup>2</sup>	(457,665)	(393,732)	(337,685)	(312,567)	(364,763)
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,329,174	\$ 1,290,460	\$ 1,252,874	\$ 1,216,383	\$ 1,177,974
Contributions as a percentage of covered payroll	34.43%	30.51%	26.95%	15.69%	16.08%

<sup>1</sup> Information only presented from the implementation year

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

**Notes to Schedule**

Valuation date: 6/30/2016

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were from the June 30, 2015 public agency

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2015 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Social Security Actuarial Tables.

**City of Patterson**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Last Ten Years**  
**For the Year Ended June 30, 2019**

Measurement period, year ending:	6/30/2018	6/30/2017 <sup>1</sup>
<b>Total OPEB liability</b>		
Service cost	\$ 951,252	\$ 1,055,000
Interest	394,277	327,000
Changes of benefit terms	(891,666)	-
Differences between expected and actual experience	(552,203)	-
Changes of assumptions	102,481	(1,129,000)
Benefit payments, including refunds of member contributions	(179,631)	(175,000)
<b>Net change in total OPEB liability</b>	(175,490)	78,000
<b>Total OPEB liability - beginning</b>	10,873,000	10,795,000
<b>Total OPEB liability - ending (a)</b>	\$ 10,697,510	\$ 10,873,000
<b>OPEB fiduciary net position</b>		
Contributions - employer	\$ 179,631	\$ 175,000
Net investment income	-	-
Benefit payments, including refunds of member contributions	(179,631)	(175,000)
Administrative expense	-	-
<b>Net change in plan fiduciary net position</b>	-	-
<b>Plan fiduciary net position - beginning</b>	-	-
<b>Plan fiduciary net position - ending (b)</b>	-	-
<b>Plan net OPEB liability - ending (a) - (b)</b>	\$ 10,697,510	\$ 10,873,000
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.00%	0.00%
<b>Covered-employee payroll</b>	\$ 6,818,600	\$ 6,620,000
<b>Plan net OPEB liability as a percentage of covered-employee payroll</b>	156.89%	164.24%

<sup>1</sup> Information only presented from the implementation year

*This page intentionally left blank.*



**SUPPLEMENTARY INFORMATION**

*This page intentionally left blank.*

**City of Patterson**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2019**

**Special Revenue Funds**

	<b>Special Revenue Funds</b>				
	<b>Landscape Maintenance District</b>	<b>Benefit Assessment Districts</b>	<b>CSA #15 Assessment District</b>	<b>Patterson Gardens Fire Suppression Assessment</b>	<b>Public Safety</b>
<b>ASSETS</b>					
Cash and investments	\$ 745,875	\$ 2,097,727	\$ 19,154	\$ 192,163	\$ -
Receivables:					
Accounts	20,984	5,642	-	6,552	17,516
Interest	1,952	5,491	50	503	-
Notes and loans	-	-	-	-	-
<b>Total assets</b>	<b>\$ 768,811</b>	<b>\$ 2,108,860</b>	<b>\$ 19,204</b>	<b>\$ 199,218</b>	<b>\$ 17,516</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 27,929	\$ 17,794	\$ 441	\$ -	\$ 22,102
Due to other funds	-	-	-	-	2,044,063
Unearned revenue	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>27,929</b>	<b>17,794</b>	<b>441</b>	<b>-</b>	<b>2,066,165</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Restricted	740,882	2,091,066	18,763	199,218	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	(2,048,649)
<b>Total fund balances</b>	<b>740,882</b>	<b>2,091,066</b>	<b>18,763</b>	<b>199,218</b>	<b>(2,048,649)</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 768,811</b>	<b>\$ 2,108,860</b>	<b>\$ 19,204</b>	<b>\$ 199,218</b>	<b>\$ 17,516</b>

(Continued)

**City of Patterson**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2019**

**Special Revenue Funds**

	<b>Beautification Committee</b>	<b>CDBG HA Loan Fund</b>	<b>State HCD Rehab Program</b>	<b>Federal CDBG Grant</b>	<b>First Time Home Buyers</b>
<b>ASSETS</b>					
Cash and investments	\$ 40,004	\$ -	\$ 151,487	\$ -	\$ 45,223
Receivables:					
Accounts	-	-	-	-	-
Interest	105	-	397	-	118
Notes and loans	-	293,489	55,565	-	172,433
<b>Total assets</b>	<b>\$ 40,109</b>	<b>\$ 293,489</b>	<b>\$ 207,449</b>	<b>\$ -</b>	<b>\$ 217,774</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	214,473	-
Unearned revenue	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>214,473</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue	-	293,489	55,565	45,815	172,433
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>293,489</b>	<b>55,565</b>	<b>45,815</b>	<b>172,433</b>
<b>FUND BALANCES:</b>					
Restricted	40,109	-	151,884	-	45,341
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	(260,288)	-
<b>Total fund balances</b>	<b>40,109</b>	<b>-</b>	<b>151,884</b>	<b>(260,288)</b>	<b>45,341</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 40,109</b>	<b>\$ 293,489</b>	<b>\$ 207,449</b>	<b>\$ -</b>	<b>\$ 217,774</b>

(Continued)

**City of Patterson**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2019**

**Special Revenue Funds**

	<b>Special Revenue Funds</b>				
	<b>Federal HOME Funds</b>	<b>Neighborhood Stabilization Program</b>	<b>Gas Tax</b>	<b>Local Transportation Fund</b>	<b>Local Transportation Fund Non Motorized</b>
<b>ASSETS</b>					
Cash and investments	\$ 150,647	\$ 4,315	\$ 53,178	\$ 294,273	\$ 54,399
Receivables:					
Accounts	2,500	-	114,224	-	-
Interest	394	11	139	721	142
Notes and loans	226,916	29,061	-	-	-
<b>Total assets</b>	<b>\$ 380,457</b>	<b>\$ 33,387</b>	<b>\$ 167,541</b>	<b>\$ 294,994</b>	<b>\$ 54,541</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	9,411	-	-	297,142	12,328
Deposits and other liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>9,411</b>	<b>-</b>	<b>-</b>	<b>297,142</b>	<b>12,328</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue	226,916	29,061	-	-	-
<b>Total deferred inflows of resources</b>	<b>226,916</b>	<b>29,061</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Restricted	144,130	4,326	167,541	-	42,213
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	(2,148)	-
<b>Total fund balances</b>	<b>144,130</b>	<b>4,326</b>	<b>167,541</b>	<b>(2,148)</b>	<b>42,213</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 380,457</b>	<b>\$ 33,387</b>	<b>\$ 167,541</b>	<b>\$ 294,994</b>	<b>\$ 54,541</b>

(Continued)

**City of Patterson**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds				
	Street Project Fund	Measure L Fund	Developer Housing In-Lieu Fee	Police Asset Forfeiture	Westside Drainage Study
<b>ASSETS</b>					
Cash and investments	\$ 332,555	\$ 2,304,698	\$ 1,030,451	\$ 153,973	\$ 64,428
Receivables:					
Accounts	1,542,460	107,540	-	-	-
Interest	1,613	6,033	2,697	403	169
Notes and loans	-	-	1,089,750	-	-
<b>Total assets</b>	<b>\$ 1,876,628</b>	<b>\$ 2,418,271</b>	<b>\$ 2,122,898</b>	<b>\$ 154,376</b>	<b>\$ 64,597</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 73,572	\$ 11,842	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	152,266	-
Deposits and other liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>73,572</b>	<b>11,842</b>	<b>-</b>	<b>152,266</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue	1,542,460	-	1,089,750	-	-
<b>Total deferred inflows of resources</b>	<b>1,542,460</b>	<b>-</b>	<b>1,089,750</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Restricted	260,596	2,406,429	1,033,148	2,110	64,597
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
<b>Total fund balances</b>	<b>260,596</b>	<b>2,406,429</b>	<b>1,033,148</b>	<b>2,110</b>	<b>64,597</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,876,628</b>	<b>\$ 2,418,271</b>	<b>\$ 2,122,898</b>	<b>\$ 154,376</b>	<b>\$ 64,597</b>

(Continued)

**City of Patterson**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds			Capital Projects Funds	
	CFD 2013-1	CFD 2015-2	CFD 2019-2 VOP Maintenance	Community Facility Impact Fee	General Government Impact Fee
<b>ASSETS</b>					
Cash and investments	\$ 340,154	\$ 29,848	\$ 26,086	\$ -	\$ 597,433
Receivables:					
Accounts	-	-	-	-	-
Interest	890	78	68	-	1,564
Notes and loans	-	-	-	-	-
<b>Total assets</b>	<b>\$ 341,044</b>	<b>\$ 29,926</b>	<b>\$ 26,154</b>	<b>\$ -</b>	<b>\$ 598,997</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 34	\$ -	\$ -	\$ 45,917	\$ -
Due to other funds	-	-	-	151,092	-
Unearned revenue	-	-	-	-	-
Deposits and other liabilities	-	-	27,450	-	-
<b>Total liabilities</b>	<b>34</b>	<b>-</b>	<b>27,450</b>	<b>197,009</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Restricted	341,010	29,926	-	-	-
Committed	-	-	-	-	598,997
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	(1,296)	(197,009)	-
<b>Total fund balances</b>	<b>341,010</b>	<b>29,926</b>	<b>(1,296)</b>	<b>(197,009)</b>	<b>598,997</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 341,044</b>	<b>\$ 29,926</b>	<b>\$ 26,154</b>	<b>\$ -</b>	<b>\$ 598,997</b>

(Continued)

**City of Patterson**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2019**

**Capital Projects Funds**

	<u>Public Safety Impact Fee</u>	<u>Parkland In-Lieu Fee</u>	<u>Street Improvement Impact Fee</u>	<u>Water Impact Fee</u>	<u>Storm Drain Impact Fee</u>
<b>ASSETS</b>					
Cash and investments	\$ 586,890	\$ 88,419	\$ 1,159,414	\$ 554,447	\$ 1,252,985
Receivables:					
Accounts	-	-	-	-	-
Interest	1,536	231	3,035	1,451	3,280
Notes and loans	-	-	-	-	-
<b>Total assets</b>	<u>\$ 588,426</u>	<u>\$ 88,650</u>	<u>\$ 1,162,449</u>	<u>\$ 555,898</u>	<u>\$ 1,256,265</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 27,388	\$ 10,930	\$ 1,937	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-
<b>Total liabilities</b>	<u>27,388</u>	<u>10,930</u>	<u>1,937</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES:</b>					
Restricted	-	-	-	-	-
Committed	561,038	77,720	1,160,512	555,898	1,256,265
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
<b>Total fund balances</b>	<u>561,038</u>	<u>77,720</u>	<u>1,160,512</u>	<u>555,898</u>	<u>1,256,265</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 588,426</u>	<u>\$ 88,650</u>	<u>\$ 1,162,449</u>	<u>\$ 555,898</u>	<u>\$ 1,256,265</u>

(Continued)



**City of Patterson**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2019**

**Capital Projects Funds**

	<u>Sewer Impact Fee</u>	<u>Delta Mendota Storm Gate</u>	<u>Aquatic Center Construction</u>	<u>Future Water Acquisition</u>	<u>Heartland Ranch Infrastructure</u>
<b>ASSETS</b>					
Cash and investments	\$ 68,373	\$ 170,922	\$ 58,890	\$ 129,385	\$ 45,146
Receivables:					
Accounts	-	-	-	-	-
Interest	179	447	154	339	118
Notes and loans	-	-	-	-	-
<b>Total assets</b>	<u>\$ 68,552</u>	<u>\$ 171,369</u>	<u>\$ 59,044</u>	<u>\$ 129,724</u>	<u>\$ 45,264</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	47,176
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,176</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES:</b>					
Restricted	-	-	-	-	-
Committed	68,552	171,369	59,044	129,724	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	(1,912)
<b>Total fund balances</b>	<u>68,552</u>	<u>171,369</u>	<u>59,044</u>	<u>129,724</u>	<u>(1,912)</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 68,552</u>	<u>\$ 171,369</u>	<u>\$ 59,044</u>	<u>\$ 129,724</u>	<u>\$ 45,264</u>

(Continued)

**City of Patterson**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2019**

	<b>Total Non-major Governmental Funds</b>
<b>ASSETS</b>	
Cash and investments	\$ 12,842,942
Receivables:	
Accounts	1,817,418
Interest	34,308
Notes and loans	1,867,214
<b>Total assets</b>	<b>\$ 16,561,882</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	
<b>LIABILITIES:</b>	
Accounts payable	\$ 239,886
Due to other funds	2,409,628
Unearned revenue	471,147
Deposits and other liabilities	74,626
<b>Total liabilities</b>	<b>3,195,287</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Unavailable revenue	3,455,489
<b>Total deferred inflows of resources</b>	<b>3,455,489</b>
<b>FUND BALANCES:</b>	
Restricted	7,783,289
Committed	4,639,119
Assigned	-
Unassigned (deficit)	(2,511,302)
<b>Total fund balances</b>	<b>9,911,106</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 16,561,882</b>

(Concluded)

**City of Patterson**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue				
	Landscape Maintenance District	Benefit Assessment Districts	CSA #15 Assessment District	Patterson Gardens Fire Suppression Assessment	Public Safety
<b>REVENUES:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-	-
Charges for current services	1,623,167	471,923	8,499	490,678	1,008,529
Intergovernmental:					
Federal grant and subsidies	-	-	-	-	-
Other governmental	-	-	-	-	-
Use of money and property	-	-	-	-	-
Interest	13,489	32,331	322	1,938	-
Miscellaneous	-	-	-	-	163,078
<b>Total revenues</b>	<b>1,636,656</b>	<b>504,254</b>	<b>8,821</b>	<b>492,616</b>	<b>1,171,607</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Fire	-	-	-	5,901	2,132,756
Community development and planning	-	-	4,924	-	-
Public works	1,462,941	254,619	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>1,462,941</b>	<b>254,619</b>	<b>4,924</b>	<b>5,901</b>	<b>2,132,756</b>
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	173,715	249,635	3,897	486,715	(961,149)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	480,000
Transfers out	-	-	(4,404)	(400,000)	(363,011)
<b>Total financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(4,404)</b>	<b>(400,000)</b>	<b>116,989</b>
<b>Net change in fund balances</b>	173,715	249,635	(507)	86,715	(844,160)
<b>FUND BALANCES:</b>					
Beginning of year	567,167	1,841,431	19,270	112,503	(1,204,489)
End of year	\$ 740,882	\$ 2,091,066	\$ 18,763	\$ 199,218	\$ (2,048,649)

(Continued)

**City of Patterson**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

**Special Revenue Funds**

	<b>Beautification Committee</b>	<b>CDBG HA Loan Fund</b>	<b>State HCD Rehab Program</b>	<b>Federal CDBG Grant</b>	<b>First Time Home Buyers</b>
<b>REVENUES:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-	-
Charges for current services	-	-	-	-	-
Intergovernmental:					
Federal grant and subsidies	-	-	-	-	-
Other governmental	-	-	-	-	-
Use of money and property	-	-	599	-	3,556
Interest	640	-	2,671	-	3,504
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>640</b>	<b>-</b>	<b>3,270</b>	<b>-</b>	<b>7,060</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Fire	-	-	-	-	-
Community development and planning	-	-	-	178,771	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178,771</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>640</b>	<b>-</b>	<b>3,270</b>	<b>(178,771)</b>	<b>7,060</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(7,533)	-
<b>Total financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,533)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>640</b>	<b>-</b>	<b>3,270</b>	<b>(186,304)</b>	<b>7,060</b>
<b>FUND BALANCES:</b>					
Beginning of year	39,469	-	148,614	(73,984)	38,281
End of year	\$ 40,109	\$ -	\$ 151,884	\$ (260,288)	\$ 45,341

(Continued)

**City of Patterson**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

**Special Revenue Funds**

	<b>Federal HOME Funds</b>	<b>Neighborhood Stabilization Program</b>	<b>Gas Tax</b>	<b>Local Transportation Fund</b>	<b>Local Transportation Fund Non Motorized</b>
<b>REVENUES:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-	-
Charges for current services	-	-	-	-	-
Intergovernmental:					
Federal grant and subsidies	2,500	-	-	-	-
Other governmental	-	-	949,955	-	-
Use of money and property	14,509	526	-	-	-
Interest	3,238	556	452	5,492	872
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>20,247</b>	<b>1,082</b>	<b>950,407</b>	<b>5,492</b>	<b>872</b>
<b>EXPENDITURES:</b>					
Current:					
General government	2,500	-	-	16,935	-
Fire	-	-	-	-	-
Community development and planning	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	37,518	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>40,018</b>	<b>-</b>	<b>-</b>	<b>16,935</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(19,771)</b>	<b>1,082</b>	<b>950,407</b>	<b>(11,443)</b>	<b>872</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	(2,000)	-	(873,550)	(157,562)	-
<b>Total financing sources (uses)</b>	<b>(2,000)</b>	<b>-</b>	<b>(873,550)</b>	<b>(157,562)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(21,771)</b>	<b>1,082</b>	<b>76,857</b>	<b>(169,005)</b>	<b>872</b>
<b>FUND BALANCES:</b>					
Beginning of year	165,901	3,244	90,684	166,857	41,341
End of year	\$ 144,130	\$ 4,326	\$ 167,541	\$ (2,148)	\$ 42,213

(Continued)

**City of Patterson**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

**Special Revenue Funds**

	<b>Street Project Fund</b>	<b>Measure L Fund</b>	<b>Developer Housing In-Lieu Fee</b>	<b>Police Asset Forfeiture</b>	<b>Westside Drainage Study</b>
<b>REVENUES:</b>					
Taxes:					
Property	\$ -	\$ -	\$ 17,522	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-	-
Charges for current services	-	-	-	-	-
Intergovernmental:					
Federal grant and subsidies	413,784	-	-	-	-
Other governmental	41,719	1,318,597	-	-	-
Use of money and property	-	-	-	-	-
Interest	16,291	31,659	23,956	1,965	1,033
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>471,794</b>	<b>1,350,256</b>	<b>41,478</b>	<b>1,965</b>	<b>1,033</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Fire	-	-	-	-	-
Community development and planning	-	-	730,000	-	-
Public works	59,378	-	-	-	-
Capital outlay	1,415,480	230,550	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>1,474,858</b>	<b>230,550</b>	<b>730,000</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,003,064)</b>	<b>1,119,706</b>	<b>(688,522)</b>	<b>1,965</b>	<b>1,033</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	973,624	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total financing sources (uses)</b>	<b>973,624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(29,440)</b>	<b>1,119,706</b>	<b>(688,522)</b>	<b>1,965</b>	<b>1,033</b>
<b>FUND BALANCES:</b>					
Beginning of year	290,036	1,286,723	1,721,670	145	63,564
End of year	<u>\$ 260,596</u>	<u>\$ 2,406,429</u>	<u>\$ 1,033,148</u>	<u>\$ 2,110</u>	<u>\$ 64,597</u>

(Continued)

**City of Patterson**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds			Capital Projects Funds	
	CFD 2013-1	CFD 2015-2	CFD 2019-2 VOP Maintenance	Community Facility Impact Fee	General Government Impact Fee
<b>REVENUES:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	2,253	18,811
Charges for current services	171,265	91,251	-	-	-
Intergovernmental:					
Federal grant and subsidies	-	-	-	-	-
Other governmental	-	-	-	-	-
Use of money and property	-	-	-	-	-
Interest	4,755	448	441	599	9,498
Miscellaneous	15,865	-	-	-	-
<b>Total revenues</b>	<b>191,885</b>	<b>91,699</b>	<b>441</b>	<b>2,852</b>	<b>28,309</b>
<b>EXPENDITURES:</b>					
Current:					
General government	23,292	25	-	-	421
Fire	-	-	-	-	-
Community development and planning	-	-	-	-	-
Public works	35,546	-	1,961	-	-
Capital outlay	-	-	-	331,911	3,841
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>58,838</b>	<b>25</b>	<b>1,961</b>	<b>331,911</b>	<b>4,262</b>
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>133,047</b>	<b>91,674</b>	<b>(1,520)</b>	<b>(329,059)</b>	<b>24,047</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	61,033	-
Transfers out	(27,261)	(80,000)	-	(17,100)	-
<b>Total financing sources (uses)</b>	<b>(27,261)</b>	<b>(80,000)</b>	<b>-</b>	<b>43,933</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>105,786</b>	<b>11,674</b>	<b>(1,520)</b>	<b>(285,126)</b>	<b>24,047</b>
<b>FUND BALANCES:</b>					
Beginning of year	235,224	18,252	224	88,117	574,950
End of year	\$ 341,010	\$ 29,926	\$ (1,296)	\$ (197,009)	\$ 598,997

(Continued)

**City of Patterson**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

**Capital Projects Funds**

	<b>Public Safety Impact Fee</b>	<b>Parkland In-Lieu Fee</b>	<b>Street Improvement Impact Fee</b>	<b>Water Impact Fee</b>	<b>Storm Drain Impact Fee</b>
<b>REVENUES:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	23,351	479	10,313	135,886	36,223
Charges for current services	-	-	48,594	-	-
Intergovernmental:					
Federal grant and subsidies	-	-	-	-	-
Other governmental	21,025	-	-	-	-
Use of money and property	-	-	-	-	-
Interest	9,408	1,429	14,047	8,464	20,038
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>53,784</b>	<b>1,908</b>	<b>72,954</b>	<b>144,350</b>	<b>56,261</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	13,177	-	-	-
Fire	-	-	-	-	-
Community development and planning	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	31,068	-	16,301	-	9,636
Debt service:					
Principal	31,809	-	-	-	-
Interest and fiscal charges	2,597	-	-	-	-
<b>Total expenditures</b>	<b>65,474</b>	<b>13,177</b>	<b>16,301</b>	<b>-</b>	<b>9,636</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(11,690)</b>	<b>(11,269)</b>	<b>56,653</b>	<b>144,350</b>	<b>46,625</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(167,512)	-	-
<b>Total financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(167,512)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(11,690)</b>	<b>(11,269)</b>	<b>(110,859)</b>	<b>144,350</b>	<b>46,625</b>
<b>FUND BALANCES:</b>					
Beginning of year	572,728	88,989	1,271,371	411,548	1,209,640
End of year	<u>\$ 561,038</u>	<u>\$ 77,720</u>	<u>\$ 1,160,512</u>	<u>\$ 555,898</u>	<u>\$ 1,256,265</u>

(Continued)



**City of Patterson**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

**Capital Projects Funds**

	<b>Sewer Impact Fee</b>	<b>Delta Mendota Storm Gate</b>	<b>Aquatic Center Construction</b>	<b>Future Water Acquisition</b>	<b>Heartland Ranch Infrastructure</b>
<b>REVENUES:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	57,215	-	489	4,986	-
Charges for current services	-	-	-	-	-
Intergovernmental:					
Federal grant and subsidies	-	-	-	-	-
Other governmental	-	-	-	-	-
Use of money and property	-	-	-	-	-
Interest	1,082	2,739	941	3,589	723
Miscellaneous	-	-	-	3,812	-
<b>Total revenues</b>	<b>58,297</b>	<b>2,739</b>	<b>1,430</b>	<b>12,387</b>	<b>723</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Fire	-	-	-	-	-
Community development and planning	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>58,297</b>	<b>2,739</b>	<b>1,430</b>	<b>12,387</b>	<b>723</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	(34,489)	-	-	(299,832)	-
<b>Total financing sources (uses)</b>	<b>(34,489)</b>	<b>-</b>	<b>-</b>	<b>(299,832)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>23,808</b>	<b>2,739</b>	<b>1,430</b>	<b>(287,445)</b>	<b>723</b>
<b>FUND BALANCES:</b>					
Beginning of year	44,744	168,630	57,614	417,169	(2,635)
End of year	\$ 68,552	\$ 171,369	\$ 59,044	\$ 129,724	\$ (1,912)

(Continued)

**City of Patterson**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

---

	<b>Total Non-major Governmental Funds</b>
<b>REVENUES:</b>	
Taxes:	
Property	\$ 17,522
Licenses, permits, and fees	290,006
Charges for current services	3,913,906
Intergovernmental:	
Federal grant and subsidies	416,284
Other governmental	2,331,296
Use of money and property	19,190
Interest	218,610
Miscellaneous	182,755
<b>Total revenues</b>	<b>7,389,569</b>
<b>EXPENDITURES:</b>	
Current:	
General government	56,350
Fire	2,138,657
Community development and planning	913,695
Public works	1,814,445
Capital outlay	2,076,305
Debt service:	
Principal	31,809
Interest and fiscal charges	2,597
<b>Total expenditures</b>	<b>7,033,858</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>355,711</b>
<b>OTHER FINANCING SOURCES (USES):</b>	
Transfers in	1,514,657
Transfers out	(2,434,254)
<b>Total financing sources (uses)</b>	<b>(919,597)</b>
<b>Net change in fund balances</b>	<b>(563,886)</b>
<b>FUND BALANCES:</b>	
Beginning of year	10,474,992
End of year	<b>\$ 9,911,106</b>

(Concluded)

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Patterson Public Financing Authority**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 3,766,406	\$ 3,766,406	\$ 3,818,678	\$ 52,272
Miscellaneous	-	-	521,673	521,673
<b>Total revenues</b>	<u>3,766,406</u>	<u>3,766,406</u>	<u>4,340,351</u>	<u>573,945</u>
<b>EXPENDITURES:</b>				
Capital outlay	584,743	760,722	660,669	100,053
Debt service:				
Principal	1,582,900	1,582,900	2,067,349	(484,449)
Interest and fiscal charges	4,167,293	4,167,293	3,981,613	185,680
<b>Total expenditures</b>	<u>6,334,936</u>	<u>6,510,915</u>	<u>6,709,631</u>	<u>(198,716)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,568,530)</u>	<u>(2,744,509)</u>	<u>(2,369,280)</u>	<u>375,229</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	521,673	521,673	-	(521,673)
<b>Total other financing sources (uses)</b>	<u>521,673</u>	<u>521,673</u>	<u>-</u>	<u>(521,673)</u>
<b>Net change in fund balances</b>	<u>\$ (2,046,857)</u>	<u>\$ (2,222,836)</u>	(2,369,280)	<u>\$ (146,444)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>68,919,866</u>	
End of year			<u>\$ 66,550,586</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Landscape Maintenance District Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for current services	\$ 2,050,902	\$ 2,050,902	\$ 1,623,167	\$ (427,735)
Interest	2,500	2,500	13,489	10,989
<b>Total revenues</b>	<u>2,053,402</u>	<u>2,053,402</u>	<u>1,636,656</u>	<u>(416,746)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,865,856	1,865,856	1,462,941	402,915
<b>Total expenditures</b>	<u>1,865,856</u>	<u>1,865,856</u>	<u>1,462,941</u>	<u>402,915</u>
<b>Net change in fund balance</b>	<u>\$ 187,546</u>	<u>\$ 187,546</u>	173,715	<u>\$ (13,831)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>567,167</u>	
End of year			<u>\$ 740,882</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Benefit Assessment Districts Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes:				
Charges for current services	\$ 516,215	\$ 516,215	\$ 471,923	\$ (44,292)
Interest	4,000	4,000	32,331	28,331
<b>Total revenues</b>	<u>520,215</u>	<u>520,215</u>	<u>504,254</u>	<u>(15,961)</u>
<b>EXPENDITURES:</b>				
Public works	602,450	602,450	254,619	347,831
<b>Total expenditures</b>	<u>602,450</u>	<u>602,450</u>	<u>254,619</u>	<u>347,831</u>
<b>Net change in fund balance</b>	<u>\$ (82,235)</u>	<u>\$ (82,235)</u>	249,635	<u>\$ 331,870</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,841,431</u>	
End of year			<u>\$ 2,091,066</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**CSA #15 Assessment District Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ 8,500	\$ 8,500	\$ 8,499	\$ (1)
Interest	-	-	322	322
<b>Total revenues</b>	<u>8,500</u>	<u>8,500</u>	<u>8,821</u>	<u>321</u>
<b>EXPENDITURES:</b>				
Current:				
Community development and planning	<u>16,729</u>	<u>16,729</u>	<u>4,924</u>	<u>11,805</u>
<b>Total expenditures</b>	<u>16,729</u>	<u>16,729</u>	<u>4,924</u>	<u>11,805</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(8,229)</u>	<u>(8,229)</u>	<u>3,897</u>	<u>12,126</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(4,404)</u>	<u>(4,404)</u>
<b>Total financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(4,404)</u>	<u>(4,404)</u>
<b>Net change in fund balance</b>	<u>\$ (8,229)</u>	<u>\$ (8,229)</u>	<u>(507)</u>	<u>\$ 7,722</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>19,270</u>	
End of year			<u>\$ 18,763</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Patterson Gardens Fire Suppression Assessment Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ 433,550	\$ 433,550	\$ 490,678	\$ 57,128
Interest	250	250	1,938	1,688
<b>Total revenues</b>	<u>433,800</u>	<u>433,800</u>	<u>492,616</u>	<u>58,816</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	5,000	5,000	5,901	(901)
<b>Total expenditures</b>	<u>5,000</u>	<u>5,000</u>	<u>5,901</u>	<u>(901)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>428,800</u>	<u>428,800</u>	<u>486,715</u>	<u>57,915</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(400,000)	(400,000)	(400,000)	-
<b>Total financing sources (uses)</b>	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ 28,800</u>	<u>\$ 28,800</u>	86,715	<u>\$ 57,915</u>
<b>FUND BALANCE:</b>				
Beginning of year			112,503	
End of year			<u>\$ 199,218</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Public Safety Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ 962,630	\$ 962,630	\$ 1,008,529	\$ 45,899
Interest	943	943	-	(943)
Miscellaneous	23,175	23,175	163,078	139,903
<b>Total revenues</b>	<u>986,748</u>	<u>986,748</u>	<u>1,171,607</u>	<u>184,859</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	<u>1,956,661</u>	<u>1,982,133</u>	<u>2,132,756</u>	<u>(150,623)</u>
<b>Total expenditures</b>	<u>1,956,661</u>	<u>1,982,133</u>	<u>2,132,756</u>	<u>(150,623)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(969,913)</u>	<u>(995,385)</u>	<u>(961,149)</u>	<u>34,236</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	453,000	480,000	480,000	-
Transfers out	<u>(363,011)</u>	<u>(363,011)</u>	<u>(363,011)</u>	-
<b>Total financing sources (uses)</b>	<u>89,989</u>	<u>116,989</u>	<u>116,989</u>	-
<b>Net change in fund balance</b>	<u>\$ (879,924)</u>	<u>\$ (878,396)</u>	(844,160)	<u>\$ 34,236</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>(1,204,489)</u>	
End of year			<u>\$ (2,048,649)</u>	



**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Beautification Committee Special Revenue Fund**  
**For the Year Ended June 30, 2019**

---

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 100	\$ 100	\$ 640	\$ 540
<b>Total revenues</b>	100	100	640	540
<b>Net change in fund balance</b>	\$ 100	\$ 100	640	\$ 540
<b>FUND BALANCE:</b>				
Beginning of year			39,469	
End of year			\$ 40,109	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**State HCD Rehab Program Special Revenue Fund**  
**For the Year Ended June 30, 2019**

---

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Use of money and property	\$ 700	\$ 700	\$ 599	\$ (101)
Interest	500	500	2,671	2,171
<b>Total revenues</b>	<u>1,200</u>	<u>1,200</u>	<u>3,270</u>	<u>2,070</u>
<b>Net change in fund balance</b>	<u>\$ 1,200</u>	<u>\$ 1,200</u>	3,270	<u>\$ 2,070</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>148,614</u>	
End of year			<u>\$ 151,884</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Federal CDBG Grant Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental:				
Federal grant and subsidies	\$ 139,043	\$ -	\$ -	\$ -
Interest	200	200	-	(200)
<b>Total revenues</b>	<u>139,243</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development and planning	299,244	299,244	178,771	120,473
<b>Total expenditures</b>	<u>299,244</u>	<u>299,244</u>	<u>178,771</u>	<u>120,473</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(160,001)</u>	<u>(299,044)</u>	<u>(178,771)</u>	<u>120,273</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(7,533)	(7,533)	(7,533)	-
<b>Total financing sources (uses)</b>	<u>(7,533)</u>	<u>(7,533)</u>	<u>(7,533)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (167,534)</u>	<u>\$ (306,577)</u>	(186,304)	<u>\$ 120,273</u>
<b>FUND BALANCE:</b>				
Beginning of year			(73,984)	
End of year			<u>\$ (260,288)</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**First Time Home Buyers Special Revenue Fund**  
**For the Year Ended June 30, 2019**

---

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Use of money and property	\$ 3,095	\$ 3,095	\$ 3,556	\$ 461
Interest	2,500	2,500	3,504	1,004
<b>Total revenues</b>	<u>5,595</u>	<u>5,595</u>	<u>7,060</u>	<u>1,465</u>
<b>Net change in fund balance</b>	<u>\$ 5,595</u>	<u>\$ 5,595</u>	7,060	<u>\$ 1,465</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>38,281</u>	
End of year			<u>\$ 45,341</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Federal HOME Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental:				
Federal grant and subsidies	\$ 73,488	\$ 73,488	\$ 2,500	\$ (70,988)
Use of money and property	1,895	1,895	14,509	12,614
Interest	500	500	3,238	2,738
<b>Total revenues</b>	<u>75,883</u>	<u>75,883</u>	<u>20,247</u>	<u>(55,636)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	2,500	2,500	2,500	-
Capital outlay	70,988	70,988	37,518	33,470
<b>Total expenditures</b>	<u>73,488</u>	<u>73,488</u>	<u>40,018</u>	<u>33,470</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>2,395</u>	<u>2,395</u>	<u>(19,771)</u>	<u>(22,166)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(2,000)	(2,000)	(2,000)	-
<b>Total financing sources (uses)</b>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ 395</u>	<u>\$ 395</u>	<u>(21,771)</u>	<u>\$ (22,166)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>165,901</u>	
End of year			<u>\$ 144,130</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Neighborhood Stabilization Program Special Revenue Fund**  
**For the Year Ended June 30, 2019**

---

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Use of money and property	\$ 380	\$ 380	\$ 526	\$ 146
Interest	443	443	556	113
<b>Total revenues</b>	<u>823</u>	<u>823</u>	<u>1,082</u>	<u>259</u>
<b>Net change in fund balance</b>	<u>\$ 823</u>	<u>\$ 823</u>	1,082	<u>\$ 259</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>3,244</u>	
End of year			<u>\$ 4,326</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Gas Tax Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental:				
Other governmental	955,022	955,022	949,955	(5,067)
Interest	500	500	452	(48)
<b>Total revenues</b>	<u>955,522</u>	<u>955,522</u>	<u>950,407</u>	<u>(5,115)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(470,255)	(873,550)	(873,550)	-
<b>Total financing sources (uses)</b>	<u>(470,255)</u>	<u>(873,550)</u>	<u>(873,550)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ 485,267</u>	<u>\$ 81,972</u>	76,857	<u>\$ (5,115)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>90,684</u>	
End of year			<u>\$ 167,541</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Local Transportation Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Other governmental	\$ 17,670	\$ 37,679	\$ -	\$ (37,679)
Interest	1,000	1,000	5,492	4,492
<b>Total revenues</b>	<u>18,670</u>	<u>38,679</u>	<u>5,492</u>	<u>(33,187)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	16,935	(16,935)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>16,935</u>	<u>(16,935)</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>18,670</u>	<u>38,679</u>	<u>(11,443)</u>	<u>(50,122)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(157,562)	(157,562)	(157,562)	-
<b>Total financing sources (uses)</b>	<u>(157,562)</u>	<u>(157,562)</u>	<u>(157,562)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (138,892)</u>	<u>\$ (118,883)</u>	<u>(169,005)</u>	<u>\$ (50,122)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>166,857</u>	
End of year			<u>\$ (2,148)</u>	



**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Local Transportation Non-Motorized Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Interest	-	-	872	872
<b>Total revenues</b>	-	-	872	872
<b>EXPENDITURES:</b>				
Capital outlay	5,590	5,590	-	5,590
<b>Total expenditures</b>	5,590	5,590	-	5,590
<b>Net change in fund balance</b>	<u>\$ (5,590)</u>	<u>\$ (5,590)</u>	872	<u>\$ 6,462</u>
<b>FUND BALANCE:</b>				
Beginning of year			41,341	
End of year			<u>\$ 42,213</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Street Project Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental:				
Federal grant and subsidies	\$ 812,472	\$ 812,472	\$ 413,784	\$ (398,688)
Other governmental	1,553,157	1,553,157	41,719	(1,511,438)
Interest	-	-	16,291	16,291
<b>Total revenues</b>	<u>2,365,629</u>	<u>2,365,629</u>	<u>471,794</u>	<u>(1,893,835)</u>
<b>EXPENDITURES:</b>				
Public works	63,000	63,000	59,378	3,622
Capital outlay	4,512,294	2,477,737	1,415,480	1,062,257
<b>Total expenditures</b>	<u>4,575,294</u>	<u>2,540,737</u>	<u>1,474,858</u>	<u>1,065,879</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(2,209,665)</u>	<u>(175,108)</u>	<u>(1,003,064)</u>	<u>(827,956)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,894,964	973,624	973,624	-
<b>Total financing sources (uses)</b>	<u>1,894,964</u>	<u>973,624</u>	<u>973,624</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (314,701)</u>	<u>\$ 798,516</u>	(29,440)	<u>\$ (827,956)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>290,036</u>	
End of year			<u>\$ 260,596</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Measure L Special Revenue Fund**  
**For the Year Ended June 30, 2019**

---

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Other governmental	\$ 1,124,762	\$ 1,124,762	\$ 1,318,597	\$ 193,835
Interest	-	5,889	31,659	25,770
<b>Total revenues</b>	<u>1,124,762</u>	<u>1,130,651</u>	<u>1,350,256</u>	<u>219,605</u>
<b>EXPENDITURES:</b>				
Capital outlay	1,032,727	669,898	230,550	439,348
<b>Total expenditures</b>	<u>1,032,727</u>	<u>669,898</u>	<u>230,550</u>	<u>439,348</u>
<b>Net change in fund balance</b>	<u>\$ 92,035</u>	<u>\$ 460,753</u>	1,119,706	<u>\$ 658,953</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,286,723</u>	
End of year			<u>\$ 2,406,429</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Developer Housing In-Lieu Fee Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property	\$ 8,971	\$ 8,971	\$ 17,522	\$ 8,551
Interest	1,500	1,500	23,956	22,456
<b>Total revenues</b>	<u>10,471</u>	<u>10,471</u>	<u>41,478</u>	<u>31,007</u>
<b>EXPENDITURES:</b>				
Current:				
Community development and planning	-	-	730,000	(730,000)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>730,000</u>	<u>(730,000)</u>
<b>Net change in fund balance</b>	<u>\$ 10,471</u>	<u>\$ 10,471</u>	(688,522)	<u>\$ (698,993)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,721,670</u>	
End of year			<u>\$ 1,033,148</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Westside Drainage Study Special Revenue Fund**  
**For the Year Ended June 30, 2019**

---

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Interest	\$ 200	\$ 200	\$ 1,033	\$ 833
<b>Total revenues</b>	<u>200</u>	<u>200</u>	<u>1,033</u>	<u>833</u>
<b>Net change in fund balance</b>	<u>\$ 200</u>	<u>\$ 200</u>	1,033	<u>\$ 833</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>63,564</u>	
End of year			<u>\$ 64,597</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**CFD 2013-1 Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ 54,686	\$ 54,686	\$ 171,265	\$ 116,579
Interest	500	500	4,755	4,255
Miscellaneous	-	-	15,865	15,865
<b>Total revenues</b>	<u>55,186</u>	<u>55,186</u>	<u>191,885</u>	<u>136,699</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	23,292	(23,292)
Public works	4,000	4,000	35,546	(31,546)
<b>Total expenditures</b>	<u>4,000</u>	<u>4,000</u>	<u>58,838</u>	<u>(54,838)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>51,186</u>	<u>51,186</u>	<u>133,047</u>	<u>81,861</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(27,261)	(27,261)
<b>Total financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(27,261)</u>	<u>(27,261)</u>
<b>Net change in fund balance</b>	<u>\$ 51,186</u>	<u>\$ 51,186</u>	105,786	<u>\$ 54,600</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>235,224</u>	
End of year			<u>\$ 341,010</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**CFD 2015-2 Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ 86,187	\$ 86,187	\$ 91,251	\$ 5,064
Interest	500	500	448	(52)
<b>Total revenues</b>	<u>86,687</u>	<u>86,687</u>	<u>91,699</u>	<u>5,012</u>
<b>EXPENDITURES:</b>				
Current:				
General government	25	25	25	-
Fire	2,000	2,000	-	2,000
<b>Total expenditures</b>	<u>2,025</u>	<u>2,025</u>	<u>25</u>	<u>2,000</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>84,662</u>	<u>84,662</u>	<u>91,674</u>	<u>7,012</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(80,000)	(80,000)	(80,000)	-
<b>Total financing sources (uses)</b>	<u>(80,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ 4,662</u>	<u>\$ 4,662</u>	11,674	<u>\$ 7,012</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>18,252</u>	
End of year			<u>\$ 29,926</u>	

**City of Patterson**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**CFD 2018-2 VOP Maintenance Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ -	\$ -	\$ 441	\$ 441
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>441</u>	<u>441</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	653	1,961	(1,308)
<b>Total expenditures</b>	<u>-</u>	<u>653</u>	<u>1,961</u>	<u>(1,308)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(653)</u>	<u>(1,520)</u>	<u>(867)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ (653)</u>	<u>(1,520)</u>	<u>\$ (867)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>224</u>	
End of year			<u>\$ (1,296)</u>	



**AGENCY FUNDS**

*This page intentionally left blank.*

**City of Patterson**  
**Combining Schedule of Fiduciary Net Position**  
**Agency Funds**  
**June 30, 2019**

	<u>West Patterson Financing Authority</u>	<u>West Patterson Business Park</u>	<u>Heartland Ranch 2013</u>	<u>VOP Infrastructure</u>	<u>Total</u>
<b>ASSET</b>					
Cash and investments	\$ 5,115,071	\$ 1,103,486	\$ 799,129	\$ -	\$ 7,017,686
Restricted cash and investments	3,161,564	5,290,659	87,254	-	8,539,477
Accounts receivable	59,073	6,064	4,685	-	69,822
Interest receivable	10,534	2,401	1,857	-	14,792
Notes receivable	1,045,000	-	-	-	1,045,000
Other assets	-	-	-	50,364	50,364
<b>Total assets</b>	<u>\$ 9,391,242</u>	<u>\$ 6,402,610</u>	<u>\$ 892,925</u>	<u>\$ 50,364</u>	<u>\$ 16,737,141</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 532	\$ 1,500	\$ 639	\$ 2,671
Due to City	-	62,600	-	44,522	107,122
Due to bondholders	9,391,242	6,339,478	891,425	5,203	16,627,348
<b>Total liabilities</b>	<u>\$ 9,391,242</u>	<u>\$ 6,402,610</u>	<u>\$ 892,925</u>	<u>\$ 50,364</u>	<u>\$ 16,737,141</u>

**City of Patterson**  
**Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b><u>West Patterson Financing Authority</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 4,055,485	\$ 1,059,586	\$ -	\$ 5,115,071
Restricted cash and investments	3,821,429	-	(659,865)	3,161,564
Accounts receivable	57,185	1,888	-	59,073
Interest receivable	14,585	-	(4,051)	10,534
Notes receivable	-	1,045,000	-	1,045,000
<b>Total assets</b>	<b>\$ 7,948,684</b>	<b>\$ 2,106,474</b>	<b>\$ (663,916)</b>	<b>\$ 9,391,242</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 7,948,684	\$ 1,442,558	\$ -	\$ 9,391,242
<b>Total liabilities</b>	<b>\$ 7,948,684</b>	<b>\$ 1,442,558</b>	<b>\$ -</b>	<b>\$ 9,391,242</b>
	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b><u>West Patterson Business Park</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 4,598,107	\$ -	\$ (3,494,621)	\$ 1,103,486
Restricted cash and investments	5,530,259	-	(239,600)	5,290,659
Accounts receivable	-	6,064	-	6,064
Interest receivable	8,452	-	(6,051)	2,401
<b>Total assets</b>	<b>\$ 10,136,818</b>	<b>\$ 6,064</b>	<b>\$ (3,740,272)</b>	<b>\$ 6,402,610</b>
<b>Liabilities:</b>				
Accounts payable	\$ 580	\$ -	\$ (48)	\$ 532
Due to City	72,705	-	(10,105)	62,600
Due to bondholders	10,063,533	-	(3,724,055)	6,339,478
<b>Total liabilities</b>	<b>\$ 10,136,818</b>	<b>\$ -</b>	<b>\$ (3,734,208)</b>	<b>\$ 6,402,610</b>
	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b><u>Heartland Ranch 2013</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 805,244	\$ -	\$ (6,115)	\$ 799,129
Restricted cash and investments	-	87,254	-	87,254
Accounts receivable	4,091	594	-	4,685
Interest receivable	1,179	678	-	1,857
<b>Total assets</b>	<b>\$ 810,514</b>	<b>\$ 88,526</b>	<b>\$ (6,115)</b>	<b>\$ 892,925</b>
<b>Liabilities:</b>				
Accounts payable	\$ 3,500	\$ -	\$ (2,000)	\$ 1,500
Due to bondholders	807,014	84,411	-	891,425
<b>Total liabilities</b>	<b>\$ 810,514</b>	<b>\$ 84,411</b>	<b>\$ (2,000)</b>	<b>\$ 892,925</b>

**City of Patterson**  
**Statement of Changes in Assets and Liabilities (Continued)**  
**All Agency Funds**  
**For the Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b><u>VOP Infrastructure</u></b>				
<b>Assets:</b>				
Other assets	\$ 41,371	\$ 8,993	\$ -	\$ 50,364
<b>Total assets</b>	<b>\$ 41,371</b>	<b>\$ 8,993</b>	<b>\$ -</b>	<b>\$ 50,364</b>
<b>Liabilities:</b>				
Accounts payable	\$ 5,652	\$ -	\$ (5,013)	\$ 639
Due to City	35,719	8,803	-	44,522
Due to bondholders	-	5,203	-	5,203
<b>Total liabilities</b>	<b>\$ 41,371</b>	<b>\$ 14,006</b>	<b>\$ (5,013)</b>	<b>\$ 50,364</b>
	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b><u>ALL AGENCY FUNDS</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 9,458,836	\$ 1,059,586	\$ (3,500,736)	\$ 7,017,686
Restricted cash and investments	9,351,688	87,254	(899,465)	8,539,477
Accounts receivable	61,276	8,546	-	69,822
Interest receivable	24,216	678	(10,102)	14,792
Notes receivable	-	1,045,000	-	1,045,000
Other assets	41,371	8,993	-	50,364
<b>Total assets</b>	<b>\$ 18,937,387</b>	<b>\$ 2,210,057</b>	<b>\$ (4,410,303)</b>	<b>\$ 16,737,141</b>
<b>Liabilities:</b>				
Accounts payable	\$ 9,732	\$ -	\$ (7,061)	\$ 2,671
Due to City	108,424	8,803	(10,105)	107,122
Due to bondholders	18,819,231	1,532,172	(3,724,055)	16,627,348
<b>Total liabilities</b>	<b>\$ 18,937,387</b>	<b>\$ 1,540,975</b>	<b>\$ (3,741,221)</b>	<b>\$ 16,737,141</b>

*This page intentionally left blank.*

## **STATISTICAL SECTION**

*This page intentionally left blank.*



## STATISTICAL SECTION

The Statistical Section provides financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

The Statistical Section is required by the Governmental Accounting Standards Board (GASB) to be reported in the following sections:

<u>Contents</u>	<u>Page</u>
<b>Financial Trends Information</b> .....	148
Helps readers understand how the City's financial position and well-being have changed over time.	
<b>Revenue Capacity Information</b> .....	158
Helps readers understand and assess the City's ability to generate its own sources of revenue, the most significant local revenue source being sales and use tax.	
<b>Demographic and Economic Information</b> .....	172
Helps readers understand the socioeconomic environment within which the City's financial activities take place, and provides information to facilitate comparisons of financial statement information over time and among other governments.	
<b>Operating Information</b> .....	174
Information about the City's operations and resources to help readers use financial information to understand and assess the related services the City provides and the activities it performs.	

**City of Patterson**  
**Table 1**  
**Net Position by Classification**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental activities:					
Net investment in capital assets	\$ 60,390,350	\$ 60,721,785	\$ 55,621,936	\$ 55,756,984	\$ 50,237,700
Non-Spendable	-	-	-	78,491	-
Restricted	11,658,062	8,385,204	6,391,176	5,270,127	4,867,200
Unrestricted net position	(7,933,053)	(4,612,193)	1,816,668	1,831,382	987,000
<b>Total Net Asset</b>	<b>\$ 64,115,359</b>	<b>\$ 64,494,796</b>	<b>\$ 63,829,780</b>	<b>\$ 62,936,984</b>	<b>\$ 56,091,900</b>
Business-type activities:					
Net investment in capital assets	37,746,179	37,346,159	38,857,716	35,232,028	34,725,800
Restricted	469,817	469,905	-	4,102,582	5,303,228
Unrestricted net position	2,567,625	(77,313)	517,319	1,250,675	1,737,680
<b>Total Net Asset</b>	<b>\$ 40,783,621</b>	<b>\$ 37,738,751</b>	<b>\$ 39,375,035</b>	<b>\$ 40,585,285</b>	<b>\$ 41,766,708</b>

Note: Some prior year balances may have been restated from previous financial statements to reflect the new GASB implementations or prior period reinstatements

Source: City of Patterson Finance Department

**City of Patterson**  
**Table 1**  
**Net Position by Classification (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2014	2013	2012	2011	2010
Governmental activities:					
Net investment in capital assets	\$ 47,460,440	\$ 46,822,970	\$ 42,804,314	\$ 41,633,066	\$ 39,108,419
Non-Spendable	-	-	-	-	-
Restricted	4,866,877	4,983,481	5,670,040	5,875,879	-
Unrestricted net position	7,418,444	11,140,880	15,213,609	18,288,877	27,742,898
<b>Total Net Asset</b>	<b>\$ 59,745,761</b>	<b>\$ 62,947,331</b>	<b>\$ 63,687,963</b>	<b>\$ 65,797,822</b>	<b>\$ 66,851,317</b>
Business-type activities:					
Net investment in capital assets	34,941,039	36,814,164	38,967,545	40,214,015	47,602,499
Restricted	5,437,345	5,772,477	5,809,966	6,393,524	-
Unrestricted net position	4,704,599	3,395,687	2,879,695	2,491,841	(301,507)
<b>Total Net Asset</b>	<b>\$ 45,082,983</b>	<b>\$ 45,982,328</b>	<b>\$ 47,657,206</b>	<b>\$ 49,099,380</b>	<b>\$ 47,300,992</b>

Note: Some prior year balances may have been restated from previous financial statements to reflect the new GASB implementations or prior period reinstatements

Source: City of Patterson Finance Department

**City of Patterson**  
**Table 2**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2019	2018	2017	2016	2015
<b>Expenses</b>					
Governmental activities:					
General Government	\$ 3,167,076	\$ 3,408,080	\$ 2,259,261	\$ 2,003,932	\$ 2,650,997
Police	6,711,694	6,888,086	4,458,567	4,156,842	3,298,276
Fire	4,937,738	2,720,043	3,532,864	3,594,435	3,381,961
Community development and planning	2,523,052	1,724,228	3,024,928	1,258,725	1,213,617
Public Works	4,455,175	4,901,136	2,631,811	4,652,522	4,043,774
Parks and recreation	4,618,872	4,283,486	3,277,134	2,696,555	2,558,315
Interest and fiscal charges	4,360,669	3,810,538	3,955,958	3,935,590	4,118,232
<b>Total Governmental Activities</b>	<b>\$ 30,774,276</b>	<b>\$ 27,735,597</b>	<b>\$ 23,140,523</b>	<b>\$ 22,298,601</b>	<b>\$ 21,265,172</b>
Business-type activities:					
Water	\$ 4,561,024	\$ 4,917,985	\$ 4,481,750	\$ 3,567,751	\$ 3,734,709
Sewer	5,287,098	5,297,929	4,893,962	4,221,112	4,091,034
Garbage	2,545,016	2,397,523	2,310,200	2,080,840	2,069,439
<b>Total Business-type Activities</b>	<b>12,393,138</b>	<b>12,613,437</b>	<b>11,685,912</b>	<b>9,869,703</b>	<b>9,895,182</b>
<b>Total Expenses</b>	<b>\$ 43,167,414</b>	<b>\$ 40,349,034</b>	<b>\$ 34,826,435</b>	<b>\$ 32,168,304</b>	<b>\$ 31,160,354</b>
<b>Program Revenue</b>					
Governmental activities:					
Charges for services:					
General Government	\$ 653,327	\$ 136,307	\$ 678,608	\$ 108,119	\$ 166,427
Police	198,638	274,555	218,337	268,929	392,009
Fire	1,620,028	720,761	587,593	413,973	681,690
Community development and planning	530,975	687,905	645,985	390,721	885,242
Public Works	920,656	2,362,593	2,161,045	2,000,190	2,296,599
Parks and recreation	1,763,473	1,626,656	1,481,692	1,804,685	1,780,112
Operating grants and contributions	1,114,479	1,546,871	1,590,404	998,122	1,318,671
Capital grants and contributions	943,669	2,479,317	1,112,733	342,867	556,120
<b>Total Governmental Activities</b>	<b>\$ 7,745,245</b>	<b>9,834,965</b>	<b>8,476,397</b>	<b>6,327,606</b>	<b>8,076,870</b>
Business-type activities:					
Water	\$ 4,764,097	4,197,555	3,680,373	3,389,473	3,972,456
Sewer	4,665,525	4,344,858	4,011,227	3,855,492	3,406,079
Garbage	3,228,053	3,079,843	2,921,089	2,800,845	2,667,681
Operating grants and contributions	34,318	68,852	701,283	-	-
Capital grants and contributions	-	-	-	(1,582)	-
<b>Total Business-type Activities</b>	<b>12,691,993</b>	<b>11,691,108</b>	<b>11,313,972</b>	<b>10,044,228</b>	<b>10,046,216</b>
<b>Total Revenue</b>	<b>\$ 20,437,238</b>	<b>21,526,073</b>	<b>19,790,369</b>	<b>16,371,834</b>	<b>18,123,086</b>
<b>Net (Expense) Revenues</b>					
Governmental activities	\$ (23,029,031)	\$ (17,900,632)	\$ (14,664,126)	\$ (15,970,995)	\$ (13,188,302)
Business-type activities	298,855	(922,329)	(371,940)	174,525	151,034
<b>Total Primary Government</b>	<b>\$ (22,730,176)</b>	<b>\$ (18,822,961)</b>	<b>\$ (15,036,066)</b>	<b>\$ (15,796,470)</b>	<b>\$ (13,037,268)</b>

**City of Patterson**  
**Table 2**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2014	2013	2012	2011	2010
<b>Expenses</b>					
Governmental activities:					
General Government	\$ 3,945,285	\$ 2,807,815	\$ 2,333,516	\$ 1,137,344	\$ 2,048,675
Police	3,987,323	3,821,033	3,261,512	3,305,964	2,943,414
Fire	3,339,030	2,809,442	2,245,100	1,957,740	2,031,411
Community development and planning	1,460,591	1,136,097	1,116,622	1,585,362	3,094,621
Public Works	4,412,453	3,835,002	3,509,406	3,564,561	4,336,645
Parks and recreation	2,463,941	2,223,206	2,157,614	1,755,783	1,794,052
Interest and fiscal charges	80,122	60,882	68,414	125,929	21,599
<b>Total Governmental Activities</b>	<b>\$ 19,688,745</b>	<b>\$ 16,693,477</b>	<b>\$ 14,692,184</b>	<b>\$ 13,432,683</b>	<b>\$ 16,270,417</b>
Business-type activities:					
Water	\$ 3,474,567	\$ 3,363,991	\$ 3,216,668	\$ 2,524,277	\$ 1,812,872
Sewer	3,867,142	3,406,173	3,386,088	3,048,082	2,779,975
Garbage	1,971,695	2,003,563	1,666,878	1,735,341	1,641,995
<b>Total Business-type Activities</b>	<b>9,313,404</b>	<b>8,773,727</b>	<b>8,269,634</b>	<b>7,307,700</b>	<b>6,234,842</b>
<b>Total Expenses</b>	<b>\$ 29,002,149</b>	<b>\$ 25,467,204</b>	<b>\$ 22,961,818</b>	<b>\$ 20,740,383</b>	<b>\$ 22,505,259</b>
<b>Program Revenue</b>					
Governmental activities:					
Charges for services:					
General Government	\$ 38,738	\$ 92,657	\$ 74,190	\$ 132,150	\$ 432,761
Police	217,030	244,926	207,306	445,911	286,581
Fire	376,520	505,790	334,540	327,501	551,112
Community development and planning	385,554	676,548	676,078	228,818	580,185
Public Works	1,802,849	1,716,066	1,957,980	1,791,514	1,749,392
Parks and recreation	1,628,009	1,557,024	1,521,838	1,352,457	1,373,768
Operating grants and contributions	1,236,474	1,173,683	1,121,738	1,514,416	886,004
Capital grants and contributions	861,536	2,061,872	601,377	1,111,481	4,951,831
<b>Total Governmental Activities</b>	<b>6,546,710</b>	<b>8,028,566</b>	<b>6,495,047</b>	<b>6,904,248</b>	<b>10,811,634</b>
Business-type activities:					
Water	4,156,756	4,039,314	3,528,681	3,183,221	3,273,525
Sewer	3,275,496	3,004,341	2,708,584	2,505,838	2,384,185
Garbage	2,475,705	2,274,016	2,147,980	1,953,379	1,784,026
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	1,138,000	-
<b>Total Business-type Activities</b>	<b>9,907,957</b>	<b>9,317,671</b>	<b>8,385,245</b>	<b>8,780,438</b>	<b>7,441,736</b>
<b>Total Revenue</b>	<b>16,454,667</b>	<b>17,346,237</b>	<b>14,880,292</b>	<b>15,684,686</b>	<b>18,253,370</b>
<b>Net (Expense) Revenues</b>					
Governmental activities	\$ (13,142,035)	\$ (8,664,911)	\$ (8,197,137)	\$ (6,528,435)	\$ (5,458,783)
Business-type activities	594,553	543,944	115,611	1,472,738	1,206,894
<b>Total</b>	<b>\$ (12,547,482)</b>	<b>\$ (8,120,967)</b>	<b>\$ (8,081,526)</b>	<b>\$ (5,055,697)</b>	<b>\$ (4,251,889)</b>

**City of Patterson**  
**Table 2**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2019	2018	2017	2016	2015
<b>General Revenues:</b>					
Governmental activities:					
Taxes:					
Property tax	\$ 3,386,596	\$ 3,417,541	\$ 3,414,365	\$ 3,172,489	\$ 2,657,306
Sales tax	5,837,364	5,027,535	5,502,627	5,045,260	3,732,177
Franchise tax	205,047	206,354	274,792	188,834	179,313
Motor vehicle in lieu	2,089,248	1,947,375	1,844,519	1,693,793	1,596,755
Other taxes	2,404,599	717,288	137,847	549,654	719,718
Use of money and property	473,114	-	-	4,530,279	4,491,782
Revenue from Fiduciary Fund	1,745,012	1,681,843	-	-	-
Investment earnings	4,179,507	4,131,216	4,312,058	6,075,652	-
Other revenue	1,038,772	352,105	633,427	188,402	159,416
Transfers (Note 6)	1,290,335	1,271,753	895,861	1,371,990	2,117,754
Special / Extraordinary item *	-	-	-	-	-
<b>Total governmental activities</b>	<b>22,649,594</b>	<b>18,753,010</b>	<b>17,015,496</b>	<b>22,816,353</b>	<b>15,654,221</b>
Business-type activities:					
Use of money and property	171,436	74,144	31,002	14,451	13,985
Revenue from Fiduciary Fund	3,850,536	500,786	-	-	-
Other revenue	14,378	64,483	26,549	-	-
Capital Contributions	-	-	-	-	-
Transfers (Note 6)	(1,290,335)	(1,271,753)	(895,861)	(1,371,990)	(2,117,754)
<b>Total business-type activities</b>	<b>2,746,015</b>	<b>(632,340)</b>	<b>(838,310)</b>	<b>(1,357,539)</b>	<b>(2,103,769)</b>
<b>Total general revenues</b>	<b>25,395,609</b>	<b>18,120,670</b>	<b>16,177,186</b>	<b>21,458,814</b>	<b>13,550,452</b>
<b>Change in Net Position</b>					
Governmental activities	(379,437)	852,378	2,351,370	6,845,358	2,465,919
Business-type activities:	3,044,870	(1,554,669)	(1,210,250)	(1,181,432)	(1,952,735)
<b>Total</b>	<b>2,665,433</b>	<b>\$ (702,291)</b>	<b>\$ 1,141,120</b>	<b>\$ 5,663,926</b>	<b>\$ 513,184</b>

\* Special / Extraordinary item

**City of Patterson**  
**Table 2**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2014	2013	2012	2011	2010
<b>General Revenues:</b>					
Governmental activities:					
Taxes:					
Property tax	\$ 2,068,125	\$ 2,103,703	\$ 1,900,394	\$ 2,113,461	\$ 2,481,955
Sales tax	3,394,908	2,358,667	1,542,190	1,385,013	1,270,488
Franchise tax	174,558	161,946	168,451	173,004	137,236
Motor vehicle in lieu	1,288,025	1,238,447	1,199,856	1,326,975	1,351,624
Other taxes	769,476	595,982	676,915	622,234	461,844
Use of money and property	117,176	205,181	159,602	251,643	242,411
Revenue from Fiduciary Fund	-	-	-	-	-
Investment earnings	809,908	-	980,003	-	-
Other revenue	-	-	-	-	-
Transfers (Note 6)	201,549	307,230	217,324	202,452	461,844
Special / Extraordinary item *	1,083,500	2,253,123	791,584	(301,480)	620,952
<b>Total governmental activities</b>	<b>9,907,225</b>	<b>7,924,279</b>	<b>6,087,278</b>	<b>5,773,302</b>	<b>7,028,354</b>
Business-type activities:					
Use of money and property	34,679	34,301	32,583	24,170	19,811
Revenue from Fiduciary Fund	-	-	-	-	-
Other revenue	-	-	-	-	-
Capital Contributions	-	-	-	-	-
Transfers (Note 6)	(1,083,500)	(2,253,123)	(980,003)	301,480	(620,952)
<b>Total business-type activities</b>	<b>(1,048,821)</b>	<b>(2,218,822)</b>	<b>(947,420)</b>	<b>325,650</b>	<b>(601,141)</b>
<b>Total general revenues</b>	<b>8,858,404</b>	<b>5,705,457</b>	<b>5,139,858</b>	<b>6,098,952</b>	<b>6,427,213</b>
<b>Change in Net Position</b>					
Governmental activities	(3,234,810)	(740,632)	(2,109,859)	(755,133)	1,569,571
Business-type activities:	(454,268)	(1,674,878)	(831,809)	1,798,388	605,753
<b>Total</b>	<b>\$ (3,689,078)</b>	<b>\$ (2,415,510)</b>	<b>\$ (2,941,668)</b>	<b>\$ 1,043,255</b>	<b>\$ 2,175,324</b>

\* Special / Extraordinary item

2013 Lawsuit Settlement (Note 17)

2012 Redevelopment Dissolution (Note 17)

**City of Patterson**  
**Table 3**  
**Fund Balance, Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2019	2018	2017	2016	2015
<b>FUND BALANCES:</b>					
General Fund					
Nonspendable	\$ 84,466	\$ 73,526	\$ 68,630	\$ 78,491	\$ -
Restricted	290,150	243,828	144,229	51,773	40,508
Committed	3,725,949	3,668,980	3,642,337	3,626,143	3,605,039
Assigned	2,879,593	2,893,227	2,879,809	1,879,546	2,051,675
Unassigned	1,192,981	755,213	1,502,483	1,564,376	568,385
<b>Total General Fund</b>	<b>\$ 8,173,139</b>	<b>7,634,774</b>	<b>8,237,488</b>	<b>7,200,329</b>	<b>6,265,607</b>
All Other Governmental Funds					
Nonspendable	-	2,865	574	-	-
Restricted	74,293,766	75,770,466	76,995,568	78,162,371	78,664,140
Committed	4,905,500	4,905,500	6,016,084	5,734,508	6,335,270
Assigned	40,109	-	-	38,985	105
Unassigned	(2,777,683)	(1,283,973)	(729,053)	(283,235)	(135,283)
<b>Total All Other Governmental Funds</b>	<b>76,461,692</b>	<b>79,394,858</b>	<b>82,283,173</b>	<b>83,652,629</b>	<b>84,864,232</b>
<b>Total Fund Balance</b>	<b>\$ 84,634,831</b>	<b>\$ 87,029,632</b>	<b>\$ 90,520,661</b>	<b>\$ 90,852,958</b>	<b>\$ 91,129,839</b>

	Fiscal Year				
	2019	2018	2017	2016	2015
General Fund					
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
All Other Governmental Funds					
Reserved for:					
Redevelopment	\$ -	-	-	-	-
Low and moderate housing	-	-	-	-	-
Special projects	-	-	-	-	-
Endowments	-	-	-	-	-
Unreserved reported in:					
Special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Undesignated	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**City of Patterson**  
**Table 3**  
**Fund Balance, Governmental Funds (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2014	2013	2012	2011	2010
<b>FUND BALANCES:</b>					
General Fund					
Nonspendable	\$ 850	\$ 850	\$ -	\$ -	-
Restricted	81,663	209,823	173,885	294,037	-
Committed	3,605,039	3,594,200	3,580,604	3,564,292	-
Assigned	2,246,696	3,555,248	5,389,558	6,476,305	-
Unassigned	283,289	-	195,478	239,958	-
<b>Total General Fund</b>	<b>6,217,537</b>	<b>7,360,121</b>	<b>9,339,525</b>	<b>10,574,592</b>	<b>-</b>
All Other Governmental Funds					
Nonspendable	-	-	-	-	-
Restricted	2,935,022	3,445,665	4,024,858	5,385,329	-
Committed	5,833,844	6,516,526	6,465,547	6,322,805	-
Assigned	-	-	-	-	-
Unassigned	(152,677)	(25,708)	(35,484)	(151,513)	-
<b>Total All Other Governmental Funds</b>	<b>8,616,189</b>	<b>9,936,483</b>	<b>10,454,921</b>	<b>11,556,621</b>	<b>-</b>
<b>Total Fund Balance</b>	<b>\$ 14,833,726</b>	<b>\$ 17,296,604</b>	<b>\$ 19,794,446</b>	<b>\$ 22,131,213</b>	<b>\$ -</b>

	Fiscal Year				
	2014	2013	2012	2011	2010
General Fund					
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	11,005,441
<b>Total General Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,005,441</b>
All Other Governmental Funds					
Reserved for:					
Redevelopment	-	-	-	-	832,576
Low and moderate housing	-	-	-	-	552,306
Special projects	-	-	-	-	287,278
Endowments	-	-	-	-	32,000
Unreserved reported in:					
Special revenue funds	-	-	-	-	2,238,533
Capital project funds	-	-	-	-	9,384,631
Undesignated	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,327,324</b>
<b>Total Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,332,765</b>

**City of Patterson**  
**Table 4**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2019	2018	2017	2016	2015
<b>Revenues:</b>					
Taxes:					
Property	\$ 3,386,596	\$ 3,417,541	\$ 3,414,365	\$ 3,172,489	\$ 2,657,306
Sales	5,837,364	5,027,535	5,502,627	5,045,260	3,732,177
Franchise	205,047	206,354	274,792	188,834	179,313
Motor vehicle in lieu	2,089,248	1,947,375	1,844,519	1,693,793	1,596,755
Other	136,047	131,701	137,847	549,654	719,718
License, permits, and fees	1,360,937	2,055,729	1,791,391	983,115	2,016,921
Charges for current services	4,369,186	4,223,199	3,849,087	3,763,566	4,021,749
Intergovernmental	3,483,936	3,336,028	1,989,969	1,340,990	1,844,850
Fines, forfeitures and penalties	181,044	146,100	157,307	239,936	193,350
Investment earnings	4,198,697	4,191,626	4,312,058	4,530,279	4,577,761
Revenue from Fiduciary Fund	1,745,012	1,681,843	-	-	-
Miscellaneous revenues	1,189,088	365,308	612,457	188,402	1,565,122
<b>Total Revenues</b>	<b>\$ 28,182,202</b>	<b>26,730,339</b>	<b>23,886,419</b>	<b>21,696,318</b>	<b>23,105,022</b>
<b>Expenditures:</b>					
Current:					
General government	2,899,263	2,736,137	2,507,830	2,704,512	2,744,062
Police	5,374,098	6,384,421	4,218,306	4,290,965	4,039,064
Fire	4,696,647	2,458,251	3,574,689	3,274,834	3,069,601
Community development and planning	2,545,955	1,654,121	1,485,366	1,240,042	1,374,632
Public Works	3,267,381	3,677,339	2,874,435	2,691,886	2,746,358
Parks and recreation	4,014,566	3,530,225	2,466,882	1,940,339	1,841,033
Contribution to WPFA	1,100,000	-	-	-	-
Capital outlay	2,776,974	7,377,590	2,080,160	1,432,210	1,873,381
Debt service:					
Principal	2,225,040	1,936,705	2,060,273	1,765,836	3,105,901
Interest and fiscal charges	4,067,414	4,167,332	3,954,933	4,016,686	4,123,116
<b>Total Expenditures</b>	<b>32,967,338</b>	<b>33,922,121</b>	<b>25,222,874</b>	<b>23,357,310</b>	<b>24,917,148</b>
<b>Excess (deficiency) of revenue over (under) expenditures</b>	<b>(4,785,136)</b>	<b>(7,191,782)</b>	<b>(1,336,455)</b>	<b>(1,660,992)</b>	<b>(1,812,126)</b>
<b>Other financing sources (uses)</b>					
Proceeds from capital leases	-	-	161,990	-	-
Proceeds from loan repayments	-	-	-	12,116	760
Proceeds from issuance of bonds	-	2,429,000	-	-	-
Proceeds from sale of capital assets	1,100,000	-	-	-	-
Transfers in	3,818,998	4,107,492	3,012,930	4,711,665	4,655,106
Transfers out	(2,528,663)	(2,835,739)	(2,117,069)	(3,339,675)	(3,223,826)
<b>Total Other Financing Sources</b>	<b>2,390,335</b>	<b>3,700,753</b>	<b>1,057,851</b>	<b>1,384,106</b>	<b>1,432,040</b>
<b>Net Change in Fund Balance</b>	<b>(2,394,801)</b>	<b>\$ (3,491,029)</b>	<b>\$ (278,604)</b>	<b>\$ (276,886)</b>	<b>\$ (380,086)</b>

Source: City of Patterson Finance Department

**City of Patterson**  
**Table 4**  
**Changes in Fund Balance of Governmental Funds (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2014	2013	2012	2011	2010
<b>Revenues:</b>					
Taxes:					
Property	\$ 2,068,125	\$ 2,103,703	\$ 1,900,394	\$ 2,113,461	\$ 2,481,955
Sales	3,394,908	2,358,667	1,542,190	1,385,013	1,270,488
Franchise	174,558	161,946	168,451	173,004	137,236
Motor vehicle in lieu	1,288,025	1,238,447	1,199,856	1,326,975	1,351,624
Other	769,476	595,982	676,915	622,234	443,787
License, permits, and fees	557,204	1,165,199	1,152,693	368,757	1,120,652
Charges for current services	3,680,478	3,497,197	3,426,554	3,450,489	3,362,429
Intergovernmental	2,138,010	1,437,603	1,723,115	2,542,044	1,429,692
Fines, forfeitures and penalties	211,018	130,614	192,685	459,105	231,789
Investment earnings	117,176	205,181	159,602	202,762	306,255
Revenue from Fiduciary Fund	-	-	-	-	-
Miscellaneous revenues	416,362	307,229	217,324	196,721	512,444
<b>Total Revenues</b>	<b>14,815,340</b>	<b>13,201,768</b>	<b>12,359,779</b>	<b>12,840,565</b>	<b>12,648,351</b>
<b>Expenditures:</b>					
Current:					
General government	2,602,651	2,260,009	1,756,247	1,319,972	1,664,066
Police	3,916,598	3,800,959	3,229,131	3,305,964	2,943,414
Fire	2,822,442	2,500,294	2,096,942	1,790,490	1,759,305
Community development and planning	1,254,394	973,757	991,918	1,287,622	2,899,000
Public Works	3,114,271	2,736,664	2,811,602	2,433,966	3,253,016
Parks and recreation	1,741,109	1,555,750	1,182,646	1,053,444	1,138,479
Contribution to WPFA	-	-	-	-	-
Capital outlay	3,344,428	2,464,827	1,548,410	3,687,843	1,928,937
Debt service:					
Principal	286,833	282,583	300,578	334,669	333,687
Interest and fiscal charges	80,122	60,882	68,414	77,048	85,443
<b>Total Expenditures</b>	<b>19,162,848</b>	<b>16,635,725</b>	<b>13,985,888</b>	<b>15,291,018</b>	<b>16,005,347</b>
<b>Excess (deficiency) of revenue over (under) expenditures</b>	<b>(4,347,508)</b>	<b>(3,433,957)</b>	<b>(1,626,109)</b>	<b>(2,450,453)</b>	<b>(3,356,996)</b>
<b>Other financing sources (uses)</b>					
Proceeds from capital leases	-	-	-	-	-
Proceeds from loan repayments	717,421	208,962	197,739	192,348	187,109
Proceeds from issuance of bonds	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	3,295,570	2,435,589	2,668,660	2,328,731	1,587,393
Transfers out	(2,212,070)	(1,779,196)	(1,877,076)	(2,630,211)	(966,441)
<b>Total Other Financing Sources</b>	<b>1,800,921</b>	<b>865,355</b>	<b>989,323</b>	<b>(109,132)</b>	<b>808,061</b>
<b>Net Change in Fund Balance</b>	<b>\$ (2,546,587)</b>	<b>\$ (2,185,827)</b>	<b>\$ (636,786)</b>	<b>\$ (2,559,585)</b>	<b>\$ (2,548,935)</b>

Source: City of Patterson Finance Department

**City of Patterson**  
**Table 5**  
**Tax Revenues by Source**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2019	2018	2017	2016	2015
Revenues:					
Taxes:					
Property	\$ 3,386,596	\$ 3,417,541	\$ 2,931,682	\$ 3,172,489	\$ 2,657,306
Sales	5,837,364	5,027,535	5,502,627	5,045,260	3,732,177
Franchise	205,047	206,534	274,792	188,834	179,313
Motor vehicle in lieu	2,089,248	1,947,375	1,844,519	1,693,793	1,596,755
Other	136,047	131,701	137,847	549,654	719,718
<b>Total Revenues</b>	<b>\$ 11,654,302</b>	<b>\$ 10,730,686</b>	<b>\$ 10,691,467</b>	<b>\$ 10,650,030</b>	<b>\$ 8,885,269</b>

Source: City of Patterson Finance Department

**City of Patterson**  
**Table 5**  
**Tax Revenues by Source (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2014	2013	2012	2011	2010
Revenues:					
Taxes:					
Property	\$ 2,068,125	\$ 2,103,703	\$ 1,900,394	\$ 2,113,461	\$ 2,481,955
Sales	3,394,908	2,358,667	1,542,190	1,385,013	1,270,488
Franchise	174,558	161,946	168,451	173,004	137,236
Motor vehicle in lieu	1,288,025	1,238,447	1,199,856	1,326,975	1,351,624
Other	769,476	595,982	676,915	622,234	443,787
<b>Total Revenues</b>	<b>\$ 7,695,092</b>	<b>\$ 6,458,745</b>	<b>\$ 5,487,806</b>	<b>\$ 5,620,687</b>	<b>\$ 5,685,090</b>

Source: City of Patterson Finance Department

**City of Patterson**  
**Table 6a**  
**Water Sold by Customer Type**  
**Last Five Fiscal Years**

<u>Type of Customer</u>	<u>Fiscal Year</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Residential	1,018,052 cf	1,049,166 cf	1,116,364 cf	884,153 cf	1,027,141 cf
Commercial/Industrial	151,297	123,676	99,656	122,608	132,510
Irrigation	<u>334,844</u>	<u>287,977</u>	<u>260,565</u>	<u>204,934</u>	<u>331,083</u>
Total	<u><u>1,504,193</u></u> cf	<u><u>1,460,819</u></u> cf	<u><u>1,476,585</u></u> cf	<u><u>1,211,695</u></u> cf	<u><u>1,490,734</u></u> cf

**City of Patterson**  
**Table 6b**  
**Water and Wastewater Utility Rates**  
**Last Ten Fiscal Years**

Fiscal Year	Water		Wastewater	
	Monthly Base Rate	Additional Per 100cf**	Monthly Base Rate	
2019	\$ 12.27	\$ 2.82	\$ 49.54	
2018	\$ 11.06	\$ 2.54	\$ 44.44	
2017	\$ 11.06	\$ 2.54	\$ 44.44	
2016	\$ 11.04	\$ 2.76	\$ 41.92	
2015	\$ 11.04	\$ 2.76	\$ 39.55	
2014	\$ 10.62	\$ 2.65	\$ 37.31	
2013	\$ 10.21	\$ 2.55	\$ 35.20	
2012	\$ 9.82	\$ 2.45	\$ 33.21	
2011	\$ 9.44	\$ 2.36	\$ 30.75	
2010	\$ 9.08	\$ 2.46	\$ 28.47	
2009	\$ 9.08	\$ 2.46	\$ 26.36	

100 cf = 100 cubic feet (748 gallons)

Rates are based on 3/4" meter, which is the standard household meter size.

\*\*The Utility charges an excess use rate above normal demand.

Source: City of Patterson Department of Administrative Services

**City of Patterson**  
**Table 6**  
**City-Wide Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Fiscal Years**

	<b>Fiscal Year End</b>			
	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Residential Property	-	-	-	-
Commercial Property	-	-	-	-
Industrial Property	-	-	-	-
Other Property	1,146,822,457	1,174,200,272	1,243,040,268	1,490,319,496
Unsecured Property	21,466,697	22,827,604	22,211,957	69,354,774
Less Tax-Exempt Property	19,891,800	19,583,220	18,900,554	18,375,785
Taxable Assessed Value	1,148,397,354	1,177,444,656	1,246,351,671	1,541,298,485
Total Direct Tax Rate (1)	1.124542	1.132936	1.126574	1.092819
Estimated Actual Taxable Value (2)	1,148,397,354	1,177,444,656	1,246,351,671	1,541,298,485
Factor of Taxable Assessed Value (2)	1.000000	1.000000	1.000000	1.000000

Source: Muni Services, LLC

2015-16 is the city first CAFR publication, therefore prior year data availability is limited.

(-) indicates data not available

\*Other property includes state unitary in the amount of \$476,983

(1) Total Direct Tax Rate is represented by TRA 5-001

(2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices.

Based on these calculations a factor was extrapolated and applied to current assessed values.



**City of Patterson**  
**Table 6**  
**City-Wide Assessed Value and Estimated Actual Value of Taxable Property (Continued)**  
**Last Fiscal Years**

	<b>Fiscal Year End</b>			
	<b>2015-16*</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Residential Property	1,067,738,189	1,125,435,937	1,221,805,158	1,336,735,402
Commercial Property	106,365,150	134,692,261	141,903,335	162,332,795
Industrial Property	278,228,208	461,416,004	460,796,304	464,865,277
Other Property	187,566,714	62,594,490	66,537,768	73,659,817
Unsecured Property	81,491,675	87,592,650	84,553,479	82,368,182
Less Tax-Exempt Property	35,591,679	36,416,220	38,086,325	38,436,037
Taxable Assessed Value	1,685,798,257	1,835,315,122	1,937,329,719	2,081,525,436
Total Direct Tax Rate (1)	1.097113	1.095707	1.104825	1.106684
Estimated Actual Taxable Value (2)	2,474,212,386	2,515,245,600	2,880,528,379	3,191,213,893
Factor of Taxable Assessed Value (2)	1.467680	1.370471	1.486855	1.533113

Source: Muni Services, LLC

2015-16 is the city first CAFR publication, therefore prior year data availability is limited.

(-) indicates data not available

\*Other property includes state unitary in the amount of \$476,983

(1) Total Direct Tax Rate is represented by TRA 5-001

(2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices.

Based on these calculations a factor was extrapolated and applied to current assessed values.

*This page intentionally left blank.*

**City of Patterson**  
**Table 7**  
**Taxable Property by Use Code, City-Wide**  
**Last Three Fiscal Years**

Category	Fiscal Year			
	2015-16	2016-17	2017-18	2018-19
Agriculture	13,022,637	14,009,788	14,548,636	11,793,401
Commercial	106,365,150	134,692,261	141,903,335	162,332,795
Industrial	278,228,208	461,416,004	460,796,304	464,865,277
Institution	-	-	-	-
Miscellaneous	51,126	51,905	52,942	54,000
Residential	1,067,738,189	1,125,435,937	1,221,805,158	1,336,735,402
Rural	739,952	1,337,947	712,923	727,181
Unknown	138,855,433	5,164,703	1,245,101	1,096,217
Vacant	34,897,566	41,941,904	49,709,923	59,900,775
Unitary	476,983	88,243	88,243	88,243
Gross Secured Value	1,640,375,244	1,784,138,692	1,890,862,565	2,037,593,291
Unsecured	81,014,692	87,592,650	84,553,479	82,368,182
Exemptions	35,591,649	36,416,220	38,086,325	38,436,037
Net Taxable Value	1,685,798,287	1,835,315,122	1,937,329,719	2,081,525,436

Source: Stanislaus County Assessor data, MuniServices, LLC  
2015-16 is the city's first CAFR publication, therefore prior year data availability is limited.

**City of Patterson**  
**Table 8**  
**Direct and Overlapping Property Tax Rates**  
**Last Fiscal Years**

		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Basic City and County Levy:								
	<b>City of Patterson</b>	<b>0.188770</b>	<b>0.188770</b>	<b>0.188770</b>	<b>0.188770</b>	<b>0.188770</b>	<b>0.188770</b>	<b>0.188770</b>
<b>All Others:</b>								
County General Fund		0.241442	0.241442	0.241442	0.241442	0.241442	0.241442	0.241442
Co Supt of Schools		0.003947	0.003947	0.003947	0.003947	0.003947	0.003947	0.003947
County Fire Service		0.005658	0.005658	0.005658	0.005658	0.005658	0.005658	0.005658
Patterson Cemetery		0.007696	0.007696	0.007696	0.007696	0.007696	0.007696	0.007696
Patterson Hospital District		0.034410	0.034410	0.034410	0.034410	0.034410	0.034410	0.034410
Turlock Mosquito Abatement		0.011318	0.011318	0.011318	0.011318	0.011318	0.011318	0.011318
Patterson Unified School District		0.386426	0.386426	0.386426	0.386426	0.386426	0.386426	0.386426
Yosemite Community College		0.070620	0.070620	0.070620	0.070620	0.070620	0.070620	0.070620
County School Service Fund		0.020908	0.020908	0.020908	0.020908	0.020908	0.020908	0.020908
Schools-equalization aid		0.018355	0.018355	0.018355	0.018355	0.018355	0.018355	0.018355
Schools-tuition		0.010450	0.010450	0.010450	0.010450	0.010450	0.010450	0.010450
	<b>TOTAL</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>
<b>Override Assessments</b>								
Patterson U - 1996		0.018016	0.016664	0.011640	0.010596	0.010415	0.009953	0.009910
Patterson U - 01A		0.074108	0.069589	0.045680	0.043932	0.043952	0.042364	0.042913
Patterson U - 01B		0.012052	0.011402	0.008691	0.007974	0.007850	0.000000	0.000000
Patterson U - 2008A		0.000000	0.001938	0.004985	0.007691	0.010456	0.010179	0.011078
Patterson U - 2016 GO Ref		0.000000	0.000000	0.000000	0.000000	0.000000	0.018261	0.016809
YCCD 2005 A		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
YCCD 2007 C		0.020892	0.019024	0.015663	0.011618	0.009190	0.007585	0.009093
YCCD 2010 D		0.000399	0.000390	0.000334	0.000467	0.000459	0.000359	0.000410
YCCD 2012 Ref		0.007469	0.007567	0.005826	0.008285	0.008500	0.008753	0.007962
YCCD 2015 Ref		0.000000	0.000000	0.000000	0.006550	0.004885	0.007371	0.008509
	<b>TOTAL</b>	<b>0.132936</b>	<b>0.126574</b>	<b>0.092819</b>	<b>0.097113</b>	<b>0.095707</b>	<b>0.104825</b>	<b>0.106684</b>
	<b>TOTAL TAX RATE</b>	<b>1.132936</b>	<b>1.126574</b>	<b>1.092819</b>	<b>1.097113</b>	<b>1.095707</b>	<b>1.104825</b>	<b>1.106684</b>

Source: Stanislaus County Assessor data, MuniServices, LLC

2015-16 is the city's first CAFR publication, therefore prior year data availability is limited.

TRA 5-001 is represented for this report

\*In 1978, California voters enacted Proposition 13 which held property taxes to 1% of the assessed value. Taxing entity's do not impose mileage rates but instead receive a share of the total 1% tax.

**City of Patterson**  
**Table 9**  
**Principal Property Taxpayers**  
**Current Year and Ten Years Ago**

Taxpayer	2018-19		2009-10	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Wr Griffin Patterson Llc	102,202,076	4.91%		
W W Grainger Inc.	94,016,238	4.52%		
Bit Holdings Seventy Seven Inc	76,989,599	3.70%		
Longs Drug Stores California I	62,494,958	3.00%	61,961,940	5.00%
Golden State Fc Llc	45,881,620	2.20%		
Kohls Department Stores Inc.	42,115,230	2.02%		
Lba Rv Company Xvii Lp	35,572,500	1.71%		
Wal Mart Real Estate Business	25,332,843	1.22%		
Pacific Distribution Center 71	14,885,000	0.72%		
Sierra Pacific Refrig Serv Ltd	13,649,233	0.66%	11,141,039	0.90%
Pilot Travel Centers Llc	12,178,404	0.59%		
Buzz Oates Llc	10,024,250	0.48%		
Restoration Hardware	9,454,330	0.45%		
Ramos John J Brenda J	9,399,621	0.45%		
Patterson Marketplace Llc	7,350,669	0.35%	5,638,580	0.46%
Traina Pacific Llc	5,747,239	0.28%		
Boersma Properties Llc	5,716,103	0.27%		
Save Mart Supermarkets	5,386,171	0.26%	5,220,964	0.42%
Three D Patterson Llc	5,040,000	0.24%	5,883,870	0.47%
Ormand Robert	4,655,669	0.22%		
Majestic Brisa Partners Llc	4,618,560	0.22%		
Proto	4,313,000	0.21%		
Gea Mechanical Equipment Us In	4,069,072	0.20%		
Vop North Llc	3,717,697	0.18%		
Arambel Jeffery E	3,529,812	0.17%		
Kohl'S Department Stores Inc			56,912,725	4.59%
Patterson Industrial Center Ll			37,166,380	3.00%
Patterson Vegetable Company Ll			29,362,925	2.37%
Ramos John J & Brenda J			10,787,191	0.87%
Proto Llc			6,263,778	0.51%
Deutsche Bank National Trust C			5,600,222	0.45%
Westfalia Separator Inc			4,939,523	0.40%
Patterson Plaza Associates Llc			4,561,909	0.37%
Patterson Hotel Associates			4,326,920	0.35%
Net Patterson Lp			4,237,000	0.34%
Keystone Flex Ii Associates Ll			4,177,408	0.34%
Hensley Investment Co Llc			3,987,687	0.32%
Snider Paul H			3,800,000	0.31%
Pacific Triple E Lp			3,753,885	0.30%
Westside Property Management			3,483,947	0.28%
Sperry Commercial Lp			3,369,934	0.27%
Gmac Mortgage Llc			3,343,000	0.27%
Vop Lateral D Holdings Llc			2,944,500	0.24%
525 Baldwin Llc			2,422,620	0.20%
Peck Hiller			2,413,850	0.19%
Ornellas Mary S Tr Et Al			2,142,000	0.15%
Patterson Seniors LLC				0.00%
Flores Rebecca				0.00%
Ornellas Mary S Tr Et Al				0.00%
Total Top 25 Taxpayers	608,339,894	29.23%	289,843,797	20.95%
Total Taxable Value	2,081,525,436	100.00%	1,383,289,809	100.00%

**City of Patterson**  
**Table 10**  
**Principal Sales Tax Producers**  
**Current Year and Ten Years Ago**

---

2018-19	
Taxpayer	Business Type
76	Service Stations
76	Service Stations
Chevron	Service Stations
Chevron	Service Stations
CVS	Drug Stores
Del Don Chemical	Garden/Ag Supplies
Flying J Travel Plaza	Service Stations
G's Food Mart	Service Stations
JM Equipments	Warehse/Farm/Const Equip
Kwik Serv Gas	Service Stations
Lowry Cardlock Fuel	Petroleum Prod/Equipment
Maxvac	Light Industrial Printer
McAuley Ford	New Motor Vehicle
McDonalds	Quick-Service Restaurant
Mils Bar & Grill	Casual Dining
Patterson Mobil	Service Stations
People's Remedy	Cannabis Related
Phillin Station	Service Stations
Plow & Hearth	Fulfilment Centers
San Joaquin Equip.	Warehse/Farm/Const Equip
Save Mart	Grocery Stores
Thompson Chevrolet Buick	New Motor Vehicle
WWGrainger	Electrical Equipment
Walgreen's Drug Stores	Drug Stores
Walmart Supercenter	Discount Dept Store

---

Source: HdL Companies

**City of Patterson**  
**Table 10**  
**Principal Sales Tax Producers (Continued)**  
**Current Year and Ten Years Ago**

---

2009-10	
Taxpayer	Business Type
76	Service Stations
76	Service Stations
Auto Zone	Auto Repair
Carls Jr	Quick Service Restaurant
Chevron	Service Stations
CVS	Drug Stores
Del Don Chemical	Garden/Ag Supplies
Dennys	Casual Dining
Design Mobile Systems	Trailers/RVs
Dollar Tree	Variety Stores
G's Food Mart	Service Stations
Jack in the Box	Quick Service Restaurant
JM Equipment	Warehse/Farm/Cons Equip
Kwik Serv Gas	Service Stations
Lowry Cardlock Fuel	Petroleum Prod/Equipment
McAuley Ford	Auto Sales - New
McDonalds	Restaurants
Melo Machine & Manuf.	Light Industrial/Printers
Phillin Station	Service Stations
San Joaquin Equipment Co	Warehse/Farm/Cons Equip
Save Mart	Grocery Store
Storeroom Solutions	Light Industrial/Printers
Taco Bell	Quick Service Restaurant
Thompson Chevrolet Buick	New Motor Vehicle
True Value	Hardware

---

Source: HdL Companies

**City of Patterson**  
**Table 11**  
**Historical Sales Tax Amounts by Benchmark Year**  
**Last Ten Fiscal Years**

<b>CATEGORY NAME</b>	<b>2010 Q1</b>	<b>2011 Q1</b>	<b>2012 Q1</b>	<b>2013 Q1</b>	<b>2014 Q1</b>
All Other Outlets	30,616	31,538	16,502	254,533	339,350
Apparel Stores	255	245	301	357	233
Auto Dealers & Auto	62,059	61,021	63,804	71,100	89,599
Bldg. Matrl. & Farm	44,236	48,476	56,007	60,320	59,860
Drug Stores	10,175	11,371	13,143	10,176	9,079
Eating & Drinking Pl	32,565	35,574	41,980	44,396	51,559
Food Stores	19,857	19,300	19,509	15,938	14,677
Home Furnishings & A	2,384	2,361	2,624	3,255	4,366
General Merchandise	3,409	3,274	3,517	77,738	91,259
Other Retail Stores	2,126	2,313	898	1,392	1,655
Packaged Liquor Stor	193	608	550	467	1,209
Service Station	64,959	76,802	84,261	79,145	80,038
<b>TOTAL</b>	<b>272,834</b>	<b>292,883</b>	<b>303,096</b>	<b>618,817</b>	<b>742,884</b>

Source: HdL Companies

\* HdL combined business type Packaged Liquor Stores with Convenience Stores in 4Q16 thus causing a spike in 1Q17 and forward.



**City of Patterson**  
**Table 11**  
**Historical Sales Tax Amounts by Benchmark Year (Continued)**  
**Last Ten Fiscal Years**

<b>CATEGORY NAME</b>	<b>2015 Q1</b>	<b>2016 Q1</b>	<b>2017 Q1</b>	<b>2018 Q1</b>	<b>2019 Q1</b>
All Other Outlets	389,253	592,368	597,886	567,498	536,620
Apparel Stores	799	597	774	526	1,116
Auto Dealers & Auto	107,648	104,804	123,336	123,204	111,997
Bldg. Matrl. & Farm	102,671	62,643	60,911	32,749	69,889
Drug Stores	9,002	8,922	9,318	4,655	23,628
Eating & Drinking Pl	53,868	58,015	56,766	56,023	74,473
Food Stores	18,922	16,884	14,235	13,203	13,447
Home Furnishings & A	5,519	9,228	12,564	10,601	9,814
General Merchandise	72,612	79,659	80,118	83,482	84,760
Other Retail Stores	3,149	3,345	3,495	5,543	4,237
Packaged Liquor Store	689	997	8,353 *	4,945	2,877
Service Station	73,795	63,428	142,584	174,114	202,665
<b>TOTAL</b>	<b>837,927</b>	<b>1,000,890</b>	<b>1,110,340</b>	<b>1,076,543</b>	<b>1,135,523</b>

\* HdL combined business type Packaged Liquor Stores with Convenience Stores in 4Q16 thus causing a spike in 1Q17 and forward.

**City of Patterson**  
**Table 12**  
**Demographic and Economic Statistics**  
**Last Nine Fiscal Years**

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income		**Public School Enrollment	County	City	County
			(2)	Median Age (4)		Unemployment Rate (%) (3)	Unemployment Rate (%) (3)	Population (1)
2009-10	20,404	357,845,352	17,538	29.1	-	-	-	514,003
2010-11	20,560	371,971,520	18,092	29.2	-	-	-	517,685
2011-12	20,634	381,048,078	18,467	29.7	5,834	-	-	519,940
2012-13	20,846	390,591,502	18,737	30.1	5,888	11.7%	16.1%	524,124
2013-14	20,922	398,375,802	19,041	30.4	6,023	13.0%	17.8%	526,042
2014-15	21,094	402,136,016	19,064	30.5	6,024	9.8%	9.3%	532,297
2015-16	22,590	436,077,360	19,304	30.5	6,031	9.5%	9.0%	540,214
2016-17	22,730	459,580,598	20,219	30.5	6,083	8.5%	8.1%	548,057
2017-18	23,414	503,526,733	21,505	30.6	6,103	7.1%	7.2%	555,624
2018-19	23,764	539,051,882	22,684	30.8	6,077	5.6%	5.5%	558,972

Source: MuniServices, LLC, U.S. Census Bureau, 2015 American Community Survey.

2015-16 is the city's first CAFR publication, therefore prior year data availability is limited.

(-) indicates data not available

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.

- 1.) Population Projections are provided by the California Department of Finance Projections.
- 2.) Income Data is provided by the U.S. Census Bureau, 2015 American Community Survey.
- 3.) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.
- 4.) Median Age reflects the U.S. Census data estimation table.

\*\*Student Enrollment reflects the total number of students enrolled in Patterson Joint Unified

**City of Patterson**  
**Table 13**  
**Principal Employers**

<b>Business Name</b>	<b>2018-19</b>	
	<b>Number of Employees</b>	<b>Percent of Total Employment (%)</b>
Amazon Fulfillment Center**	800	8.00%
Patterson Joint Unified School District	648	6.48%
Grainger Distribution Center	400	4.00%
CVS Caremark Distribution Center	394	3.94%
Walmart Supercenter	273	2.73%
Restoration Hardware	245	2.45%
City of Patterson*	230	2.30%
King's Roofing	100	1.00%
Advanced Linen Service	78	0.78%
Mc Donald's	77	0.77%
<b>Total Top 10 Employers</b>	<b>3,245</b>	<b>32.45%</b>
<b>Total City Labor Force (1)</b>	<b>10,000</b>	

Source: MuniServices, LLC

2015-16 is the city's first CAFR publication, therefore prior year data availability is limited.

Results based on direct correspondence with city's local businesses.

\*Includes full and part time

Kohl's Distribution Center count was unavailable

(1) Total City Labor Force provided by EDD Labor Force Data.

**City of Patterson**  
**Table 14**  
**Direct and Overlapping Governmental Activities Debt**

2018-19 Assessed Valuation: \$2,099,649,836

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<b>Total Debt</b> <b><u>6/30/2019</u></b>	<b><u>% Applicable (1)</u></b>	<b>City's Share of</b> <b><u>Debt 6/30/19</u></b>
Yosemite Community College District	\$ 270,173,899	3.117%	\$ 8,421,320
Patterson Joint Unified School District	58,906,226	71.149%	41,911,191
City of Patterson Community Facilities District No. 2001-1	66,240,000	100.000%	66,240,000
City of Patterson Community Facilities District No. 2005-1	9,435,000	100.000%	9,435,000
City of Patterson Community Facilities District No. 2015-1	4,730,000	100.000%	4,730,000
City of Patterson 1915 Act Bonds	3,134,422	100.000%	3,134,422
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$133,871,933</b>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Stanislaus County Certificates of Participation	\$ 24,955,000	4.240%	\$1,058,092
Stanislaus County Board of Education Certificates of Participation	2,180,000	4.240%	\$92,432
Patterson Joint Unified School District General Fund Obligations	10,995,000	71.149%	\$7,822,833
<b>City of Patterson General Fund Obligations</b>	<b>2,303,118</b>	<b>100.000%</b>	<b>\$2,303,118</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$11,276,475</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$2,303,118</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$142,845,290</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$145,148,408 (2)</b>

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	6.38%
<b>Total Direct Debt.....</b>	<b>0.11%</b>
Combined Total Debt.....	6.91%

**City of Patterson**  
**Table 15**  
**Full-Time Equivalent City Government Employees**  
**By Function/Program/Department**  
**Last Fiscal Years**

	Number Authorized	Number Authorized	Number Authorized	Number Authorized	Number Authorized
	14-15	15-16	16-17	17-18	18-19
<b>Administration</b>					
City Manager	1	1	1	1	1
Human Resources Director	0	0	1	1	1
Human Resources Manager	1	1	0	0	0
City Clerk	1	1	1	1	1
HR Analyst	0	0	1	1	1
Executive Administrative Assistant Confidential	0	0	0	1	1
Secretary - Confidential	1	1	1	0	0
Administrative Assistant	0	1	1	1	1
	<b>4</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Finance</b>					
Finance Director	1	1	1	1	1
Supervising Accountant	0	0	1	1	1
Revenue & Utility Billing Manager	1	1	1	1	1
Accountant	1	1	0	0	1
Accounting Technician	0	0	1	1	1
Account Clerk, Senior	4	4	3	3	3
Account Clerk	1	1	2	2	3
	<b>8</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>11</b>
<b>Recreation &amp; Community Services</b>					
Recreation & Community Services Director	1	1	1	1	1
Recreation & Community Services Manager	0	0	1	1	1
Recreation & Community Services Supervisor	1	1	0	0	1
Account Clerk, Senior	0	0	0	0	0
Recreation Coordinator II	1	1	1	1	3
Recreation Coordinator I	2	2	3	3	1
Account Clerk	0	1	1	2	2
Facilities & Maintenance Supervisor	1	1	1	1	1
Maintenance Worker III	1	1	1	1	1
Maintenance Worker I	0	0	0	1	1
	<b>7</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>12</b>
<b>Fire</b>					
Chief	1	1	1	1	1
Division Chief	2	2	2	2	2
Fire Captain - Paramedic	0	1	2	2	2
Fire Captain	6	5	3	3	4
Fire Engineer - Paramedic	0	0	1	1	1
Fire Engineer	5	5	4	4	5
Fire Fighters - Paramedic	0	4	3	6	6
Fire Fighters	2	1	0	0	0
Fire Marshall	0	0	1	1	0
Fire Prevention Specialist	1	1	0	0	1
Administrative Manager	1	1	1	1	1
Secretary II	1	1	1	1	1
Code Enforcement Officer II	1	1	1	1	1
Code Enforcement Officer I	1	1	1	1	1
	<b>21</b>	<b>24</b>	<b>21</b>	<b>24</b>	<b>26</b>

**City of Patterson**  
**Table 15**  
**Full-Time Equivalent City Government Employees (Continued)**  
**By Function/Program/Department**  
**Last Fiscal Years**

	Number Authorized	Number Authorized	Number Authorized	Number Authorized	Number Authorized
	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>
Planning & Community Development					
Community Development Director	0	0	0	1	1
Planner	1	1	1	1	1
Associate Planner	1	1	1	1	1
Planning Technician II	2	2	2	2	2
	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Engineering, Building & Capital Projects					
Director of Engineering	1	1	1	1	1
Associate Engineer	1	1	0	1	1
Assistant Engineer	1	1	2	1	1
Secretary I	1	1	1	1	1
	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Capital Projects					
Capital Project Manager	1	1	1	1	1
Building & Permits					
Permit Technician II	1	1	1	1	1
Public Works					
Director of Public Works	1	1	1	1	1
Deputy Director of Public Works Ops	1	1	1	1	1
Sr. Administrative Manager	1	1	1	1	1
Administrative Manager	0	0	0	0	0
Public Works Inspector III	1	1	1	1	1
Public Works Inspector I			1	1	1
Management Analyst	2	2	3	3	3
Secretary II	3	3	2	2	2
Maintenance Worker I	0	0	0	0	1
	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>11</b>
Equipment Mechanic					
Mechanic - Crew Leader	1	1	1	1	1
Mechanic II	0	0	1	1	1
Mechanic I	1	1	0	0	0
	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Building Maintenance					
Maintenance Worker II	1	1	2	2	1
Maintenance Worker I	0	0	0	0	1
	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>
Parks					
Parks Supervisor	0	1	1	1	1
Maintenance Worker III	7	5	6	6	4
Maintenance Worker II	1	1	1	1	3
Maintenance Worker I	0	0	1	2	3
	<b>8</b>	<b>7</b>	<b>9</b>	<b>10</b>	<b>11</b>
Streets					
Public Works Supervisor - Streets	0.5	0.5	0.5	0.5	0.5
Maintenance Worker II	1	1	1	1	1
Maintenance Worker I	1	1	1	1	1
	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>

**City of Patterson**  
**Table 15**  
**Full-Time Equivalent City Government Employees (Continued)**  
**By Function/Program/Department**  
**Last Fiscal Years**

		Number Authorized	Number Authorized	Number Authorized	Number Authorized	Number Authorized
		<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>
Urban Forestry	Public Works Supervisor - Tree	1	1	1	1	1
	Maintenance Worker III	0	1	1	1	1
	Maintenance Worker II	2	2	1	1	1
	Maintenance Worker I	1	1	2	2	2
		<u>4</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Water	Public Works Supervisor - Water	1	1	1	1	1
	Water Operator III	2	2	3	3	4
	Water Operator II	1	3	1	1	1
	Electrical & Instrumentation Manager	0	0	0	0.5	0.5
	Electrician - Crew Leader	0	0	0.5	0	0
	Electrician Technician				0.5	0.5
		<u>4</u>	<u>6</u>	<u>5.5</u>	<u>6</u>	<u>7</u>
Sewer	Wastewater Manager	1	1	1	1	1
	Chief Waste Water Operator	1	1	1	1	1
	Wastewater Operator III	1	1	1	2	2
	Wastewater Operator II	1	2	2	1	1
	Wastewater Operator I	0	0	1	1	1
	Electrical & Instrumentation Manager	0	0	0	0.5	0.5
	Electrician - Crew Leader	0	0	0.5	0	0
	Electrician Technician	0	0	0	0.5	0.5
	Maintenance Worker I	1	1	0	0	0
		<u>5</u>	<u>6</u>	<u>6.5</u>	<u>7</u>	<u>7</u>
Collection	Public Works Supervisor - Collections	0.5	0.5	0.5	0.5	0.5
	Maintenance Worker III	1	2	1	1	3
	Maintenance Worker II	2	1	2	2	0
		<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>
<b>Total Allocated Positions</b>		<u><u>89</u></u>	<u><u>97</u></u>	<u><u>101</u></u>	<u><u>109</u></u>	<u><u>117</u></u>

2015-16 is the city's first CAFR publication, therefore prior year data availability is limited.

*This page intentionally left blank.*





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

**Independent Auditors' Report**

To the Honorable Mayor and Members of the City Council  
of the City of Patterson  
Patterson, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Patterson, California (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 17, 2020.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

To the Honorable Mayor and Members of the City Council  
of the City of Patterson  
Patterson, California  
Page 2

**Purpose of this Report**

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

*The PwC Group, LLP*

Walnut Creek, California  
March 17, 2020