

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED ~ June 30, 2021



CITY OF
TRACY CALIFORNIA
Think Inside the Triangle™

333 Civic Center Plaza
Tracy, Ca 95376
209.831.6800



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

of the

CITY OF TRACY, CALIFORNIA

For the fiscal year ended
June 30, 2021

Prepared by the
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Introductory Section



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City of Tracy
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021
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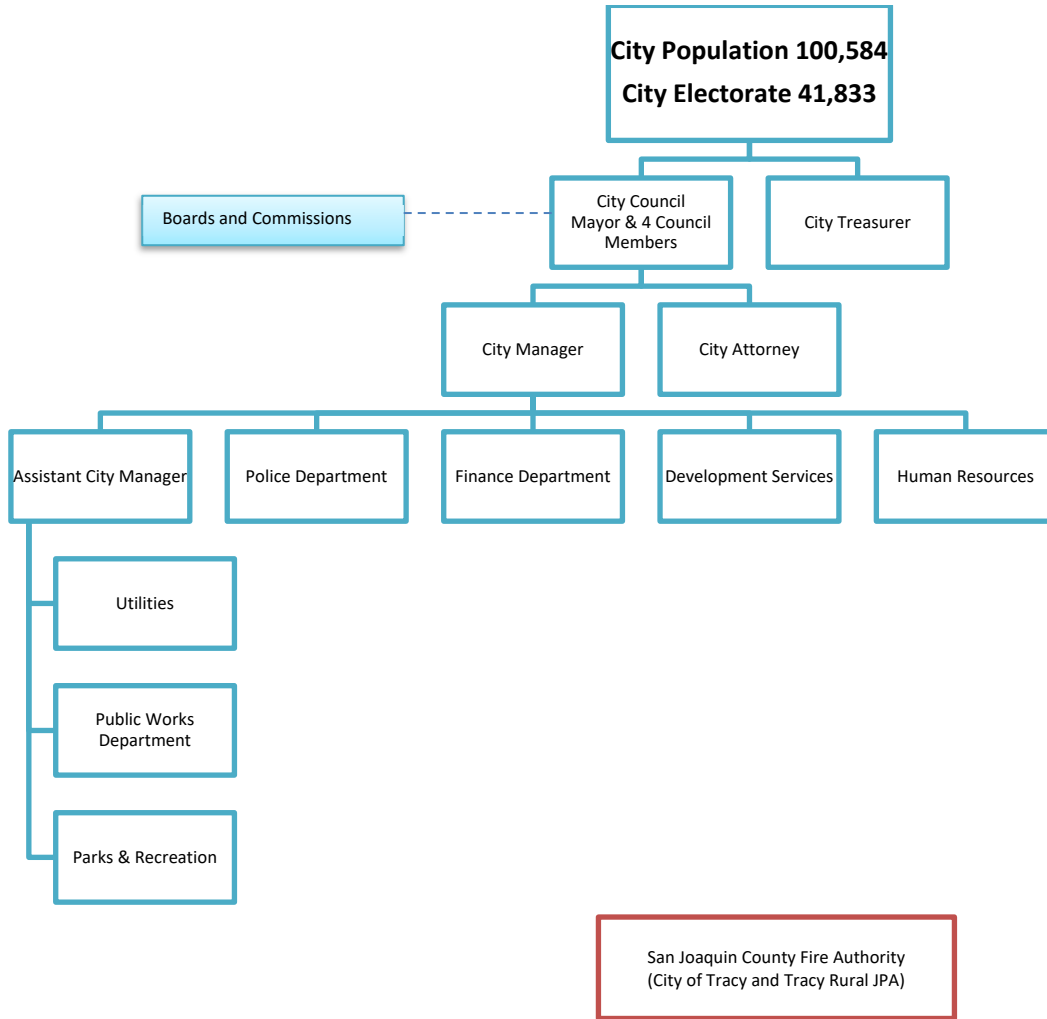
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**CITY OF TRACY
ORGANIZATIONAL CHART**

FISCAL YEAR 2020-2021



CITY OF TRACY, CALIFORNIA

COUNCIL – MANAGER FORM OF GOVERNMENT

June 30, 2021

CITY COUNCIL

NANCY YOUNG

Mayor

VERONICA VARGAS

Mayor Pro Tem

DAN ARRIOLA

Council Member

ELEASSIA DAVIS

Council Member

MATEO BEDOLLA

Council Member

OTHER ELECTED OFFICIAL

RAYMOND MCCRAY

City Treasurer

CITY OF TRACY, CALIFORNIA

EXECUTIVE TEAM

MICHAEL ROGERS

City Manager

MIDORI LICHTWARDT

Assistant City Manager

GREG RUBENS

Interim City Attorney

KARIN SCHNAIDER

Director of Finance

SEKOU MILLINGTON

Chief of Police

RANDALL BRADLEY

Fire Chief

KIMBERLY MURDAUGH

Director of Human Resources

DONALD SCHOLL

Director of Public Works

BRIAN MACDONALD

Director of Parks & Recreation

KULDEEP SHARMA

Director of Utilities

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City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

CITY MANAGER'S OFFICE

MAIN 209.831.6000
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www.cityoftracy.org

January 31, 2022

Honorable Mayor and City Council Members
Citizens of the City of Tracy:

We are pleased to present the City's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report; based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The data in this report is presented in a manner that is designed to fairly set forth the financial position and results of operations of the City of Tracy (the City). It contains the disclosures necessary to promote in-depth understanding of the City's financial affairs and evaluate its financial condition. The City annually publishes a complete set of financial statements, presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited by an independent, certified public accounting firm.

The City's financial statements have been audited by The Pun Group, Accountants & Advisors of San Diego, Ca. The independent auditors concluded, based on their audit, that there was a reasonable basis for rendering an unmodified opinion; the City's financial statements for the fiscal year (FY) ended June 30, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is the first item presented in the financial section of this report.

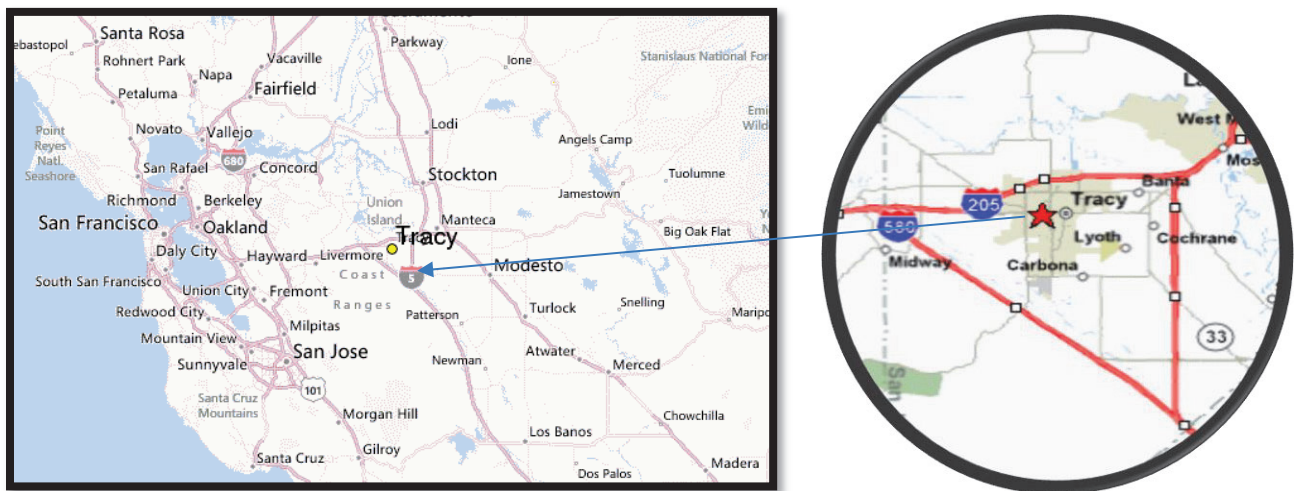
In addition to the financial audit, each year the City is required to undergo an audit of federal grant expenditures. That report is commonly referred to as a Single Audit report and is issued as a separate document and is not included herein. The Single Audit report includes the Schedule of Expenditures of Federal Awards, Findings and Recommendations, and an auditor's report on the internal control structure and compliance with applicable laws and regulations.

GAAP and Management require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements entitled, "Management Discussion & Analysis" (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors in the financial section of the ACFR.

Profile of the Government: Tracy is located on the western edge of the Central Valley in San Joaquin County. The City is 60 miles east of San Francisco and 70 miles south of Sacramento. The City is situated within a triangle formed by three interstate freeways: I-5, I-205 and I-580.

Tracy was founded in 1878 as a railroad center and was incorporated as a city in 1910. For many decades, it served both as a railroad center and farm market town. After World War II, the US Army opened and continues to operate a defense supply center, which shifted transportation of goods and people from railway to highways as the interstate system was developed. By 1960, the City's employment base included a few food-processing plants and small-related manufacturing operations. Over the decades, the City saw growth that has reflected the progression of suburban areas in the Bay Area; with large expansion in the 1980's, 2000's and now again as the housing markets have rebounded after the Great Recession. The City's economy has diversified into local and international manufacturing, commercial and distribution centers.

The City's proximity to three major highway systems has promoted the City's motto of "Think Inside the Triangle" where Interstate 5, 580, and 205 create a triangle of transportation around the city's sphere of influence.



Situated as the first major city east of the Altamont Pass, Tracy is considered an outer suburb of the Bay Area. It is the second largest City in San Joaquin County, and although the Stockton-Lodi Metropolitan Statistical Area (MSA) does not directly border San Francisco, it has now been added to the San Jose – San Francisco – Oakland Combine Statistical Area (CSA) due to being economically connected to the other nine counties in the region. The population and size of Tracy has increased from 18,428 and 7.0 square miles in 1980 to over 92,000 and 29.1 square miles in 2021. The San Joaquin Council of Governments (SJCOG) forecasts that Tracy's population is anticipated to grow to nearly 130,000-150,000 by 2040. The SJCOG population projections are based on the growth projections developed by the Eberhardt School of Business at University of the Pacific (UOP) in collaboration with SJCOG.

The City operates under the council-manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a four-member Council. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for

overseeing the day-to-day operations of the government, and for appointing the heads of the government's departments. The Council is elected on a non-partisan basis. Council members are elected to four-year staggered terms, with two Council members elected every two years. The Mayor is elected every two years.

Economic Conditions and Outlook: Working with our local and regional partners, the City continued to actively promote itself as an ideal place for residential and commercial investment. The City's economic development efforts continued to succeed with the expansion of several existing businesses, the construction of new distribution facilities and office space, and the opening of new retail opportunities. In addition, the City's housing stock is rising as multiple housing developments are currently under construction. Historically, San Joaquin County and the City of Tracy economies were agricultural-based businesses and small manufacturing; however, the need for affordable housing and vast land opportunities, Tracy has been transforming into a city with multiple residential, multi-residential, and commercial prospects, such as, advanced manufacturing, technology and business start-ups, e-commerce distribution centers, retail opportunities, and cannabis businesses.

Tracy's growth is attributed to its strategic location at the gateway to the Tri-Valley portion of the Bay Area. Residents tend to work in the Livermore Valley, East Bay, and San Jose, but relocate to Tracy for the wide range of housing options, business-friendly environment, and high quality of life. The transit linkage to the Tri-Valley and the Silicon Valley with the ACE line and future Valley Link plan, combined with investment into historic downtown has created a buzz about the City's emergence as a great place to live, work, and play.

Tracy's affordable housing prices are below that of the San Francisco Bay Area, which along with low interest rates, has been driving demand in the City housing market for more than a decade. The City has the strongest housing and commercial market in San Joaquin County with the lowest vacancies, reflective of its strong desirability and pent-up demand. Tracy has also developed a retail corridor, adjacent to the highways, that has become a regional destination. Development of new hotel inventory and adoption of cannabis regulations are also expected to diversify the City's tax base and increase respective revenues, and businesses continue to view Tracy as a "smart money" investment. COVID created unprecedented demand for logistics, cold storage, and other e-commerce facilities, which drove industrial rents and values to record levels and put pressure on new development. The City has worked closely with developers to enable significant infrastructure investment to continue stimulating building construction and attraction of new companies to Tracy. The City's Sales Tax revenues growth are reflective of the investment in e-commerce businesses.

Tracy has historically been a regional retail destination with some of the highest per capita sales in the County. This is in part attributed to diversity of the local retail base ranging from regional retail (e.g., West Valley Mall and surrounding retail cluster) to smaller niche retail offerings in the City's historic downtown. The strength of the local retail market is evidenced by relatively low and decreasing vacancies over the last decade. Even after COVID-19 forced many national retail chains into bankruptcies, the City was able to offset some of the vacancies with new business openings. For example, a national craft retail chain, Hobby Lobby, plans to start its retail operation at the former JCPenney location in early 2022.

Continuing vibrant outward expansion of the Bay Area has pushed industrial, warehousing, and logistics growth into the region. New warehouse and industrial commercial space inventories continue to increase throughout the City. For example, Prologis is currently developing an 800,000-square foot state of the art e-commerce facility called Big Bird located at the North East

Industrial area, which represents the future in industrial technology and design. The City's growth, combined with strong residential and industrial markets, have strengthened the City's property tax revenue production. The City's International Park of Commerce (IPC), an 1,800-acre master planned business park and regional cradle of economic activity, is more than half built out. As the largest asset in Prologis' global portfolio and one of the largest business parks across the Country, it is home to Amazon, FedEx, Medline, Smuckers, Thermo Fisher Scientific and Zinus. In 2021, they added three new warehouse/e-commerce businesses: Ghirardelli, Lowes, and Home Depot. Also, in 2021, Prologis opened a new office park. This 35,000 square foot building is the first office development in Tracy since 2004 and will be the first office building in Prologis' global portfolio. Under development is a retail/hotel site adjacent to the IPC area that will generate additional tax dollars to support City services. At buildout, IPC is expected to support 30,000 jobs.

The diversity of Tracy's economy and limited reliance on tourism resulted in the economic contraction below that was experienced by many coastal communities. Compared to regional and statewide sales tax demographics, the City's sales tax (pre-COVID-19) has been dominated by Business and Industry, which almost all have remained open in some capacity during this emergency. The second two dominant sales tax generators for Tracy are auto and general consumer goods. These sectors are expected to recover relatively swiftly. This is also true of Transient Occupancy Tax (TOT) revenues related to hotel stays. The City's hotel tax is dominated by business travel and industry support. As travel restrictions ease, it is expected that hotel occupancy will rise.

While Statewide retail, tourism, and restaurants were disproportionately affected by COVID-induced restrictions, the impacts were not as severe in Tracy. The City encouraged parklets to expand outdoor dining and did regular campaigns to encourage support for the local restaurants. Many residents who previously worked outside of the City, found themselves teleworking, which reflected in more local retail sales. Housing also saw a boom from telework employees who could remote to work in a larger more affordable housing environment. Nationally, the use of e-commerce shopping boosted the sales coming from the various distribution centers located in Tracy. Tracy's financial condition is expected to continue to improve as the economy is stimulated by pent-up demand from the COVID-induced closures, restrictions, and supply chain shortages.

Over the last year, the City made significant investments in business retention efforts to preserve its small business ecosystem from COVID-induced challenges, while continuing to recruit new businesses and diversifying its the economic base. This included funding \$500,000 in General Fund: Measure V Sales Tax dollars in a \$5,000 small business grant: helping 100 businesses in need of support. In 2020, the Federal government allocated approximately \$1.1 million in CARES funding and the City is expected to receive over \$15 million in stimulus from the American Rescue Plan Act (ARPA) funding over two fiscal-years. The funds have supported the City's response to the impacts of the pandemic and provided assistance to residents and local business in their fiscal recovery. These development and preservation strategies continue to expand the City's growing economy, which contributes the growing tax and employment base.

General Fund Fiscal Challenges: Almost two years ago, the world as we knew it changed. COVID-19 emerged, causing a global pandemic that turned humanity's life upside down. From individual isolation to an abrupt disruption of international economies, uncertainty became the new normal. This uncertainty eventually extended to the City's ability to address its existing budgetary shortfall given the fiscal impact on Tracy's local economy. Before the pandemic, the

City's expenditures were increasing faster than the revenue to support them. The City was projected to have a third year of drawing down reserves in FY 2020-21 and was at risk of having reserves drop below the City's General Fund reserve policy. This challenge coupled with the economic impacts of the pandemic only highlighted the City's structural deficit.

In light of the impacts anticipated from COVID-19 and the existing structural deficit, the proposed FY 2020-21 Operating and Capital General Fund budget shortfall had a projected deficit of \$11.0 million during the early drafts of the budget development. The City Manager compiled approximately \$6.4 million in budget reductions to close the budget gap. The following is a list of budget strategies that were adopted in the FY 2020-21 General Fund budget:

- Implement citywide hiring freeze of select vacant positions (\$3.5 million)
- Defer vehicle and equipment contributions and purchases (\$2.1 million)
- Delay the allocation of Mayor's Community Youth Support Network (MCYSN) Grant Program (\$200,000)
- Reduce professional services contracts and supplies citywide by 10% (\$600,000)

On June 16, 2020, the City Council adopted the FY 2020-21 Operating and Capital budget, which showed a projected deficit of \$4.6 million in the General Fund for June 30, 2021. The City Council authorized the use of the Economic/Budget Stabilization Reserves as a funding source for the General Fund and Measure V Capital funds; both required a resolution to ensure the funds were restored if used. As part of the FY 2020-21 budget planning, the City Council formed a Council Fiscal Sustainability Ad-Hoc Committee to guide the development of a long-term strategic plan to ensure the City can meet the growing service needs of the community. The Committee's scope was to provide policy guidance as it relates to the development of a multi-year fiscal sustainability plan to address the City's structural deficit and impacts associated with COVID-19. The Ad-Hoc Committee considered a variety of short- and long-term budget strategies. The Committee's effort resulted in the development and Council adoption of twelve key budget principles and multiple revenue enhancing and expenditure reducing budget strategies totaling nearly \$18 million; of which, \$13 million are actively being pursued.

General Fund Fiscal Highlights: New housing units being added to the assessor's roll, coupled with commercial developments in the community, and higher property values, have led to a steady increase in local property tax revenues. Developments in the community, in conjunction with increased consumer confidence and a strong labor market, have all contributed to the strengthening of the General Fund. Property Tax revenue increased in FY 2020-21 over FY 2019-20 by \$2.3 million, approximately 9%. The City estimates it will continue to grow another 5% annually over the next 3-5 years.

In addition to the growth in commercial and residential, the City Council and voters passed in November 2016 an additional ½ cent local sales tax (known as Measure V) that has a twenty-year sunset (expires April 2037). Over the last four years, the City Council has adopted several resolutions, which prioritized Measure V Sales Tax to fund four amenities located in the City: The Aquatic Center, Multigenerational Recreation Center, Legacy Fields Sports Complex, and the Nature Park.

Below is the City Council's priorities (in no particular order) and the projected timelines of the projects, based on a hybrid of debt and pay-as-you-go funding.

Measure V Funded City Amenities

Project	Measure V Budget	Accumulated Fund Balance as of June 30, 2021	Pay-Go Funding Timeline*
Aquatic Center	\$55M	\$15M	2019-2026
Multi-Gen Rec Center-Phase 1	\$20M	\$18M	2019-2022
Multi-Gen Rec Center-Phase 2	\$20M	\$0M	2027-2029
Legacy Fields-Phase 1E	\$21M	Debt finance	2022 (debt is fifteen-year term)
Nature Park	Unfunded	\$0	After 2030
Operations & Maintenance	\$40M	\$.7M	2019-2037

Note: Timelines may shift based on future Council direction regarding pay-go projects. Projects may have multiple phases and/or funding during timeline.

As mentioned above, at the beginning of FY 2020-21, the City's ten-year forecast showed year over year decline in reserves. The City's expenses were outpacing revenues despite a thriving housing and commercial market. Fast forward one year to the last quarter of FY 2020-21, the City received the January-March 2021 Sales tax disbursement from the State of California Department of Tax Franchise Administration (CDTFA), which resulted in a significant change in the City's estimated General Fund revenues. The result was due to a recent change in tax reporting by a predominant e-commerce business located within Tracy. This reporting change shifted the tax allocation directly to Tracy as the point-of-sale jurisdiction. Prior to this, the e-commerce business reported California Bradley Burns Sales Tax through the County sales tax pool where the tax was distributed pro-rata throughout the State regardless of the location of the distribution center from which the goods shipped. The change will have a significant and material impact on the City's General Fund revenues; nearly doubling the current Sales Tax revenues for the City. The estimated revenues from the reporting change are expected to grow an average of over \$5 million a quarter.

Despite the restrictive economic conditions brought on by the pandemic, the City General Fund is expected to have an annual surplus of almost \$20 million for the next three years. The City Council and staff are developing fiscal sustainable strategies to fund liabilities, invest in infrastructure maintenance and new capital, and developing new or expanded programs to serve the community and businesses in Tracy. These funding strategies will reflect the communities' input gathered from the National Community Survey, which will be underway in FY 2021-22; and incorporated into the FY 2022-23 budget process.

Other Fund Fiscal Highlights: The Council has been committed to having development pay its own way. The City continues to review and update the developer impact fees throughout the City to ensure adequate infrastructure is in place to meet the demands of an ever-growing city. The Council also adopted a Citywide Services Community Facilities District, CFD 2018-1, in January of 2018. It will be superseded by Citywide Services Community Facilities District, CFD

2021-2, which provides for a broader use of funded services. Any new development of 5 or more units is expected to join or mitigate the costs associated with the Police and Public Works services demands connected to new development. The CFD taxes are set at \$70 per parcel, per year and has an inflation rate set to the Consumer Price Index; and will offset the costs associated with adding personnel to meet future population growth in the developing communities of Tracy. Moreover, the City conditions new commercial development to fund street improvements and both residential and commercial to fund street and traffic light costs.

Development throughout the City has resulted in an increase in planning, engineering, and building revenues over prior year, \$3.4 million or 14%.

In addition, the City has adopted several financing infrastructure plans (FIPs) and Master Plan Impact Fees to fund the improvements for new road, expansion of utility services, and enlargement of facilities needs that are brought on by new development. For example, the City's Master Plan fees provided over \$30 million in funding for two major Wastewater Treatment Plant expansion and outflow projects in the last two years. The City is also in the design and construction of several roadway and highway widening projects. These projects will be paired with regional impact fees, State and Federal grants and are estimated at \$100 million over the next several years. The FY 2020-21 revenues increased approximately \$16 million in total for all project areas, which is nearly a 100% increase over FY 2019-20. For more information on City impact fees and authorized projects, please see the City's website for the annual [AB 1600 report](#).

The City reported a new Major Fund in the Governmental Funds as a result in two large Federal stimulus grants, CARES and ARPA. The City received approximately \$8.5 million in FY 2020-21 and anticipates the second payment for \$7 million in FY 2021-22. These funds have been used to offset the fiscal impacts of the pandemic. The City's Airport and Transit Enterprise Funds also received Federal CARES grants to mitigate loss revenues due to the pandemic.

The City of Tracy has four utilities, Water, Wastewater, Solid Waste, and Storm Drain with approximately 27,000 customers depending on the service. The growth in residential and commercial development translated to a growth of 700 customers, or 2.5%. Since March 2020, the State has mandated a no shut-off and penalty moratorium. This resulted in customer arrearages growing to over 2000 accounts (approximately 7%) at an estimated value of \$2.3 million over all utilities. In past years, the City delinquent accounts have remained under 3% with an estimated value of \$800,000 for all accounts. In FY 2021-22, the City applied and qualified for A Water Customer Arrearage Grant and is expected to receive \$700,000 from the State Water Board to apply to delinquent water accounts. The State Water Board may also open a grant for Wastewater arrearage accounts; however, this grant will not be announced until Spring 2022. The City will be considering additional funding options to assist utility customers unpaid account balances.

Budgetary Controls: The Tracy Municipal Code requires that the City Council adopt a budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund (i.e. General Fund, Enterprise Fund, etc.), by department (e.g. Police, Fire, etc.), and by program (i.e. Patrol Services, Traffic Enforcement, Fire Support, etc.). Department heads may transfer resources within a department as they see fit with the approval of the City Manager. Amendments to total fund appropriations or transfers between funds; however, need approval from the City Council.

Quarterly, staff prepares a report to the City Council on the year-to-date revenues and expenditures as compared to the adopted and amended budget as part of the on-going budget monitoring process. These reports provide timely updates to the City Council on operating and capital budgets and provides the opportunity for consideration of budget augmentations.

Long-term Fiscal Planning: The City Council of Tracy remains committed to maintaining fiscal sustainability while providing high quality public safety, public works, and community development to meet its existing and future needs. In 2020, the Council adopted a two-year Strategic Priority Work plan and identified desired outcomes related to the City's social, economic, organizational, and environmental landscape. The Council adopted a governance strategy designed to retain and attract talent, enhance fiscal stability, improve the use of technology, and enhance transparency for the betterment of the community. In response, a set of strategic priorities, goals and objectives were adopted to carry out the vision of the City Council. The Council's strategic priorities, along with their goals and objectives, are the foundation for development of the budget and forecast.

The City prepares a ten-year fiscal plan annually as a tool for the Council to meet these strategic priorities and budget development. The City's fiscal strategy includes the creation of a financial forecast to evaluate current and future fiscal conditions and is to guide policy and programmatic decisions. As part of building the multi-year forecast, the City uses information based on past, current, and projected financial conditions. As part of the strategic planning and long-term forecasts, the City has developed and maintains several tools to provide analytic measurements of future fiscal impacts. First, the ten-year forecast includes two separate actuarial studies to analyze the impacts of employee retirement benefits on the City's finances over time. One is focused on the fiscal impacts of pension and one on retiree medical costs. Secondly, the City has three separate studies on revenue forecasts based on economic trends surrounding short and long-term retail and housing markets. The City overlays each of these studies into the planning documents to create a multi-faceted approach to fiscal analysis and planning.

The goal of the City's annual Operating and Capital budget is to provide a plan that allocates resources to meet the needs and desires of Tracy's residents. It balances City revenues and costs with community priorities and requirements. In preparing the FY 2020-21 Operating and Capital Budget, City staff reviewed the FY 2019-20 budget and estimated the expenditures and revenues anticipated for the next year, FY 2020-21.

The economy is recovering both in housing prices that bolster property tax and diversification in commercial and retail that grows and strengthens our sales tax revenue. With that being said, the economy has natural growth and contractions that are outside of the City's control. Even with solid financial planning and long-term forecasting, not all future outcomes can be predicted. Knowing that, the City has positioned itself well by building financial reserves, adopting strong fiscal policies, and passing important revenue measures to support City services. However, even with these proactive steps, the City, like other agencies, will continue to be faced with unmet needs in an environment where resources are limited.

This has helped identify future revenue and expenditure trends that may have an immediate or long-term influence on government policies, strategic goals, funding obligations, or community services. The City uses the five-year financial forecast as a management tool to best anticipate inflows and outflows of City resources in the short-term, then projects out these trends into the longer ten-year model to ensure budget sustainability. Modeling of long-term strategies also allows marginal shifts to occur over time to maintain healthy reserves while still actively

improving services to the public. The forecast has become an integral part of the annual and mid-budget process.

City Council Strategic Priorities and Major Initiatives in 2021-2023: The Annual Comprehensive Financial Report echoes our continued investment in City services to our residents and businesses, but also to those we invite to work in and/or visit the City of Tracy. There are a number of economic development efforts that have been a City focus for several years, with job creation and growth being at the forefront. This continues to be a priority for the City, including ensuring a positive working relationship with the business community, so that the City's business attraction efforts successfully bring targeted industries and retailers to our community. Tracy strives to provide services that promote a safe community for our residents, businesses, and visitors. This remains a high priority to our City Council and City Administration. The financials reflect the desired operational outcomes of each City department as they relate to the City Council's 2021-2023 Strategic Priorities Work Plan:

Economic Development

To enhance the competitiveness of the City while developing a strong and diverse economic base.

- Approved over 150 zoning/land use/development-related permits, including more than 15 major projects requiring Commission or Council action in the Tracy Hills Specific Plan, Cordes Ranch Specific Plan, Ellis Specific Plan, I-205 Corridor Specific Plan, Infill, Northeast Industrial Area, and South Industrial Areas Specific Plan areas.
- Building valuation for construction work completed totaled \$1,233 million
- Approved Scope of Work to begin Transit Oriented Development (TOD) Plan to develop land use planning and investment strategy to further revitalize Downtown by maximizing zoning opportunities on vacant lands, identifying greater connectivity options for access to Downtown and planning for successful integration of transit (including possible train station) into the Downtown fabric.
- Developed and directed the implementation of the City's COVID-19 Community Recovery Plan. This effort established clear guidelines for the Tracy business community to access financial and public-health related information resources to ensure business continuity in a fast-changing regulatory environment related to the pandemic. It also included strategies to keep local businesses open by flexing local zoning laws/permitting related to outdoor dining and temporary land uses.
- Awarded FY 2020-21 and FY 2021-22 Community Development Block Grant Funding (CDBG). This effort promoted continued success of various non-profit organizations assisting broad ranges of household in Tracy.
- Completed seven Specific Plan Amendments (SPA), including Tracy Hills KT revision, Tracy Hills Phase 1B/1C, Tracy Hills 35-Acre Annexation, Tracy Hills garage requirements, Tracy Hills Phase 1A Village 7C, Project Big Bird in the NEI Specific Plan, and combining Ellis Specific Plan with the Avenues Specific Plan; and completed four General Plan Amendments (GPA), including GPAs for Tracy Hills Phase 1B/1C, Tracy Hills 35-Acre Annexation, Tracy Hills Phase 1A Village 7C, and the Ellis Specific Plan. Collectively, this represented the zoning and land use permits for hundreds of acres of additional new development of residential, commercial, and industrial uses throughout the community, furthering the City's economic development objectives and widening opportunities for sales and property tax enhancement.
- Implemented the first round of cannabis business permit applications, including review of 41 applications and approving 11 retail permits to proceed to Conditional Use Permit process
- Created a downtown parklet program to secure funding for continued outside dining opportunities in downtown.

- Awarded 100 \$5000 small business forgiveness loans to provide fiscal relief to the impacts of pandemic, totaling \$500,000

Public Safety

To enhance community safety by promoting a responsive public safety system that includes civic engagement and partnerships, community involvement, public education and prevention, intervention, and suppression services that meet the needs of our community, inclusive of businesses and residents.

- Secured capital funding to begin the planning and design of the City's Temporary Emergency Housing Facility Project; including awarded \$329K in Homeless Housing, Assistance and Prevention grant (HHAP) from San Joaquin County; partnered with a local non-profit to stand up a temporary seasonal warming center.
- Completed and presented a Fiscal Analysis of the South San Joaquin County Fire Authority (SJCFA) Personnel Transition Plan (Phase 2) and coordinated the transition of personnel from the City of Tracy to SSJCFA effective January 2, 2022
- Replaced West Covina Computer Aided Dispatch (CAD/RMS) with new Mark43 CAD/RMS to meet Department of Justice (DOJ) compliance and upgraded router to improve DOJ connectivity and meet new security requirements.
- Added three new police officers with partial funding received from DOJ Community Oriented Policing (COPs) grant
- Awarded \$42,500 from Office of Traffic Safety to fund community outreach and additional enforcement for traffic related issues, such as driving under the influence (DUIs) and distracted driving.
- Seized 4,160 marijuana plants, 55 lbs. of processed marijuana for sale, 96.54 grams of Cocaine, 21.21 lbs. of methamphetamine, 387 illegal pills, 11 firearms, and \$132,910 in cash.

Quality of Life

To provide an outstanding quality of life by enhancing the City's amenities, business mix and services, and cultivating connections to promote a positive change and progress in our community.

- Completed 32,785 building-related inspections; processed 3,808 building permits and issued 3,691 building permits; completed Planning review of 786 building permits, including 1,329 total rounds of review; generated \$11.4 million in building permit/plan review revenue.
- Engaged in legislative advocacy efforts that support the City's fiscal foundation and quality of life.
- Developed and directed the implementation of the City's COVID-19 Community Recovery Plan, while coordinating with San Joaquin County Public Health and Office of Emergency Services to disseminate information on COVID-19 to the public.
- Awarded two grants, totaling \$610,000, for affordable housing related projects.
- Accepted Park 1, Park 2, and Park 3 of Tracy Hills Phase 1A development adding approximately 11 acres of parkland.
- Completed construction of \$5M Legacy Fields Sports Complex Phase 1D-CIP 78164 for electrical upgrades with Stadium lighting and pedestrian lighting for eight soccer and five baseball fields, installation of shade structures, security system, perimeter paving and site furnishing improvements, landscape, and irrigation.
- Completed construction of \$6M for MacArthur Drive widening (Valpico Road to Schulte Road) from two lanes to four lanes with median island, streetlights, and landscaping.
- Completed construction of \$130,000 sidewalk, curb/gutter repairs for various streets.
- Converted the Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) Programs to a fully electronic process using the City's new Ecivis Grant Management System.

- Awarded \$498,077 in CDBG funding to local non-profits and \$163,461 in HOME funding to support the construction of the Tracy Homeless Shelter project.
- Began construction of Alden & Yasui Park Playground Renovations.
- Completed construction on the Legacy Fields Pump Station Improvements.
- The Senior Center welcomed 350 new seniors who registered as new participants and awarded scholarships to 38 seniors to use for various classes for meal programs.
- Implemented Tracer Plus pilot program, an on-demand service to provide public transit on Sundays and outside of normal fixed route hours on Saturdays.
- Received a grant from Caltrans to provide free bus rides for students.
- Rebel Services completed the install of the self-serve Jet A point fueling system to the airport fuel island, which over \$25,000 in new revenue from fuel sales
- Developed and implemented an online Distance Learning platform in the Arts Education Program and Senior and Youth Recreation
- Established a Police Youth Advisory Board.
- Began construction for the Wastewater Treatment Plant Expansion, Phase 2B Project; constructed and began supplying water to Tracy Hills from new Booster Pump Station; began design work of the Tracy Hills Phase 5 Water Pump Station; continued the connection of the Outfall Effluent Pipeline Project and the rehabilitation of the Lewis Manor Well #5.

Governance

To retain and attract new talent, enhance fiscal sustainability, improve the use of technology, and enhance transparency for the betterment of the Tracy community.

- Launched DocuSign e-signature platform.
- Launched new City website and provided staff training.
- Assisted with the completion of a rate study for water and wastewater funds to maintain operations, debt, capital, and reserve levels to maintain the sustainability of these utilities.
- Monitored, applied for, and was awarded over a \$1 million in grants to allocate towards COVID mitigation efforts.
- Developed and implemented a Grant Management Program, Policy and Procedures.
- Improved budget process and assisted departments in budget implementation process.
- Increased the number of electronic transaction options for customers.
- Completed the full implementation of the Fire Authority's fee schedule to assist in cost recovery measures.
- Hired 51 new employees and promoted 34 City of Tracy employees in calendar year 2021.
- Successfully negotiated with seven represented bargaining units to update the Memorandum of Understanding (MOU's) for two-year contracts from July 1, 2021 to June 30, 2023 with employee cost of living adjustments of 3% each fiscal year.
- Streamlined the Administrative Citation Process in collaboration with Animal Services, Finance, and Code Enforcement to ensure timely collection of revenue.
- Completed Groundwater Sustainability Plan.
- Received Environmental Laboratory Accreditation Program (ELAP) Certification from the State Water Board

GASB 54: The City is required to produce its financial statements in conformity with GASB 54. This GASB requirement concerns mainly the designation of fund balance into use categories. In addition, Statement 54 clarifies how rainy-day amounts are reported by treating stabilization arrangements as a specified purpose. Consequently, amounts constrained to stabilization must be reported as "committed" or "assigned" fund balance in the General Fund if they meet the other criteria for those classifications. In October 2014, the City Council adopted a stabilization

policy and created three stabilization reserves and revised the policy in June 2020. Please refer to Note # 9 for more information.

Summary of the General Fund Reserves as of June 30, 2021

Non-Spendable	Loans Receivable	\$ 40,000
Restricted	Fire Medical Leave Bank	974,652
	Medical Leave Bank	1,373,412
Committed	17% Reserve	16,401,047
Assigned	13% Reserve (Economic Stability)	10,934,031
	Prior Year Re-Appropriations	320,865
	Animal Control	22,193
Unassigned		<u>3,964,054</u>
		<u>34,030,254</u>

GASB 68 & 71: These accounting standards deal with reporting of pension liabilities. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. These standards were designed to improve and provide transparency to the accounting and financial reporting for state and local government defined benefit pension plans and to bring governmental employer accounting and reporting standards closer in line with private sector requirements. The City implemented GASB Statement No. 68 and GASB Statement No. 71 in FY 2014-15.

Prior to FY 2014-15, information on the pension liabilities were disclosed in the note disclosure and required supplementary information sections of the ACFR. With the implementation of GASB 68, the net pension liability is reported on the face of the Statement of Net Position, effectively reducing an entity's overall net position. Thus, GASB 68 changed the accounting and financial reporting requirements of pension obligations by reporting pension obligations not only on the note disclosure and required supplementary information sections but also on the face of the basic financial statements. GASB 68 affected the reporting and accounting "presentation" of the City's pension liability; however, it is not a new liability and the City has been disclosing and is profoundly aware of this liability.

GASB 75 – Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaced the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 75, Financial Reporting for Postemployment Benefit Plans Other Than

Pension Plans, established new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB are also addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity. The City implemented GASB 75 in FY 2017-18.

Gann Limit vs. Appropriations Subject to Limit: Proposition 4, the "Gann Initiative," was passed by California voters in 1978, and is intended to limit government appropriations. The appropriations limit is calculated each year based upon fiscal year 1978-79 appropriations, which is modified by the composite consumer price index and population changes that have occurred in subsequent years. The City's appropriations limit and the estimated appropriations subject to the limit for the FY 2020-21 amounted to \$72,717,205 and \$60,747,828 respectively. City appropriations subject to the limit have consistently remained far below the appropriation limits and are not expected to deviate from this trend in the foreseeable future.

Awards and Acknowledgements: The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tracy for its comprehensive annual financial report (ACFR) for the fiscal year ended June 30, 2020. This was the 33rd consecutive year that the government has received this prestigious award. To be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized ACFR that satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the entire Finance Department staff. Each member of the Department has my appreciation for the contributions made in the preparation of this report. We would also like to recognize the Mayor and City Council for their guidance and support in the City's pursuit of excellence in financial reporting.

Respectfully submitted,

DocuSigned by:

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Michael Rogers
City Manager

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Karin Schnaider
Finance Director

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Financial Section



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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tracy, California (the "City"), as of and for the year ended June 30, 2021, 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 did not audit the financial statements of South San Joaquin County Fire Authority (the "Authority"), which represent 100% of the assets, net position, and revenues, respectively, of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors.

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

Emphasis of a Matter

Implementation of GASB Statement No. 84

As discussed in Note 1 to the financial statements, the City implemented GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation, the City converted the former agency funds, which previously reported assets and liabilities only, to custodial funds and reported a restatement of its net position in the amount of \$41,943,929. The Regional Transportation Impact fund was reclassified to capital projects fund and reported a restatement of its net position in the amount of \$11,036,853. In addition, the payroll-related funds (Medical Leave Bank Fund, Payroll Clearing Fund, and Post Employment Benefit Trust Fund) were reclassified and reported in the general fund and governmental activities and reported restatements of the fund balance/net position in the amounts of \$2,415,718 and \$3,189,083, respectively. Our opinion is not modified with respect to this matter.

South San Joaquin County Fire Authority

As discussed in Note 1 to the financial statements, the City determined the South San Joaquin County Fire Authority (SSJCFA) should be reported as a discretely presented component unit in the basic financial statements. In the prior year the SSJCFA was reported as a blended component unit in the special revenue funds. As a result of the change in the reporting entity, the City reported restatements of the fund balance/net position in the South San Joaquin County Fire Authority special revenue fund and governmental activities in the amounts of \$2,760,535 and \$2,805,923, respectively. Our opinion is not modified with respect to this matter.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Budgetary Comparison Schedules, Schedules of Changes in Net Pension Liability and Related Ratios, Schedules of Contributions – Pension, and Schedule of Changes in Total OPEB Liability and Related Ratios and Schedule of Contributions – OPEB, on pages 5 through 19 and 121 through 133 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Mayor and Members
of the City Council of the City of Tracy
Tracy, California
Page 3

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, Combining and Individual Nonmajor Fund Financial Statements and 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 Nonmajor Fund Financial Statements and Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections 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 January 31, 2022, 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.

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
January 31, 2022

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City of Tracy
Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis provide an overview of the City of Tracy's financial performance for the fiscal year ended June 30, 2021. This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB). We encourage our readers to consider this information in conjunction with the information provided in the accompanying basic financial statements and notes thereto.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeds its liabilities and deferred inflows of resources at the close of the 2020-21 fiscal year by \$1,336 million Net Position. Of this amount, \$53.2 million Unrestricted Net Position is designated to be used to meet ongoing obligations to citizens and creditors.
- The City's total net position increased by \$62.4 million, with \$58.5 million attributable to governmental activities and \$3.9 million attributable business-type activities.
- As of June 30, 2021, the City's combined governmental funds reported fund balance of \$265.7 million, of which \$68.0 million is committed (\$16.4 million), assigned (\$49.8 million), or available (\$1.8 million) to meet the City's current and future needs.
- As of June 30, 2021, the fund balance for the General Fund was \$34 million of which \$40 thousand is designated as Non-Spendable for items such as deposits, prepaid assets, inter-fund advances, and inventory. Restricted fund balance was \$2.3 million, designated for medical leave bank. Committed fund balance was \$16.4 million, designated for Contingency/Emergency. Assigned fund balance was \$11.3 million, designated for items such as prior reappropriation and fiscal sustainability. Unassigned funds were \$4 million as of June 30, 2021.

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

The Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of the following sections:

- 1) Introductory Section, which includes the Transmittal Letter and general information,
- 2) Management's Discussion and Analysis,
- 3) The Basic Financial Statements, which include the Government-wide and the Fund Financial Statements, along with the Notes to these financial statements,
- 4) Required Supplemental Information,
- 5) Combining Statements for Non-major Governmental Funds and Internal Service Funds,
- 6) Statistical Information

The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the City's financial activities and financial position.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONTINUED)

Government-wide Financial Statements

The Government-wide Financial Statements provide a longer-term view of the City's activities as a whole and are presented in a manner similar to a private-sector business. These statements are comprised of:

Statement of Net Position – Presents information on all City assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as *Net Position*. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Statement of Activities – Presents information reflecting any change in the government's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs (regardless of the 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., earned but unused vacation and compensated time leaves).

Both of the Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government 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).

- Governmental activities – All of the City's basic services are considered to be governmental activities, including general government, public safety, public ways and facilities/transportation, public works, and culture and leisure. These services are supported by general city revenues such as taxes, and by specific program revenues such as developer fees.
- The City's governmental activities include not only the City of Tracy (known as the primary government), but also the activities of the Tracy Operating Partnership Joint Powers Authority, Tracy Public Financing Authority, and the Tracy Industrial Development Authority, which are controlled by and dependent on the City. While they are separate legal entities, City Council serves in separate sessions as the governing body of the Tracy Operating Partnership Joint Powers Authority, the Tracy Public Financing Authority, and the Tracy Industrial Development Authority; and the City is financially accountable for those entities. The financial activities of all three entities have been aggregated and merged, termed "blended", with those of the City in the accompanying financial statements.
- Pursuant to ABX 1 26 ("AB 26"), approved by Governor Brown on June 28, 2011 and upheld by the California State Supreme Court on December 29, 2011, the Tracy Community Development Agency ("Agency") was dissolved on January 31, 2012. The former Agency is now administered under the name of Successor Agency to the Community Development Agency of the City of Tracy. The activities of the Successor Agency can be found in the Fiduciary Fund Section of the Financial Statements.
- Business-type activities – All of the City's enterprise activities are reported here, including water, wastewater, drainage, solid waste, transit, and airport. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONTINUED)

Fund Financial Statements

The Fund Financial Statements report the City's operations in more detail than the Government-wide Statements and focus primarily on the short-term activities of the City's General Fund and major funds. The Governmental Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt, and other long-term amounts. Enterprise and Internal Service Fund Financial Statements are prepared on the full accrual basis and include all their assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both current and long-term. Each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Supplementary combining schedules present the detail of these non-major funds. Major funds present the major activities of the City for the year and may change from year to year as a result of changes in the pattern of the City's activities.

A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- Governmental Funds – These funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources and are therefore prepared on the modified accrual basis. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

The City of Tracy has 32 governmental funds of which 6 are considered major funds for presentation purposes. Each major fund is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances. The financial information for the remaining non-major governmental funds is combined into a single, aggregated presentation.

- Proprietary Funds – The City maintains two different types of proprietary funds; Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as "business-type activities" in the Government-wide Financial Statements. Internal Service Funds account for the financial activity of the City's central garage, central services departments, equipment replacement, building maintenance, and self-insurance. Financial statements for proprietary funds are prepared on the full accrual basis and include all their assets and liabilities, current and long-term.

Since the City's Internal Service Funds provide goods and services only to the City's governmental activities, their activities are reported only in the government-wide financial statements as governmental activities. Internal Service Funds may not be major funds because their revenues are derived from other City funds. These revenues are eliminated in the City-wide financial statements and any related profits or losses are returned to the activities which created them.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONTINUED)

- Fiduciary Funds – These 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's own programs. The accounting used for Fiduciary Funds is similar to that used for Proprietary Funds. With the dissolution of the Community Development Agency per ABX 1 26 and AB 1484, the activities of the Successor Agency to the Tracy Community Development Agency are reported as a Private Purpose Trust Fund in the Fiduciary Fund section.
- Custodial Funds – These 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's own programs. The accounting used for Fiduciary Funds is similar to that used for Proprietary Funds. These funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. The City's custodial funds includes various Community Facilities Districts and Assessments Districts.

Notes to the 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.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning budgetary comparison schedules for the General Fund and other major funds that are Special Revenue Funds, along with schedules related to the City's net pension liabilities, total OPEB liability and contributions.

Combining Statements

This section of the report includes additional detailed information about non-major governmental, internal service and agency funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – The net position for the City as a whole increased by \$62 million or 4.9%, from \$1,274 million at June 30, 2020 to \$1,337 million at June 30, 2021. Restricted net position accounted for \$217 million restricted for capital projects, debt service and legally segregated taxes, grants, and fees. The unrestricted net position increased by \$27 million, from \$26 million in at June 30, 2020 to \$53 million at June 30, 2021 and is designated to be used to meet ongoing obligations to citizens and creditors. The Unrestricted Net Position reflects the inclusion of a Net Pension Liability of \$100.1 million and Net OPEB Liability of \$6.4 million in accordance with Generally Accepted Accounting Principles.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table reflects the Summary of Net Position for the fiscal year ended June 30, 2021 with comparative data for the fiscal year ended June 30, 2020.

Statement of Net Position
Fiscal Year Ended June 30
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Cash and Investments	\$ 285,127	\$ 217,276	\$ 50,066	\$ 63,062	\$ 335,193	\$ 280,338
Other Assets	54,344	42,211	18,171	18,514	72,515	60,725
Capital Assets	674,737	660,155	441,183	428,144	1,115,920	1,088,299
Total Assets	1,014,208	919,642	509,420	509,720	1,523,628	1,429,362
Deferred Outflows						
Related to Pension/OPEB	24,054	20,075	2,757	2,186	26,811	22,261
Current Liabilities	43,483	24,870	8,231	11,959	51,714	36,829
Non-Current Liabilities	121,111	107,781	39,423	39,158	160,534	146,939
Total Liabilities	164,594	132,651	47,654	51,117	212,248	183,768
Deferred Inflows						
Related to Pension/OPEB	1,638	3,729	98	288	1,736	4,017
Net Investment in Capital						
Assets	653,646	638,464	412,464	397,488	1,066,110	1,035,952
Restricted	217,130	201,439	-	517	217,130	201,956
Unrestricted	1,254	(36,566)	51,961	62,496	53,215	25,930
Total Net Position	\$ 872,030	\$ 803,337	\$ 464,425	\$ 460,501	\$ 1,336,455	\$ 1,263,838

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's Government-wide Net Position as of June 30, 2021, comprised of the following:

- Cash and investments combined increased by \$54.9 million or 19.6%, from \$280.3 million at June 30, 2020 to \$335.2 million at June 30, 2021. The \$335.2 million of cash and investments is in the city treasury and investments.
- Receivables decreased by \$0.1 million, from \$57.1 million at June 30, 2020 to \$57.0 million at June 30, 2021. Receivables were comprised of \$37.4 million of current receivables and \$19.6 million of long-term receivables. Current receivables are primarily related to sales tax and grants; and long-term receivables are related to housing loans provided by the former Community Development Agency. The grants and loans have varying repayment terms and interest rates.
- Capital assets increased by \$27.6 million or 2.5%, from \$1,088 million at June 30, 2020 to \$1,116 million at June 30, 2021. Net capital assets of \$1,116 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position increased \$15.2 million or 7.5%, from \$202 million at June 30, 2020 to \$217.1 million at June 30, 2021. Restricted Net Position is restricted for capital projects \$168.5 million; low-moderate income housing projects \$17.3 million; debt service \$6.8 million; and \$24.5 million may be spent on other projects as specified by funding source restrictions.
- Unrestricted Net Position increased by \$27.3 million or 105.2%, from \$25.9 million at June 30, 2020 to \$53.2 million at June 30, 2021. The unrestricted net position is available to be used to finance day to day operations without constraints established by debt covenants or other legal requirements or restrictions. While these assets are technically unrestricted, most of these assets are committed or assigned for a specific use.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The Change in Net Position expressed as the change in revenues and expenses through June 30, 2021 is reflected in the Statement of Changes in Net Position.

Statement of Net Position
Fiscal Year Ended June 30
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	\$ 22,823	\$ 19,139	\$ 64,432	\$ 59,454	\$ 87,255	\$ 78,593
Operating Contributions and Grants	8,330	14,969	6,988	4,263	15,318	19,232
Capital Grants and Contributions	52,673	39,662	5,801	22,818	58,474	62,480
Total Program Revenues	<u>83,826</u>	<u>73,770</u>	<u>77,221</u>	<u>86,535</u>	<u>161,047</u>	<u>160,305</u>
General Revenues:						
Property Taxes	25,736	24,082	-	-	25,736	24,082
Other Taxes	65,709	44,669	-	-	65,709	44,669
Other General Revenues	1,700	1,629	185	1,845	1,885	3,474
Total General Revenues	<u>93,145</u>	<u>70,380</u>	<u>185</u>	<u>1,845</u>	<u>93,330</u>	<u>72,225</u>
Total Revenues	<u>176,971</u>	<u>144,150</u>	<u>77,406</u>	<u>88,380</u>	<u>254,377</u>	<u>232,530</u>
Expenses						
General Government	22,135	14,660	-	-	22,135	14,660
Police	38,346	36,551	-	-	38,346	36,551
Fire	17,849	23,573	-	-	17,849	23,573
Development & Engineering	12,571	11,815	-	-	12,571	11,815
Public Works	19,463	22,336	-	-	19,463	22,336
Parks & Community Services	3,848	4,044	-	-	3,848	4,044
Interest on Long-term Debt	675	1,339	-	-	675	1,339
Water	-	-	21,177	21,458	21,177	21,458
Wastewater	-	-	21,238	18,991	21,238	18,991
Solid Waste	-	-	25,987	25,275	25,987	25,275
Storm Drainage	-	-	2,195	2,610	2,195	2,610
Airport	-	-	1,144	1,363	1,144	1,363
Transit	-	-	5,352	5,485	5,352	5,485
Total Expenses	<u>114,887</u>	<u>114,318</u>	<u>77,093</u>	<u>75,182</u>	<u>191,980</u>	<u>189,500</u>
Changes in net position before transfers and Special Items	62,084	29,832	313	13,198	62,397	43,030
Transfers	(3,609)	(27,355)	3,609	27,355	-	-
Special Item*	-	(2,098)	-	-	-	(2,098)
Change in Net Position	<u>58,475</u>	<u>379</u>	<u>3,922</u>	<u>40,553</u>	<u>62,397</u>	<u>40,932</u>
Net Position, Beginning, as restated	813,985	802,958	460,501	419,948	1,274,486	1,222,906
Net Position, Ending	<u>\$ 872,460</u>	<u>\$ 803,337</u>	<u>\$ 464,423</u>	<u>\$ 460,501</u>	<u>\$ 1,336,883</u>	<u>\$ 1,263,838</u>

* Special Item in fiscal year 2020 was for loss on reimbursement agreement amendment

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Revenues

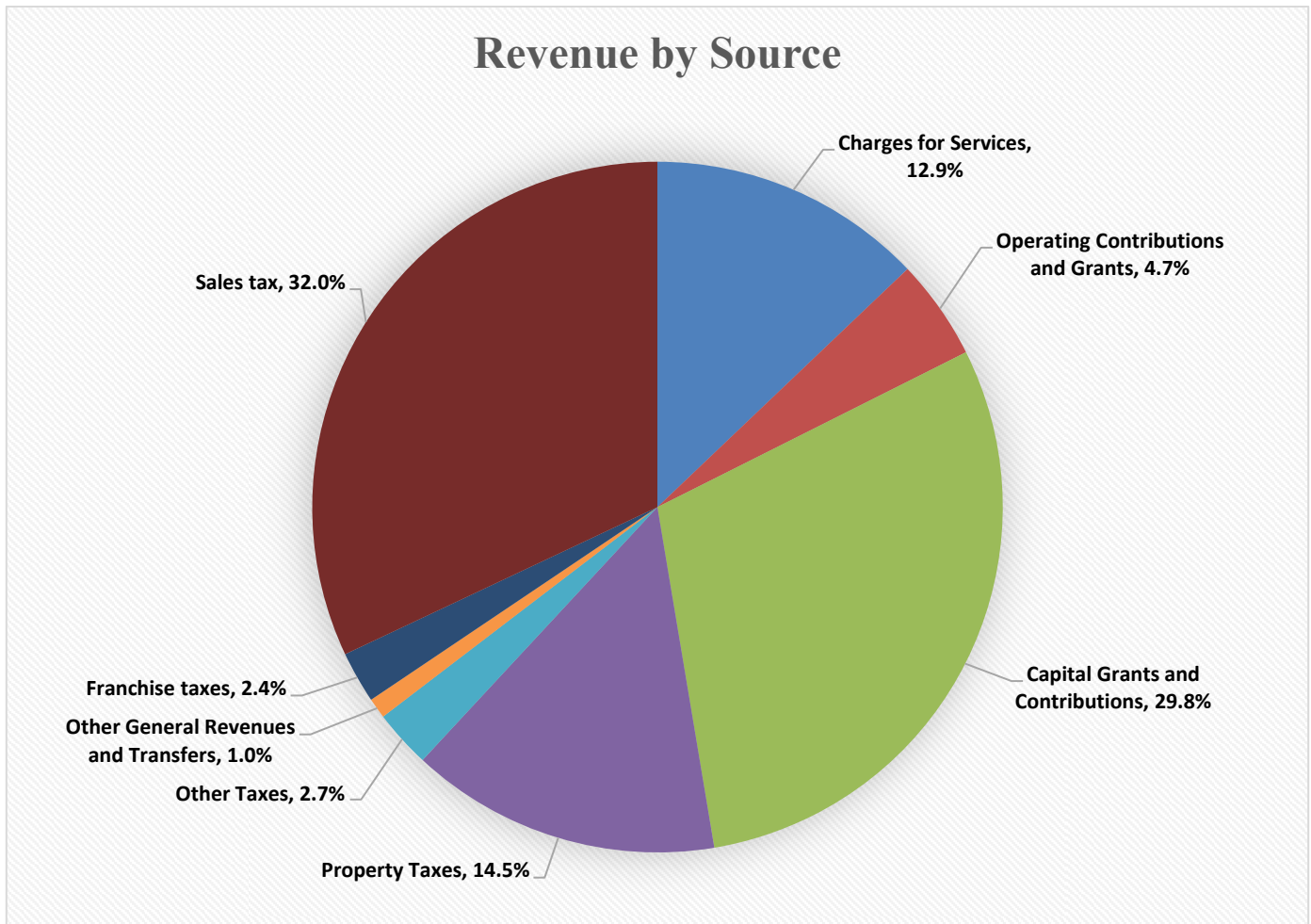
Total revenues increased by \$21.8 million or 9.4%, from \$232.5 million at June 30, 2020 to \$254.3 million at June 30, 2021. Total governmental activity revenues increased by \$32.8 million, largely due to grants. Total governmental general revenues increased by \$22.7 million related to property tax and general sales tax.

Expenses

Total expenses for the City increased by \$2.4 million or 1.3%, from \$189.5 million at June 30, 2020 to \$191.9 million at June 30, 2021. Governmental activities incurred \$114.8 million of expenses while business-type activities incurred \$77.1 million. Of the Governmental Activities, the largest expenses were in Public Safety \$56.2 million; Public Works \$19.5 million; and General Government \$22.1 million.

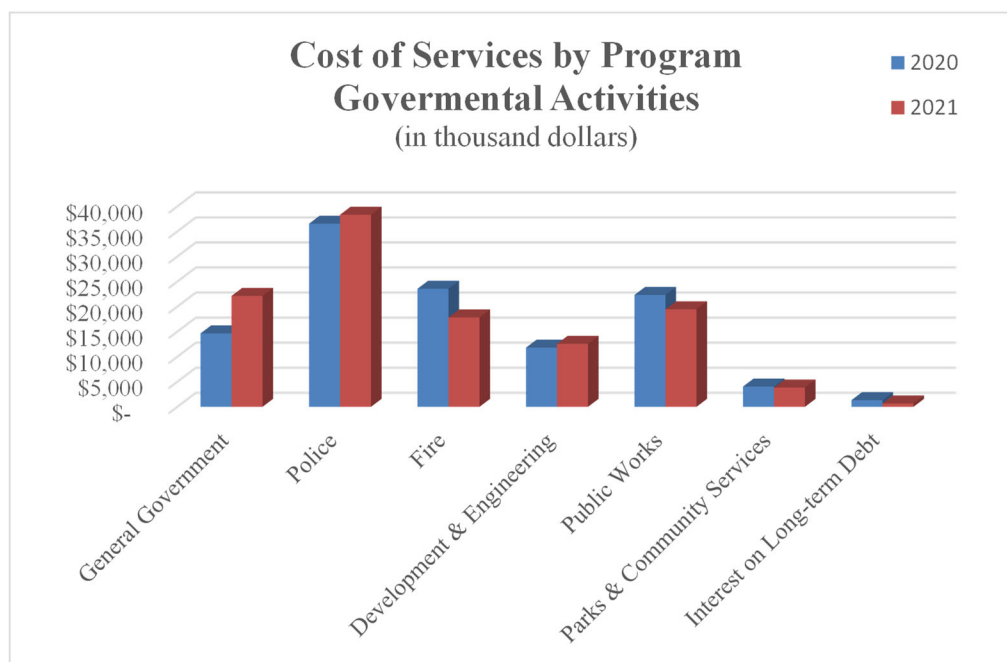
Governmental Activities

Total resources available during the year to finance governmental operations were \$401.1 million consisting of net position at June 30, 2020 of \$227.8 million, program revenues of \$83.8 million and general revenues, net of transfers, in the amount of \$89.5 million. Government Activities revenue is graphed below by the source of funding, followed by the expenses by program.



City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



Changes in Business-Type Activities by Program
Fiscal Year Ended June 30
(in thousands of dollars)

	Business-type Activities	
	2021	2020
Net Revenue (Expense) from Business-type Activities:		
Water	\$ 3,852	\$ 9,676
Wastewater	(4,333)	3,592
Solid Waste	(352)	(2,141)
Drainage	2,775	(1,850)
Airport	(1,658)	1,019
Transit	(155)	1,056
Total Business-type Activities	\$ 129	\$ 11,352

Program revenues of Business-type Activities decreased \$9.3 million or 10.8%, from a total of \$86.5 million at June 30, 2020 to a total of \$77.2 million at June 30, 2021. This was a result of a decrease in capital grants received.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City'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's financing requirements. The classification of spendable fund balances to committed, assigned, and unassigned, is intended to be helpful in measuring the resources available for spending at the end of the fiscal year. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending.

At June 30, 2021, the City's governmental funds reported combined fund balances of \$265.7 million, which is an increase of \$69.1 million or 35.2%, from \$196.6 million at June 30, 2020. Total revenues increased by \$22.6 million or 16%, from \$141.7 million at June 30, 2020 to \$164.4 million at June 30, 2021. Of this total, \$104.9 million was in the General Fund. Total expenditures decreased by \$42.0 million or -28%, from \$149.3 million at June 30, 2020 to \$107.3 million at June 30, 2021. Of this total, \$76.9 million was in the General Fund.

General Fund

At June 30, 2021, the General Fund balance of \$34.0 million, was comprised of \$.04 million in non-spendable balances, \$16.4 million committed funds for contingency/emergency reserve, and \$11.3 million in assigned funds. Included in this amount is \$10.9 million for Economic/Budget stability and \$0.3 million for reappropriation to balance FY20, and \$.02 million for Animal Control Trust. Restricted funds were \$2.3 million for medical leave bank. Unassigned funds at June 30, 2021 were \$4 million. Fund balances have been classified in accordance with generally accepted accounting principles. While amounts have been categorized as unassigned, they may be informally earmarked by the City Council for specific purposes.

Housing Successor Special Revenue Fund

On June 28, 2011 the State of California adopted ABx1 26, amended by AB 1484 on June 27, 2012, which dissolved redevelopment agencies as of January 31, 2012. All assets of the former Redevelopment Agency were transferred as prescribed by law to either the Housing Successor or to the Successor Agency.

The City of Tracy elected to become the Housing Successor and established the Housing Successor Special Revenue Fund to account for the housing assets and activities previously provided by the Tracy Community Development Agency. As of June 30, 2021, the fund balance of the Housing Successor Special Revenue Fund was \$4.9 million.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Community Development Fees Special Revenue Fund

The Community Development Fees Special Revenue Fund had revenues of \$11.2 million, transfers in of \$2.1 million and expenditures of \$12.0 million. The ending fund balance increased from (\$0.4) million at June 30, 2020 to \$0.8 million at June 30, 2021.

CARES/ARPA Grant Fund

The fund balance of the CARES/ARPA Grant Fund increased by \$1.0 million over the prior year. Fund balance was \$0 at June 30, 2020 comparable to \$1.0 million at June 30, 2021.

General Projects Capital Fund

The General Projects Fund had revenues of \$.08 million, transfers in of \$13.1 million, and expenditures of \$0.9 million. The fund balance increased \$12.3 million from \$26.2 million at June 30, 2020 to \$38.5 million at June 30, 2021. Funding for the General Project Fund is transferred from the City's General Fund. Capital project expenses included Larsen Park Improvements (CIP 78157), Corral Hollow Widening I580/Linne (CIP 73161). Future projects include Legacy Fields (1E), the Aquatic Center, and Multi-Generational Gymnasium.

Tracy Infrastructure Master Plan Capital Fund

The Tracy Infrastructure Master Plan (TIMP) Fund had revenues of \$24.7 million and expenditures of \$2.8 million. The fund balance increased \$23.3 million from \$35 million at June 30, 2020 to \$58.3 million at June 30, 2021. TIMP Funds cover areas of the City not covered by their own financing plan. Project expenditures included the Over cross upgrade I580 and Mountain House Parkway (CIP 73147), the Over cross upgrade at I205 and Mountain House Parkway (CIP 73146), and Traffic Signal at Lammers and West Schulte (CIP 72068). Future projects include the Waste Water Treatment Expansion and Water Lines along Lammers Road.

Enterprise Funds

The City's Enterprise Funds provide the same type of information found in the Government-wide Financial Statements, but in more detail. The City's Enterprise Funds are comprised of the Water Utility Fund, the Wastewater Utility Fund, Drainage Fund, Solid Waste Fund, Municipal Airport and Municipal Transit Funds. Enterprise Fund net position totaled \$464.4 million at June 30, 2021. Enterprise operating revenues were \$64.5 million and operating expenses were \$75.9 million in fiscal year 2021. Operating expenses included \$13.5 million in depreciation expense. Future projects include the Wastewater treatment expansion.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Water Fund

The net position of the Water Fund at June 30, 2021 was \$196.8 million, an increase of \$4.6 million over the prior fiscal year. The net position of the Water fund at June 30, 2020 was \$192.2 million. Approximately \$9.3 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$187.5 million. Activities for the year were comprised of \$23.4 million in operating revenues for the current year and \$20.9 million in operating expenses including \$4.6 million in depreciation expense.

Wastewater Fund

The net position of the Wastewater Fund at June 30, 2021 was \$169.4 million, a decrease of \$4 million over the prior fiscal year. The net position of the Wastewater fund at June 30, 2020 was \$173.4 million. Approximately \$26.4 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$143.1 million. Activities for the year were comprised of \$15.1 million in operating revenues for the current year and \$20.2 million in operating expenses including \$5.7 million in depreciation expense.

Solid Waste Fund

The net position of the Solid Waste Fund at June 30, 2021 was \$14.1 million, a decrease of \$1.7 million over the prior fiscal year. The net position of the Solid Waste fund at June 30, 2020 was \$15.8 million. The Fund's net position was unrestricted at the end of the fiscal year. Activities for the year were comprised of \$24.3 million in operating revenues for the current year and \$26.0 million in operating expense.

Drainage Fund

The net position of the Drainage Fund at June 30, 2021 was \$51.1 million, an increase of \$2.1 million over the prior fiscal year. The net position of the Drainage fund at June 30, 2020 was \$49 million. Approximately \$(0.6) million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$51.7 million. Activities for the year were comprised of \$.7 million in operating revenues for the current year and \$2.2 million in operating expenses including \$1.6 million in depreciation expenses.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the General Fund totaled \$75.1 million. The difference in appropriations between the original budget and the final amended budget was -\$2 million, largely due to various programming not offered during the pandemic. At the end of the fiscal year, the total actual expenses of the General Fund were \$76.9 million; the General Fund's assigned fund balance reappropriations were \$0.3 million for items that began in 2021 but remained in progress in 2022.

CAPITAL ASSETS

At the end of fiscal 2021, the City had \$1.1 billion, net of depreciation, invested in a broad range of capital assets used in governmental and business type activities, as shown below. During fiscal year 2017, the City completed a full physical inventory of its capital assets that included determining the historical cost or acquisition value and accumulated depreciation. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are valued at their estimated acquisition value on the date of contribution.

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Non-depreciable assets						
Land	\$ 179,311	\$ 177,773	\$ 19,057	\$ 18,292	\$ 198,368	\$ 196,065
Streets and Roads	320,140	305,042	-	-	320,140	305,042
Construction in-Progress	33,214	45,215	54,686	55,957	87,900	101,172
Total	532,665	528,030	73,743	74,249	606,408	602,279
Depreciable assets						
Buildings and Improvements	143,616	134,076	169,888	169,452	313,504	303,528
Improvements	49,515	46,556	3,571	3,571	53,086	50,127
Grading, Curbs & Gutters	32,135	32,130	-	-	32,135	32,130
Sidewalks & Driveway Approaches						
Traffic Signals	27,150	23,026	-	-	27,150	23,026
Equipment	35,506	34,366	44,678	44,703	80,184	79,069
Infrastructure	12,219	12,219	368,706	342,085	380,925	354,304
Intangible Assets	973	610	72,883	72,883	73,856	73,493
Less: accumulated						
depreciation	(159,042)	(150,858)	(292,286)	(278,799)	(451,328)	(429,657)
Net depreciable assets	142,072	132,125	367,440	353,895	509,512	486,020
Total Capital Assets	\$ 674,737	\$ 660,155	\$ 441,183	\$ 428,144	\$ 1,115,920	\$ 1,088,299

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

CAPITAL ASSETS (CONTINUED)

The City depreciates all its capital assets over their estimated useful lives, except for roads, which are reported using the Modified Approach. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in Note 1 to the financial statements. The Modified Approach requires the City to employ an asset management system that maintains a current inventory of these assets, estimates annual costs to maintain them, and assesses the condition of the assets in a replicable way.

The City has elected to use the modified approach discussed above with respect to its roads, most of which are relatively new. The City's policy is to maintain these roads at an overall condition index level averaging 69, instead of providing depreciation. During fiscal year 2021, the City expended \$7,827,339 to preserve its roads, and the condition index level was 69. The City estimates that it will be required to expend approximately \$10,175,540 in fiscal year 2022 to maintain its roads at a condition level of 69.

DEBT SERVICE ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 8 in the Notes to the Basic Financial Statements. The City's Governmental Activities long-term debt outstanding decreased by \$0.6 million or -2.8%, from \$21.7 million at June 30, 2020 to \$21.1 million at June 30, 2021. The City's long debt outstanding decreased by \$1.9 million or -6.3%, from \$30.7 million at June 30, 2020 to \$28.7 million at June 30, 2021, in debt associated with Business-Type Activities.

Outstanding Debt
Fiscal Year Ended June 30
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
2020 Lease Revenue Refunding Bonds 3%-4%	\$ 17,635	\$ 18,190	\$ -	\$ -	\$ 17,635	\$ 18,190
2020 Lease Revenue Refunding Bonds Premium	3,455	3,501	-	-	3,455	3,501
2004 Wastewater Revenue Bonds	-	-	21,175	22,050	21,175	22,050
State of California-Department of Health Services Loan	-	-	7,544	8,607	7,544	8,607
Total Long-Term Debt	\$ 21,090	\$ 21,691	\$ 28,719	\$ 30,657	\$ 49,809	\$ 52,348

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

Throughout fiscal year 2020-21, the City's economic development continued to grow through expansion of several existing businesses, construction of new distribution facilities, and office space, and the opening of new retail businesses. Property tax revenues steadily increased as a result of new residential and commercial development and higher property values. The City's property tax revenue increased by \$1.6 million, or 7% over fiscal year 2019-2020 and is expected to continue to grow by 5% annually over the next 3-5 years. General Fund revenues saw an increase over the prior fiscal year as a result of a recent change in tax reporting by a predominant e-commerce business located within Tracy. The estimated revenues from the reporting change are expected to grow an average of \$5 million per quarter.

During FY2020-21, the City received over \$8.5 million in Federal CARES and ARPA stimulus funding. These funds will be used to offset the impacts of the COVID-19 pandemic within the City of Tracy. The City has positioned itself well by building financial reserves, adopting strong fiscal policies, and passing important revenue measures to support City services. Over the next year, staff will continue to evaluate many options to balance resources and ensure Council priorities are met. More detail about the City's economic outlook is discussed in the accompanying transmittal letter.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the Finance Department, at 333 Civic Center Plaza, Tracy, CA 95376.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Tracy
Statement of Net Position
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Joaquin County Fire Authority
ASSETS				
Current assets:				
Cash and investments	\$ 285,127,287	\$ 50,065,985	\$ 335,193,272	\$ 8,087,283
Cash and investments with fiscal agents	3	8	11	-
Accounts receivable, net	22,045,916	20,051,263	42,097,179	790,983
Interest receivable	547,070	113,820	660,890	-
Deposits	1,000,000	-	1,000,000	-
Inventory	-	570,994	570,994	-
Due from Fiduciary Funds	5,192,100	-	5,192,100	-
Internal balances	2,565,369	(2,565,369)	-	-
Due from Component Unit	8,719,171	-	8,719,171	-
Total current assets	<u>325,196,916</u>	<u>68,236,701</u>	<u>393,433,617</u>	<u>8,878,266</u>
Noncurrent assets:				
Loans receivable	14,274,466	-	14,274,466	-
Capital assets:				
Non-depreciable	532,665,133	73,743,061	606,408,194	-
Depreciable, net	142,071,407	367,439,756	509,511,163	-
Total capital assets, net	<u>674,736,540</u>	<u>441,182,817</u>	<u>1,115,919,357</u>	<u>-</u>
Total noncurrent assets	<u>689,011,006</u>	<u>441,182,817</u>	<u>1,130,193,823</u>	<u>-</u>
Total assets	<u>1,014,207,922</u>	<u>509,419,518</u>	<u>1,523,627,440</u>	<u>8,878,266</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	467,642	23,122	490,764	-
Related to pensions	23,586,486	2,734,015	26,320,501	-
Total deferred outflows of resources	<u>24,054,128</u>	<u>2,757,137</u>	<u>26,811,265</u>	<u>-</u>

City of Tracy
Statement of Net Position (Continued)
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Joaquin County Fire Authority
LIABILITIES				
Current liabilities:				
Accounts payable	10,132,623	3,860,995	13,993,618	159,095
Accrued payroll	5,671,644	456,636	6,128,280	-
Deposits	12,579,485	83,000	12,662,485	-
Interest payable	121,568	1,450,364	1,571,932	-
Unearned revenue	12,034,365	91,397	12,125,762	-
Due to Primary Government	-	-	-	8,719,171
Sick leave conversion - due within one year	785,367	-	785,367	-
Compensated absences - due within one year	1,562,838	285,678	1,848,516	-
Long-term debt - due within one year	595,000	2,002,711	2,597,711	-
Total current liabilities	43,482,890	8,230,781	51,713,671	8,878,266
Noncurrent liabilities:				
Total OPEB liability	6,051,636	299,223	6,350,859	-
Aggregate net pension liability	88,339,386	11,749,890	100,089,276	-
Sick leave conversion - due in more than one year	3,141,469	-	3,141,469	-
Compensated absences - due in more than one year	3,083,512	658,080	3,741,592	-
Long-term debt - due in more than one year	20,495,106	26,716,524	47,211,630	-
Total noncurrent liabilities	121,111,109	39,423,717	160,534,826	-
Total liabilities	164,593,999	47,654,498	212,248,497	8,878,266
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	1,108,192	54,795	1,162,987	-
Related to pensions	529,485	43,367	572,852	-
Total deferred inflows of resources	1,637,677	98,162	1,735,839	-
NET POSITION				
Net investment in capital assets	653,646,434	412,463,582	1,066,110,016	-
Restricted:				
Debt service	6,849,329	8	6,849,337	-
Public safety	1,012,314	-	1,012,314	-
Streets and roads	12,561,369	-	12,561,369	-
Community development	1,720,077	-	1,720,077	-
Special districts	9,186,208	-	9,186,208	-
Projects	168,500,226	-	168,500,226	-
Housing services	17,300,198	-	17,300,198	-
Total restricted	217,129,721	8	217,129,729	-
Unrestricted (deficit)	1,254,219	51,960,405	53,214,624	-
Total net position	\$ 872,030,374	\$ 464,423,995	\$ 1,336,454,369	\$ -

City of Tracy
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government					
Economic development	\$ 1,965,780	\$ 145	\$ 111,258	\$ 1,591,714	\$ 1,703,117
General government	12,137,078	7,667,224	-	50,754	7,717,978
Finance	5,122,963	-	-	-	-
Non-departmental	2,909,677	213,398	71,568	192,074	477,040
Public safety					
Police	38,345,009	846,376	505,726	569,915	1,922,017
Fire	17,848,516	-	-	-	-
Public ways and facilities					
Development and engineering	12,570,957	11,151,348	20,000	-	11,171,348
Public works	19,463,144	2,721,400	7,620,990	49,729,835	60,072,225
Community development					
Parks and community services	3,848,103	222,446	-	539,026	761,472
Interest and fiscal charges	674,822	-	-	-	-
Total governmental activities	114,886,049	22,822,337	8,329,542	52,673,318	83,825,197
Business-type activities:					
Water	21,176,505	23,405,580	-	1,622,986	25,028,566
Wastewater	21,237,582	15,051,361	-	1,853,262	16,904,623
Solid waste	25,986,333	24,309,501	-	19,099	24,328,600
Drainage	2,195,402	749,475	-	1,093,879	1,843,354
Municipal airport	1,143,965	854,122	-	134,673	988,795
Municipal transit	5,352,359	62,390	6,988,106	1,077,010	8,127,506
Total business-type activities	77,092,146	64,432,429	6,988,106	5,800,909	77,221,444
Total primary government	\$ 191,978,195	\$ 87,254,766	\$ 15,317,648	\$ 58,474,227	\$ 161,046,641
Component unit:					
South San Joaquin County Fire Authority	\$ 23,542,488	\$ 1,920,578	\$ 21,588,976	\$ -	\$ 23,509,554
Total component unit	\$ 23,542,488	\$ 1,920,578	\$ 21,588,976	\$ -	\$ 23,509,554

City of Tracy
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Joaquin County Fire Authority
Primary government:				
Governmental activities:				
General government				
Economic development	\$ (262,663)	\$ -	\$ (262,663)	\$ -
General government	(4,419,100)	-	(4,419,100)	-
Finance	(5,122,963)	-	(5,122,963)	-
Non-departmental	(2,432,637)	-	(2,432,637)	-
Public safety				
Police	(36,422,992)	-	(36,422,992)	-
Fire	(17,848,516)	-	(17,848,516)	-
Public ways and facilities				
Development and engineering	(1,399,609)	-	(1,399,609)	-
Public works	40,609,081	-	40,609,081	-
Community development				
Parks and community services	(3,086,631)	-	(3,086,631)	-
Interest and fiscal charges	(674,822)	-	(674,822)	-
Total governmental activities	<u>(31,060,852)</u>	<u>-</u>	<u>(31,060,852)</u>	<u>-</u>
Business-type activities:				
Water	-	3,852,061	3,852,061	-
Wastewater	-	(4,332,959)	(4,332,959)	-
Solid waste	-	(1,657,733)	(1,657,733)	-
Drainage operations	-	(352,048)	(352,048)	-
Municipal airport	-	(155,170)	(155,170)	-
Municipal transit	-	2,775,147	2,775,147	-
Total business-type activities	<u>-</u>	<u>129,298</u>	<u>129,298</u>	<u>-</u>
Total primary government	<u>(31,060,852)</u>	<u>129,298</u>	<u>(30,931,554)</u>	<u>-</u>
Component unit:				
South San Joaquin County Fire Authority	-	-	-	(32,934)
Total component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,934)</u>
General Revenues and Transfers:				
General revenues:				
Taxes:				
Property taxes	25,735,540	-	25,735,540	-
Sales and use taxes	56,648,873	-	56,648,873	-
Franchise taxes	4,257,868	-	4,257,868	-
Transient occupancy tax	1,702,313	-	1,702,313	-
Business license tax	1,016,050	-	1,016,050	-
Transfer tax	2,084,113	-	2,084,113	-
Total taxes	<u>91,444,757</u>	<u>-</u>	<u>91,444,757</u>	<u>-</u>
Motor vehicle in lieu, unrestricted	70,359	-	70,359	-
Investment income (loss)	241,790	144,421	386,211	32,934
Gain on sale of capital assets	-	20,200	20,200	-
Other income	1,388,191	20,021	1,408,212	-
Transfers	<u>(3,609,360)</u>	<u>3,609,360</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>89,535,737</u>	<u>3,794,002</u>	<u>93,329,739</u>	<u>32,934</u>
Change in net position	<u>58,474,885</u>	<u>3,923,300</u>	<u>62,398,185</u>	<u>-</u>
Net Position:				
Beginning of year, as restated (Note 20)	<u>813,555,489</u>	<u>460,500,695</u>	<u>1,274,056,184</u>	<u>-</u>
End of year	<u>\$ 872,030,374</u>	<u>\$ 464,423,995</u>	<u>\$ 1,336,454,369</u>	<u>\$ -</u>

See accompanying Notes to the Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

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Governmental Funds Financial Statements

General Fund - This fund is used to account for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

Housing Successor Special Revenue Fund - This fund is used to accounts for the revenues and expenditures of the Housing Successor Agency. This fund was established to account for housing activities assumed by the City from the former Tracy Community Development Agency and revenues and expenditures related to the low and moderate income housing program.

Community Development Fees Special Revenue Fund - This fund is used to account for restricted revenues and specific activities of the Building, Engineering and Planning Divisions.

CARES/ARPA Grants Special Revenue Fund - This fund accounts for the grant revenues and expenditures received through the CARES act and the American Rescue Plan act.

General Project Capital Projects Fund - This fund is used to account for the construction of the capital project financed through transfers from the General Fund.

Tracy Infrastructure Master Plans Capital Projects Fund - This fund is used to account for construction projects within Tracy Infrastructure Master Plan. The Tracy Infrastructure Master Plans were approved in 2012 and 2013 and cover all subsequent new development in areas of the City not covered by their own financing plan. Capital development fees are levied on developments in these areas and expenditures for various capital facilities to support the developments are accounted for in six functional categories.

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City of Tracy
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds			
	General Fund	Housing Successor Fund	Community Development Fees Fund	CARES/ARPA Fund
ASSETS				
Cash and investments	\$ 12,032,304	\$ 4,947,045	\$ 7,142,489	\$ 8,430,388
Cash and investments with fiscal agents	-	-	-	-
Accounts receivable, net	18,638,260	-	1,950,161	-
Interest receivable	109,559	9,867	24,013	-
Due from other funds	2,869,971	-	-	-
Deposits	-	-	-	-
Loans receivable	69,270	12,396,246	-	-
Due from Fiduciary Funds	-	-	-	-
Due from Component Unit	8,719,171	-	-	-
Total assets	\$ 42,438,535	\$ 17,353,158	\$ 9,116,663	\$ 8,430,388
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,908,630	\$ 52,960	\$ 1,217,184	\$ 1,257
Accrued payroll	5,201,160	-	233,522	2,005
Due to other funds	-	-	-	-
Deposits payable	189,139	-	2,292,138	-
Unearned revenues	80,082	-	4,477,550	7,399,274
Total liabilities	8,379,011	52,960	8,220,394	7,402,536
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	29,270	12,396,246	-	-
Total deferred inflows of resources	29,270	12,396,246	-	-
Fund Balances:				
Nonspendable	40,000	-	-	-
Restricted	2,348,064	4,903,952	896,269	1,027,852
Committed	16,401,047	-	-	-
Assigned	11,277,089	-	-	-
Unassigned (deficit)	3,964,054	-	-	-
Total fund balances	34,030,254	4,903,952	896,269	1,027,852
Total liabilities, deferred inflows of resources, and fund balances	\$ 42,438,535	\$ 17,353,158	\$ 9,116,663	\$ 8,430,388

City of Tracy
Balance Sheet (Continued)
Governmental Funds
June 30, 2021

	Major Funds			
	General Capital Projects Fund	Tracy Infrastructure Master Plans Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 40,657,791	\$ 60,511,784	\$ 137,209,661	\$ 270,931,462
Cash and investments with fiscal agents	-	-	3	3
Accounts receivable, net	61,911	201,089	1,126,495	21,977,916
Interest receivable	-	117,780	257,940	519,159
Due from other funds	-	-	2,139,931	5,009,902
Deposits	-	-	1,000,000	1,000,000
Loans receivable	-	-	1,808,950	14,274,466
Due from Fiduciary Funds	-	-	5,192,100	5,192,100
Due from Component Unit	-	-	-	8,719,171
Total assets	\$ 40,719,702	\$ 60,830,653	\$ 148,735,080	\$ 327,624,179
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,461,389	\$ 2,503,005	\$ 1,712,581	\$ 9,857,006
Accrued payroll	1,363	2,516	101,816	5,542,382
Due to other funds	-	-	2,444,533	2,444,533
Deposits payable	749,191	-	9,342,259	12,572,727
Unearned revenues	-	-	77,459	12,034,365
Total liabilities	2,211,943	2,505,521	13,678,648	42,451,013
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	7,001,050	19,426,566
Total deferred inflows of resources	-	-	7,001,050	19,426,566
Fund Balances:				
Nonspendable	-	-	-	40,000
Restricted	-	58,325,132	130,231,156	197,732,425
Committed	-	-	-	16,401,047
Assigned	38,507,759	-	-	49,784,848
Unassigned (deficit)	-	-	(2,175,774)	1,788,280
Total fund balances	38,507,759	58,325,132	128,055,382	265,746,600
Total liabilities, deferred inflows of resources, and fund balances	\$ 40,719,702	\$ 60,830,653	\$ 148,735,080	\$ 327,624,179

City of Tracy
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2021

Total Fund Balances - Total Governmental Funds	<u>\$ 265,746,600</u>
Amounts reported for Governmental Activities in the Statement of Net Position were different because	
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.	<u>19,426,566</u>
Capital Assets used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Government-Wide Statement of Net Position	674,736,540
Less: capital assets reported in Internal Service Funds	<u>(11,607,564)</u>
Total capital assets	<u>663,128,976</u>
Long-term liabilities are not due and payable in the current period and therefore were not reported in the Governmental Funds Balance Sheet.	
Amount reported in Government-Wide Statement of Net Position	
Sick leave conversion - due within one year	(785,367)
Sick leave conversion - due in more than one year	(3,141,469)
Compensated absences - due within one year	(1,562,838)
Compensated absences - due in more than one year	(3,083,512)
Long-term debt - due within one year	(595,000)
Long-term debt - due in more than one year	(20,495,106)
Less: amount reported in Internal Service Funds:	
Compensated absences - due within one year	85,843
Compensated absences - due in more than one year	<u>277,010</u>
Total long-term liabilities	<u>(29,300,439)</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.	<u>(121,568)</u>
Aggregate net pension liability and total OPEB liability used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Total OPEB liability	(6,051,636)
Net pension liability	(88,339,386)
Less: amount reported in Internal Service Funds:	
Total OPEB liability	208,553
Net pension liability	<u>3,420,090</u>
Total OPEB/pension liability	<u>(90,762,379)</u>
Deferred outflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred outflows of resources related to OPEB	467,642
Deferred outflows of resources related to pensions	23,586,486
Less: amount reported in Internal Service Funds:	
Deferred outflows of resources related to OPEB	(16,117)
Deferred outflows of resources related to pensions	<u>(795,801)</u>
Total deferred outflows of resources	<u>23,242,210</u>
Deferred inflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred inflows of resources related to OPEB	(1,108,192)
Deferred inflows of resources related to pensions	(529,485)
Less: amount reported in Internal Service Funds:	
Deferred inflows of resources related to OPEB	38,191
Deferred inflows of resources related to pensions	<u>12,624</u>
Total deferred inflows of resources	<u>(1,586,862)</u>
Internal service funds are used by management to charge the cost of fleet management, risk management, information technology, and building maintenance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	<u>22,257,270</u>
Net Position of Governmental Activities	<u><u>\$ 872,030,374</u></u>

City of Tracy
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds			
	General Fund	Housing Successor Fund	Community Development Fees Fund	CARES/ARPA Fund
REVENUES:				
Taxes	\$ 86,616,285	\$ -	\$ -	\$ -
Licenses, permits and fees	4,554,069	-	5,295,336	-
Fines and penalties	779,652	-	-	-
Investment income (loss)	253,920	75,160	51,621	-
Intergovernmental	861,444	-	-	1,184,473
Charges for current services	10,264,482	-	5,852,738	-
Special assessments	454,147	-	-	-
Contributions	155,698	-	-	-
Other revenue	1,020,172	19,288	3,274	-
Total revenues	104,959,869	94,448	11,202,969	1,184,473
EXPENDITURES:				
Current:				
General government				
Economic development	1,146,152	-	-	-
General government	7,659,534	-	-	-
Finance	5,122,963	-	-	-
Non-departmental	1,498,300	-	891,540	-
Public safety				
Police	35,188,494	-	-	77,994
Fire	15,854,221	-	-	78,627
Public ways and facilities				
Development and engineering	265,249	-	11,133,223	-
Public works	7,083,249	-	-	-
Community development				
Parks and community services	3,038,091	-	-	-
Capital outlay	-	53,460	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	76,856,253	53,460	12,024,763	156,621
REVENUES OVER (UNDER) EXPENDITURES	28,103,616	40,988	(821,794)	1,027,852
OTHER FINANCING SOURCES (USES):				
Transfers in	56,230	-	2,088,186	-
Transfers out	(17,176,542)	-	-	-
Total other financing sources (uses)	(17,120,312)	-	2,088,186	-
NET CHANGE IN FUND BALANCES	10,983,304	40,988	1,266,392	1,027,852
FUND BALANCES:				
Beginning of year, as restated (Note 20)	23,046,950	4,862,964	(370,123)	-
End of year	\$ 34,030,254	\$ 4,903,952	\$ 896,269	\$ 1,027,852

City of Tracy
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds			
	General Capital Projects Fund	Tracy Infrastructure Master Plans Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ -	\$ -	\$ 2,009,868	\$ 88,626,153
Licenses, permits and fees	-	-	165,834	10,015,239
Fines and penalties	-	-	317,827	1,097,479
Investment income (loss)	16,448	109,418	(23,153)	483,414
Intergovernmental	61,911	201,089	5,912,216	8,221,133
Charges for current services	-	24,407,461	9,605,452	50,130,133
Special assessments	-	-	3,850,506	4,304,653
Contributions	-	-	-	155,698
Other revenue	-	-	310,457	1,353,191
Total revenues	78,359	24,717,968	22,149,007	164,387,093
EXPENDITURES:				
Current:				
General government				
Economic development	-	-	819,628	1,965,780
General government	-	-	-	7,659,534
Finance	-	-	-	5,122,963
Non-departmental	-	-	519,837	2,909,677
Public safety				
Police	-	-	668,995	35,935,483
Fire	-	-	-	15,932,848
Public ways and facilities				
Development and engineering	-	-	1,014,303	12,412,775
Public works	-	-	4,913,822	11,997,071
Community development				
Parks and community services	-	-	-	3,038,091
Capital outlay	903,194	2,763,079	5,388,447	9,108,180
Debt service:				
Principal	-	-	555,000	555,000
Interest and fiscal charges	-	-	719,665	719,665
Total expenditures	903,194	2,763,079	14,599,697	107,357,067
REVENUES OVER (UNDER) EXPENDITURES	(824,835)	21,954,889	7,549,310	57,030,026
OTHER FINANCING SOURCES (USES):				
Transfers in	13,721,318	1,782,150	2,840,869	20,488,753
Transfers out	(581,750)	(399,473)	(6,404,445)	(24,562,210)
Total other financing sources (uses)	13,139,568	1,382,677	(3,563,576)	(4,073,457)
NET CHANGE IN FUND BALANCES	12,314,733	23,337,566	3,985,734	52,956,569
FUND BALANCES:				
Beginning of year, as restated (Note 20)	26,193,026	34,987,566	124,069,648	212,790,031
End of year	\$ 38,507,759	\$ 58,325,132	\$ 128,055,382	\$ 265,746,600

City of Tracy
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2021

Total Fund Balances - Total Governmental Funds	\$ 52,956,569
Amounts reported for Governmental Activities in the Statement of Net Position were 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 expenses. This is the amount of capital assets recorded in the current period (net of \$3,235,246 added in internal service funds) (\$639,630 of the governmental fund capital outlay balance were for repairs and maintenance expenditures).	8,468,550
In the Government-Wide Statement of Activities, donated assets are reported as a capital contribution.	12,807,453
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense, net of internal service funds of \$1,789,470, was not reported as expenditures in the Governmental Funds.	(8,125,763)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net position.	(14,675)
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	555,000
Amortization of bond premium	46,069
Interest expense 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.	(1,226)
Sick leave conversion 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.	(737,753)
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, net of \$58,412 in internal service funds.	(110,947)
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.	(744,208)
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, net of \$194,961 in internal service funds	3,776,415
Changes in net pension liabilities, net of \$911,129 in internal service funds	(9,701,271)
Changes in pension related deferred inflows of resources, net of \$30,377 in internal service funds	2,694,308
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, net of \$778 in internal service funds	8,550
Changes in total OPEB liabilities, net of \$15,184 in internal service funds	(179,790)
Changes in OPEB related deferred inflows of resources, net of \$20,296 in internal service funds	(612,994)
The internal service funds are used by management to charge the costs of fleet maintenance, facilities maintenance, and technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(2,609,402)
Change in Net Position of Governmental Activities	<u><u>\$ 58,474,885</u></u>

Proprietary Funds Financial Statements

Water Fund - This fund is used to account for provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including administrative, operations, capital improvements, maintenance, financing, and related debt service, and billing and collection.

Wastewater Fund - This fund is used to account for the activities associated with operating and maintaining the City's sewer and surface drainage system. All activities necessary to provide such services are accounted for in this fund including administration, operations, capital improvements, maintenance, financing, and related debt service, and billing and collection.

Solid Waste Fund - This fund is used to account for the provision of refuse collection services to residents of the City, accomplished through a franchised operator. This fund is also used to account for the activities of the City's recycling program.

Drainage Fund - This fund is used to account for the activities of the City's storm drainage operations are accounted for in this fund.

Internal Service Funds - These funds are used to provide goods and services by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

City of Tracy
Statement of Net Position
Proprietary Funds
June 30, 2021

	Major Funds			
	Water Fund	Wastewater Fund	Solid Waste Fund	Drainage Fund
ASSETS				
Current assets:				
Cash and investments	\$ 11,289,119	\$ 26,739,391	\$ 11,805,460	\$ 232,015
Cash and investments with fiscal agents	-	8	-	-
Accounts receivable, net	5,068,678	3,382,796	5,069,016	120,502
Interest receivable	22,652	66,012	24,690	466
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Inventories	570,994	-	-	-
Total current assets	16,951,443	30,188,207	16,899,166	352,983
Noncurrent assets:				
Advances from other funds	-	2,006,600	-	-
Capital assets:				
Non-depreciable	5,026,835	41,953,039	-	16,819,144
Depreciable, net	189,998,733	122,278,057	-	34,860,299
Total capital assets, net	195,025,568	164,231,096	-	51,679,443
Total noncurrent assets	195,025,568	166,237,696	-	51,679,443
Total assets	211,977,011	196,425,903	16,899,166	52,032,426
DEFERRED OUTFLOW OF RESOURCES				
Related to OPEB	8,414	8,852	1,963	521
Related to pensions	1,002,040	1,254,710	250,510	62,628
Total deferred outflow of resources	1,010,454	1,263,562	252,473	63,149
LIABILITIES				
Current liabilities:				
Accounts payable	965,846	754,972	1,833,100	11,423
Accrued payroll	175,740	199,591	43,049	11,464
Due to other funds	-	-	-	-
Interest payable	-	83,000	-	-
Deposits payable	706,112	500	-	688,969
Unearned revenue	-	-	29,690	-
Compensated absences - due within one year	105,381	128,613	25,079	7,384
Long-term debt - due within one year	1,087,711	915,000	-	-
Total current liabilities	3,040,790	2,081,676	1,930,918	719,240
Noncurrent liabilities:				
Advances from other funds	2,006,600	-	-	-
Net OPEB liability	108,879	114,551	25,410	6,750
Net pension liability	4,306,437	5,392,327	1,076,609	269,152
Compensated absences - due in more than one year	223,038	335,700	49,901	15,665
Long term debt - due in more than one year	6,456,524	20,260,000	-	-
Total noncurrent liabilities	13,101,478	26,102,578	1,151,920	291,567
Total liabilities	16,142,268	28,184,254	3,082,838	1,010,807
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	19,938	20,977	4,653	1,237
Related to pensions	15,894	19,902	3,974	993
Total deferred inflows of resources	35,832	40,879	8,627	2,230
NET POSITION				
Net investment in capital assets	187,481,333	143,056,096	-	51,679,443
Restricted	-	8	-	-
Unrestricted (deficit)	9,328,032	26,408,228	14,060,174	(596,905)
Total net position	\$ 196,809,365	\$ 169,464,332	\$ 14,060,174	\$ 51,082,538

See accompanying Notes to the Basic Financial Statements.

City of Tracy
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2021

	Non-major Funds	Total	Governmental Activities Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ -	\$ 50,065,985	\$ 14,195,825
Cash and investments with fiscal agents	-	8	-
Accounts receivable, net	6,410,271	20,051,263	68,000
Interest receivable	-	113,820	27,911
Due from other funds	-	-	-
Prepaid items	-	-	-
Inventories	-	570,994	-
Total current assets	6,410,271	70,802,070	14,291,736
Noncurrent assets:			
Advances from other funds	-	2,006,600	-
Capital assets:			
Non-depreciable	9,944,043	73,743,061	-
Depreciable, net	20,302,667	367,439,756	11,607,564
Total capital assets, net	30,246,710	441,182,817	11,607,564
Total noncurrent assets	30,246,710	443,189,417	11,607,564
Total assets	36,656,981	513,991,487	25,899,300
DEFERRED OUTFLOW OF RESOURCES			
Related to OPEB	3,372	23,122	16,117
Related to pensions	164,127	2,734,015	795,801
Total deferred outflow of resources	167,499	2,757,137	811,918
LIABILITIES			
Current liabilities:			
Accounts payable	295,654	3,860,995	275,617
Accrued payroll	26,792	456,636	129,262
Due to other funds	2,565,369	2,565,369	-
Interest payable	-	83,000	-
Deposits payable	54,783	1,450,364	6,758
Unearned revenue	61,707	91,397	-
Compensated absences - due within one year	19,221	285,678	85,843
Long-term debt - due within one year	-	2,002,711	-
Total current liabilities	3,023,526	10,796,150	497,480
Noncurrent liabilities:			
Advances from other funds	-	2,006,600	-
Net OPEB liability	43,633	299,223	208,553
Net pension liability	705,365	11,749,890	3,420,090
Compensated absences - due in more than one year	33,776	658,080	277,010
Long term debt - due in more than one year	-	26,716,524	-
Total noncurrent liabilities	782,774	41,430,317	3,905,653
Total liabilities	3,806,300	52,226,467	4,403,133
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	7,990	54,795	38,191
Related to pensions	2,604	43,367	12,624
Total deferred inflows of resources	10,594	98,162	50,815
NET POSITION			
Net investment in capital assets	30,246,710	412,463,582	11,607,564
Restricted	-	8	-
Unrestricted (deficit)	2,760,876	51,960,405	10,649,706
Total net position	\$ 33,007,586	\$ 464,423,995	\$ 22,257,270

City of Tracy
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Major Funds			
	Water Fund	Wastewater Fund	Solid Waste Fund	Drainage Fund
OPERATING REVENUES:				
Sales and charges for services	\$ 23,405,580	\$ 15,051,361	\$ 24,309,501	\$ 749,475
Other operating revenue	-	-	-	-
Total operating revenues	23,405,580	15,051,361	24,309,501	749,475
OPERATING EXPENSES:				
Purchase of water	5,084,814	-	-	-
Maintenance and operation	10,175,760	11,497,160	23,795,360	565,033
Administration	1,128,280	2,987,962	2,190,973	(1,728)
Insurance costs and claims	-	-	-	-
Depreciation	4,585,829	5,735,509	-	1,632,097
Total operating expenses	20,974,683	20,220,631	25,986,333	2,195,402
OPERATING INCOME (LOSS)	2,430,897	(5,169,270)	(1,676,832)	(1,445,927)
NONOPERATING REVENUES (EXPENSES):				
Operating grants	-	-	-	-
Capital grants	-	-	19,099	-
Investment income (loss)	43,767	150,155	(44,946)	694
Interest expense	(201,822)	(1,016,951)	-	-
Gain on sale of capital assets	8,900	-	-	-
Total nonoperating revenues (expenses)	(149,155)	(866,796)	(25,847)	694
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,281,742	(6,036,066)	(1,702,679)	(1,445,233)
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	1,622,986	1,853,262	-	1,093,879
Transfers in	706,178	276,145	-	2,476,837
Total capital contributions and transfers	2,329,164	2,129,407	-	3,570,716
Changes in net position	4,610,906	(3,906,659)	(1,702,679)	2,125,483
NET POSITION:				
Beginning of year	192,198,459	173,370,991	15,762,853	48,957,055
End of year	<u>\$ 196,809,365</u>	<u>\$ 169,464,332</u>	<u>\$ 14,060,174</u>	<u>\$ 51,082,538</u>

City of Tracy
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Non-major Funds	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES:			
Sales and charges for services	\$ 916,512	\$ 64,432,429	\$ 12,354,479
Other operating revenue	20,021	20,021	466,203
Total operating revenues	<u>936,533</u>	<u>64,452,450</u>	<u>12,820,682</u>
OPERATING EXPENSES:			
Purchase of water	-	5,084,814	-
Maintenance and operation	4,252,069	50,285,382	7,694,721
Administration	685,347	6,990,834	1,318,592
Insurance costs and claims	-	-	5,192,556
Depreciation	1,558,908	13,512,343	1,789,470
Total operating expenses	<u>6,496,324</u>	<u>75,873,373</u>	<u>15,995,339</u>
OPERATING INCOME (LOSS)	<u>(5,559,791)</u>	<u>(11,420,923)</u>	<u>(3,174,657)</u>
NONOPERATING REVENUES (EXPENSES):			
Operating grants	6,988,106	6,988,106	-
Capital grants	1,211,683	1,230,782	56,327
Investment income (loss)	(5,249)	144,421	(38,950)
Interest expense	-	(1,218,773)	-
Gain on sale of capital assets	11,300	20,200	47,405
Total nonoperating revenues (expenses)	<u>8,205,840</u>	<u>7,164,736</u>	<u>64,782</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>2,646,049</u>	<u>(4,256,187)</u>	<u>(3,109,875)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contributions	-	4,570,127	36,376
Transfers in	150,200	3,609,360	464,097
Total capital contributions and transfers	<u>150,200</u>	<u>8,179,487</u>	<u>500,473</u>
Changes in net position	2,796,249	3,923,300	(2,609,402)
NET POSITION:			
Beginning of year	<u>30,211,337</u>	<u>460,500,695</u>	<u>24,866,672</u>
End of year	<u>\$ 33,007,586</u>	<u>\$ 464,423,995</u>	<u>\$ 22,257,270</u>

City of Tracy
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Major Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 22,411,509	\$ 16,821,322	\$ 22,942,042	\$ 722,419
Cash payments to suppliers for goods and services	(11,154,158)	(10,119,091)	(24,731,747)	(213,985)
Cash payments to employees for services	(5,477,454)	(5,758,050)	(1,234,178)	(367,400)
Other operating revenues and expenses	-	-	-	-
Net cash provided by (used in) operating activities	5,779,897	944,181	(3,023,883)	141,034
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating grants	-	-	-	-
Borrowing from other funds	-	1,100,241	-	-
Repayment to other funds	(22,800)	-	-	-
Transfers from other funds	706,178	276,145	-	2,476,837
Net cash provided by (used in) noncapital financing activities	683,378	1,376,386	-	2,476,837
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grants	-	-	19,099	-
Capital contributions from developers and others	1,622,986	1,853,262	-	1,093,879
Acquisition of capital assets	(1,290,386)	(18,201,994)	-	(3,580,375)
Proceeds from the sale of assets	8,900	-	-	-
Principal payment of long-term debt	(1,062,698)	(875,000)	-	-
Interest paid on debt	(201,822)	(1,018,519)	-	-
Net cash provided by (used in) capital and related financing activities	(923,020)	(18,242,251)	19,099	(2,486,496)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest from investments	42,000	240,964	(15,915)	644
Net cash provided by investing activities	42,000	240,964	(15,915)	644
Net change in cash and cash equivalents	5,582,255	(15,680,720)	(3,020,699)	132,019
CASH AND CASH EQUIVALENTS:				
Beginning of year	5,706,864	42,420,119	14,826,159	99,996
End of year	<u>\$ 11,289,119</u>	<u>\$ 26,739,399</u>	<u>\$ 11,805,460</u>	<u>\$ 232,015</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:				
Cash and cash investments	\$ 11,289,119	\$ 26,739,391	\$ 11,805,460	\$ 232,015
Restricted cash and investments	-	8	-	-
Total cash and cash equivalents	<u>\$ 11,289,119</u>	<u>\$ 26,739,399</u>	<u>\$ 11,805,460</u>	<u>\$ 232,015</u>

(Continued)

City of Tracy
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Major Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 2,430,897	\$ (5,169,270)	\$ (1,676,832)	\$ (1,445,927)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:				
Depreciation	4,585,829	5,735,509	-	1,632,097
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:				
Accounts receivable, net	(865,667)	2,286,276	(1,395,129)	(26,408)
Prepaid items	-	-	-	13,629
Deferred outflows - OPEB related	16,300	18,522	3,088	2,553
Deferred outflows - pension related	74,110	(454,783)	(213,995)	33,927
Accounts payable	301,519	(2,837,717)	(531,801)	4,076
Accrued payroll	8,397	33,897	4,023	(3,323)
Deposits payable	(128,404)	(516,315)	-	(648)
Unearned revenue	-	-	27,670	-
Compensated absences	25,445	156,925	(1,624)	3,625
Net OPEB liability	(183,141)	(227,236)	(31,213)	(37,983)
Net pension liability	(296,232)	1,918,064	790,857	(32,285)
Deferred inflows - OPEB related	(10,746)	(13,612)	(1,410)	(2,913)
Deferred inflows - pension related	(178,410)	13,921	2,483	614
Total adjustments	<u>3,349,000</u>	<u>6,113,451</u>	<u>(1,347,051)</u>	<u>1,586,961</u>
Net cash provided by (used in) operating activities	<u><u>\$ 5,779,897</u></u>	<u><u>\$ 944,181</u></u>	<u><u>\$ (3,023,883)</u></u>	<u><u>\$ 141,034</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Contributed property, plant and equipment	\$ 1,115,985	\$ 902,405	\$ -	\$ 1,093,879
Prepaid capital asset capitalized	-	-	-	-
Total noncash capital and related financing activities	<u><u>\$ 1,115,985</u></u>	<u><u>\$ 902,405</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,093,879</u></u>

(Continued)

City of Tracy
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Non-major Funds	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 783,041	\$ 63,680,333	\$ 12,319,235
Cash payments to suppliers for goods and services	(3,991,150)	(50,210,131)	(9,848,733)
Cash payments to employees for services	(751,295)	(13,588,377)	(3,697,174)
Other operating revenues and expenses	20,021	20,021	466,203
Net cash provided by (used in) operating activities	(3,939,383)	(98,154)	(760,469)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	6,988,106	6,988,106	-
Borrowing from other funds	-	1,100,241	-
Repayment to other funds	(950,543)	(973,343)	-
Transfers from other funds	150,200	3,609,360	464,097
Net cash provided by (used in) noncapital financing activities	6,187,763	10,724,364	464,097
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants	1,211,683	1,230,782	56,327
Capital contributions from developers and others	-	4,570,127	-
Acquisition of capital assets	(3,478,170)	(26,550,925)	(1,843,671)
Proceeds from the sale of assets	11,300	20,200	83,781
Principal payment of long-term debt	-	(1,937,698)	-
Interest paid on debt	-	(1,220,341)	-
Net cash provided by (used in) capital and related financing activities	(2,255,187)	(23,887,855)	(1,703,563)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	(2,623)	265,070	(11,831)
Net cash provided by investing activities	(2,623)	265,070	(11,831)
Net change in cash and cash equivalents	(9,430)	(12,996,575)	(2,011,766)
CASH AND CASH EQUIVALENTS:			
Beginning of year	9,430	63,062,568	16,207,591
End of year	<u>\$ -</u>	<u>\$ 50,065,993</u>	<u>\$ 14,195,825</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ -	\$ 50,065,985	\$ 14,195,825
Restricted cash and investments	-	8	-
Total cash and cash equivalents	<u>\$ -</u>	<u>\$ 50,065,993</u>	<u>\$ 14,195,825</u>

(Continued)

City of Tracy
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Non-major Funds	Total	Governmental Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (5,559,791)	\$(11,420,923)	\$ (3,174,657)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,558,908	13,512,343	1,789,470
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	81,957	81,029	(35,244)
Prepaid items	-	13,629	-
Deferred outflows - OPEB related	450	40,913	778
Deferred outflows - pension related	(50,724)	(611,465)	(194,961)
Accounts payable	27,606	(3,036,317)	(109,964)
Accrued payroll	4,500	47,494	19,833
Deposits payable	2,971	(642,396)	-
Unearned revenue	(218,399)	(190,729)	-
Compensated absences	13,054	197,425	58,412
Net OPEB liability	(746)	(480,319)	(15,184)
Net pension liability	200,717	2,581,121	911,129
Deferred inflows - OPEB related	3,926	(24,755)	20,296
Deferred inflows - pension related	(3,812)	(165,204)	(30,377)
Total adjustments	<u>1,620,408</u>	<u>11,322,769</u>	<u>2,414,188</u>
Net cash provided by (used in) operating activities	<u><u>\$ (3,939,383)</u></u>	<u><u>\$ (98,154)</u></u>	<u><u>\$ (760,469)</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Contributed property, plant and equipment	\$ -	\$ 3,112,269	\$ -
Prepaid capital asset capitalized	-	-	1,391,575
Total noncash capital and related financing activities	<u><u>\$ -</u></u>	<u><u>\$ 3,112,269</u></u>	<u><u>\$ 1,391,575</u></u>

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Fiduciary Funds Financial Statements

Custodial funds - These funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. This includes various Community Facilities Districts and Assessments Districts.

Private Purpose Funds - These funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e. unclaimed property/escheat property). This includes the Successor Agency Private Purpose Trust Fund.

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City of Tracy
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds	Successor Agency Private Purpose Trust Fund
ASSETS		
Cash and investments	\$ 6,772,525	\$ 6,107,066
Cash and investments with fiscal agent	51,089,048	704
Interest receivable	13,891	12,181
Total assets	57,875,464	6,119,951
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	-	1,889,020
Total deferred outflows of resources	-	1,889,020
LIABILITIES		
Accrued payroll	-	572
Interest payable	-	531,167
Deposits payable	298,184	-
Due to City	-	5,192,100
Long-term debt - due within one year	-	1,580,000
Long-term debt - due in more than one year	-	30,030,912
Total liabilities	298,184	37,334,751
NET POSITION (DEFICIT)		
Held for:		
Individuals, organizations, and other governments	57,577,280	-
Dissolution of RDA	-	(29,325,780)
Total net position (deficit)	\$ 57,577,280	\$ (29,325,780)

City of Tracy
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds	Successor Agency Private Purpose Trust Fund
ADDITIONS:		
Fee collections for other governments	\$ 18,836,745	\$ 304,686
Special assessments for other governments	14,693,483	-
Investment income	273,153	(44,159)
RDA property tax trust fund distribution	-	2,656,220
Total additions	33,803,381	2,916,747
DEDUCTIONS:		
Administration	525,979	-
Payments on conduit bonds - principal	8,570,000	-
Payments on conduit bonds - interest	6,500,652	-
Project payments	2,513,721	22,436
Payments to other governments	59,678	-
Transfers to City	-	309,754
Interest expense	-	1,116,648
Total deductions	18,170,030	1,448,838
Change in net position	15,633,351	1,467,909
NET POSITION (DEFICIT):		
Beginning of year, as restated (Note 20)	41,943,929	(30,793,689)
End of period	\$ 57,577,280	\$ (29,325,780)

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Tracy
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For the Year Ended June 30, 2021

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City of Tracy
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Tracy, California (City) have been prepared in conformity with Generally Accepted Accounting Principles of 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 standards in the United States. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Tracy, California (the "City") was incorporated on July 10, 1910 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, general administration services, and redevelopment.

Blended Component Units

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

Blended component units, although legally separate entities, are, in substance part of the government's operation and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

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 units; 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.

The accompanying basic financial statements of the City of Tracy include the financial activities of the City as well as the Tracy Operating Partnership Joint Powers Authority, Tracy Public Financing Authority, and Tracy Industrial Development Authority, which are controlled by and dependent on the City. While they are separate legal entities, City Council serves in separate sessions as the governing body of the Tracy Operating Partnership Joint Powers Authority, the Tracy Public Financing Authority, and the Tracy Industrial Development Authority; their financial activities are integral to those of the City. The financial activities of all three entities have been aggregated and merged (termed "blended") with those of the City in the accompanying financial statements. Further details about each entity follow:

The **Tracy Operating Partnership Joint Powers Authority (TOP)**, established in October 1995, is a separate governmental entity whose purpose is to assist in the financing and refinancing of certain redevelopment activities of the former Community Development Agency and certain programs and projects of the City. The TOP is administered by a Governing Board whose members are the City Council of the City of Tracy, and the City also performs all accounting and administrative functions for the TOP. The TOP does not issue separate financial statements.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

The **Tracy Public Financing Authority (TPFA)**, established in May 2013, is a separate government entity whose purpose is to assist the City and the former South County Fire Authority (SCFA) with the financing or refinancing of certain public capital facilities within the City. The SCFA was dissolved on June 30, 2018 and was replaced as a member of the TPFA by the Tracy Industrial Development Authority. The TPFA has the power to purchase bonds issued by any local agency at public, or negotiated sale, and may sell such bonds to public or private purchasers at public, or negotiated sale. The TPFA is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the TPFA. The TPFA does not issue separate financial statements.

The **Tracy Industrial Development Authority (TIDA)**, established in August 2018, is a separate governmental entity whose purpose is to implement the provisions of the California Industrial Development Financing Act. The TIDA is administered by a Governing Board whose members are the City Council of the City, and the City also performs all accounting and administrative functions for the TIDA. The TIDA does not issue separate financial statements.

Discretely Presented Component Units

A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The **South San Joaquin County Fire Authority (SSJCFA)** was created in March 2018 by a Joint Exercise of Powers Agreement between the City and the Tracy Rural Fire Protection District to provide fire administration, fire prevention and fire training and safety within the jurisdictional area of the SSJCFA. The jurisdictional area effective as of June 30, 2019 includes the City of Tracy and the Tracy Rural Fire Protection District. The SSJCFA is governed by a Board comprised of two members each from the City and the District. The City and District lease all facilities to be used in providing fire protection services to the SSJCFA and the City performs certain accounting and administrative functions for the SSJCFA. The SSJCFA issues separate financial statements that are available from the SSJCFA, 835 N. Central Avenue, Tracy, CA 95376. Further information regarding the SSJCFA is discussed in Note 18.

B. Basis of Presentation, Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

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. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of U.S. GAAP.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Program revenues for the City are classified 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. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

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

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. 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 presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days for all revenues except grants, which use a six-month availability period.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in-lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the measurable and available criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed non-exchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary non-exchange transactions have been recognized as revenues when all applicable eligibility requirements have been met.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major governmental funds:

General Fund - The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

Housing Successor Special Revenue Fund - This fund was established to account for housing activities assumed by the City from the former Tracy Community Redevelopment Agency and revenues and expenditures related to the low- and moderate-income housing program.

Community Development Fees Special Revenue Fund - This fund is used to account for revenues and expenditures of the Building, Engineering and Planning Divisions. These funds were added in fiscal year 15-16 to better account for these specific activities and restricted revenue sources. Prior to fiscal year 15-16, these activities were in the General Fund.

CARES/ARPA Grants Special Revenue Fund - This fund accounts for the grant revenues and expenditures received through the CARES act and the American Rescue Plan act.

General Project Capital Projects Fund - This fund is used to account for the construction of the capital project financed through transfers from the General Fund.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Tracy Infrastructure Master Plans Capital Projects Fund - This fund is used to account for the construction of the project with the Tracy Infrastructure Master Plan. The Tracy Infrastructure Master Plans were approved in 2012 and 2013 and cover all subsequent new development in areas of the City not covered by their own financing plan. Capital development fees are levied on developments in these areas and expenditures for various capital facilities to support the developments are accounted for in six functional categories.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City's internal service funds include funds which provide services directly to other City funds. These areas of service include fleet maintenance, facilities maintenance, and technology.

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 Fund 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 non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary funds:

Water Fund – This fund is used to account for the provision of water services to the residential, commercial and industrial segments of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Wastewater Fund – This fund is used to account for the provision of treatment to residential, commercial and industrial segments of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Solid Waste Fund – This fund is used to account for City's activities related to solid waste removal and street cleaning activities.

Drainage Fund – This fund is used to account for the City's activities related to drainage operations.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Discretely Presented Component Unit Financial Statements

The activities of the Authority closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. The Authority provides services on a continuous basis and its activities are substantially financed by revenues derived from user charges and contributions from the member agencies. The Authority utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent custodial funds and private purpose trust funds. Both custodial funds and the private purpose trust funds are accounted for on the full accrual basis of accounting. Fiduciary fund types are accounted for according to the nature of the fund.

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. They are also used to account for various assessment districts for which the City acts as an agent for debt service activity, as the City is prohibited from levying additional taxes for these districts. Such funds include various Community Facilities Districts, Assessments Districts, and the Tracy Rural Fire Medical Leave Bank. Private-purpose trust funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e., unclaimed property/escheat property). The City's private purpose trust fund is a fiduciary fund type used by the City to report assets, liabilities and activities of the Successor Agency to the Redevelopment Agency (Successor Agency) for the City of Tracy. Its results of operations are presented on the Statement of Changes of Fiduciary Net Position.

Successor Agency of the Redevelopment Agency for the City of Tracy

The Redevelopment Obligation Retirement Fund was created to serve as a custodian for the assets and to wind down the affairs of the RDA on February 1, 2012, pursuant to Assembly Bill x1 26. Its purpose is to expeditiously wind down the affairs of the dissolved Redevelopment Agency (RDA). The Successor Agency is a separate public entity from the City, subject to the direction of an oversight board. The City Council serves as the governing board of the Successor Agency. In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former RDA until all enforceable obligations of the former RDA have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency has been included in the accompanying basic financial statements as a private purpose trust fund.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Deferred Outflows and 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 a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

Deferred Inflows of Resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

D. Cash, Cash Equivalents and Investments

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except Cash and Investments with Fiscal Agents so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. It is the City's intent to hold investments to maturity.

Investments are reported in the accompanying financial statements at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year, and may result in negative investment income in the accompanying financial statements. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except for investment income associated with funds not legally required to receive pooled investment income which has been assigned to and recorded as revenue of the general fund, as provided by California Government Code Section 53647.

For purposes of the statement of cash flows, amounts reported as cash and cash equivalents, include amounts on deposit in the City pool and any short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Certain disclosure requirements, if applicable, for deposits and investment risks in the following areas:

- Interest rate risk
- Credit risk
 - Overall
 - Custodial credit risk
 - Concentration of credit risk
- Foreign currency risk

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

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Cash, Cash Equivalents and Investments (Continued)

U.S. GAAP 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 or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, which 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.

E. Cash and Investments with Fiscal Agents

Amounts reported as cash and investments with fiscal agents have been restricted by bond indentures or are to be used for specified purposes based on contract provisions, such as bonded debt service.

F. Receivables

Customer or trade receivables are reported as “accounts receivable” and are shown net of an allowance for uncollectible accounts based on historical and management estimates.

Noncurrent portions of long-term receivables (e.g., “notes receivable”) due to governmental fund types are reported in their respective balance sheets despite their spending measurement focus. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of long-term notes receivable are offset by restricted fund balance in the special revenue funds.

G. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Governmental-Wide Financial Statements as “internal balances.”

H. Inventories and Prepaid Items

Inventories are valued at cost, using the weighted-average method. Inventories of the Enterprise Funds. consist primarily of water storage held for future use. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased. Prepaid items in governmental funds are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at the fair value of the assets on the date on which they were contributed. Donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Capital assets with limited useful lives are depreciated over their estimated useful lives. Alternatively, the "modified approach" is used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements. Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives and capitalization thresholds listed below to capital assets:

Asset Type	Useful Lives	Capitalization Threshold
Land	n/a	\$0
Land improvements	n/a	\$50,000
Buildings	10-30 years	\$50,000
Building Improvements	5-50 years	\$50,000
Equipment and vehicles	5-30 years	\$5,000
Grading, curbs, gutters, sidewalks, driveway approaches	40 years	\$50,000
Traffic signals	20 years	\$50,000
Street drainage	40 years	\$50,000
Infrastructure	5-40 years	\$50,000
Intangibles	5 years	\$5,000
Capital Lease Property	Term of contract	\$5,000
Leasehold Improvements	Term of contract	\$50,000
Works of Art / Historical Treasurers	n/a	\$0
Construction in Progress for Year End Reporting	n/a	Projects to exceed \$50,000 at completion

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

The City has elected to use the modified approach discussed above with respect to its roads, most of which are relatively new. The City's policy is to maintain these roads at an overall Pavement Condition Index (PCI) level averaging 69, instead of providing depreciation. During the fiscal year 2021, the City expended \$7,827,339 to preserve its roads. The City estimates that it will be required to expend approximately \$10,175,540 in the fiscal year 2022 to maintain its roads at this condition level. Please see Modified Approach to Reporting Street Pavement Costs section of the Required Supplementary Information section following the Notes to the Basic Financial Statements for more detailed information.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Long-Term Debt

Government-Wide Financial Statements and Proprietary Fund Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are expensed when incurred. Gains or losses on bond refunding are reported as either deferred outflows of resources or deferred inflows of resources and amortized over the term of the related debt.

Governmental Fund Financial Statements

The governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. Governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Compensated Absences/Sick Leave Conversion

The City’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Employees hired prior to July 1, 1994, after 10 years with the City and only upon retirement, may convert their accumulated sick leave time to offset the cost of retiree medical insurance premiums under the following options: bank or conversion. The bank option converts the unused sick leave into a dollar amount that will be placed into a “bank” to be used until the bank is exhausted to offset the cost of retiree medical insurance premiums for the retiree. The conversion option takes the unused sick leave and converts it to days and the City will pay the medical insurance premiums for the retiree for each day after conversion.

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences/sick leave conversion are recorded as a liability when earned and as an expense when paid.

Fund Financial Statements

For governmental funds, compensated absences/sick leave conversion are recorded as expenditures in the year paid. The General Fund is typically used to liquidate compensated absences. In proprietary funds, compensated absences/sick leave conversion 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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Pension Plans

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 13). 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 General Fund and Internal Service Funds are typically used to liquidate the pension liability related to the City's governmental activities while the pension liability for Business-type activities is liquidated from the respective Enterprise Funds.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020

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.

M. 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 OPEB plan, the assets of which are held in an irrevocable trust, and additions to/deductions from the OPEB plan's fiduciary net position have been determined by an independent actuary (Note 14). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The Enterprise Funds are used to liquidate the OPEB liability.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

<u>OPEB</u>	
Valuation date	June 30, 2020
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Fund Balances

As prescribed by U.S. GAAP, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2021, fund balances for governmental funds are made up of the following:

- Nonspendable Fund Balance – includes amounts that are (a) not in a spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: deposits and prepaid items.
- Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.
- Committed Fund Balance – includes amounts that have been limited to specific purposes or through adoption of a resolution or an ordinance by the City Council, the highest level of decision-making authority of the City, and resources that have been specifically committed for use in satisfying contractual obligations, as in agreements with third-parties. The City has determined that both a resolution and an ordinance are equally binding. These commitments may be changed or lifted, but only by the same formal action that was used to impose the constraint originally. City Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be subsequently determined.
- Assigned Fund Balance – includes amounts that are intended to be used by the City for specific purposes. Intent is expressed by (a) the City Council or (b) a body or official to which the City Council has delegated the authority to assign amounts to be used for a specific purpose. This policy delegates to the Finance Director the authority to assign unassigned fund balance amounts where the City’s intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.
- Unassigned Fund Balance – includes amounts within the General Fund, the residual resources, either positive or negative in excess of what can be properly classified in one of the other four fund balance categories. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification of fund balance in the nonspendable, restricted or committed categories.

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.

General Fund Reserve Policies

The City Council adopted a revised General Fund Reserve (Unassigned Fund Balance) Policy in May 2021 with Resolution 2021-061 that established a minimum fund balance policy for the General Fund in order to mitigate the effect of unanticipated situations such as natural disasters and severe unforeseen events. Reserves also provide the City with stability in times of economic fluctuations and help provide for a smooth transition to changes in service levels caused by changes in the City’s financial situation. The Policy established the following reserves:

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Fund Balances (Continued)

Contingency/Emergency Reserve – The Contingency/Emergency Reserve funds help mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Contingency/Emergency Reserve also serves as back-up liquidity to self-insured losses if this need were to arise. The Contingency/Emergency Reserve is established with a target goal of 18% of the General Fund’s adopted annual budget for expenditures and recurring transfers out. The City Manager will first evaluate the City’s financial condition and make a recommendation to City Council as to the need to make contributions to the Contingency/Emergency Reserve or the possible need to access funds from the Contingency/Emergency Reserve. This action is done as part of the annual budget adoption; however, these actions can be completed at any time the City Manager deems necessary. The balance of the Contingency/Emergency Reserve was \$16,401,047 at June 30, 2021, which is a component of committed fund balance of the General Fund.

Economic/Budget Stability Reserve – The Economic/Budget Stability Reserve is intended to offset quantifiable revenue/expenditure uncertainty in the multi-year forecast thereby helping to stabilize service levels through economic cycles. The long-term use of this reserve is determined by estimating the level of financial risk associated and may be authorized and expended only when certain specific circumstances exist within the following three areas of uncertainty:

1. Revenue risks: Revenues falling short of budget projections may cause deficits. Transitional funding may be necessary to respond to reductions in major revenues due to local, regional, and national economic downturns. This may be due to a loss in housing values, a loss of a major employer, a loss of a major retailer, a sudden spike in unemployment or inflation, and/or other major economic factors. This may also be due to state and/or voter initiatives; including changes in legislation, revenue sources that sunset or expire, or other political impacts to revenues that are outside of the control of the City Council.
 - a. Projected General Fund revenue totals in aggregate are anticipated to decrease by 5% (or more) over the prior year or decrease 10% (or more) cumulative over three years; excluding one-time revenue sources.
 - b. Projected General Fund revenues from a single revenue source are anticipated to decrease by 10% (or more) over the prior year or decrease by 15% over three years; excluding one-time revenue sources.
2. Expenditure risks: The City may require a source of supplemental funding for uncontrollable costs or contractually obligated costs. Such costs may include maintaining service levels.
 - a. Projected General Fund expenditure totals (in aggregate) increase by 10% (or more) over the prior year or increase 15% (or more) over three years; excluding one-time expenditure requests.
 - b. Projected General Fund expenditures from a single source are anticipated to increase by 10% (or more) over the prior year or increase by 15% over three years.
3. Structural deficit risk: Economic factors may create a structural deficit when revenue growth does not keep pace with expenditure growth. The City may elect to use the Economic/Budget Stability Reserve for up to 24 months while a plan is developed to correct the deficit.
 - a. Projected General Fund expenditure totals (in aggregate) exceed incoming revenues by 5% (or more) over the prior year or exceed by 10% over three years; excluding one-time expenditure requests.
 - b. Need funding for an unanticipated major repair, purchase or other maintenance charge creating a deficit of 5% of incoming revenues.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Fund Balances (Continued)

The nature of these reserves is intended to stabilize the General Fund budget in the short-term to address non-routine or unanticipated changes in economic position. A regular 5-year forecast should be used to identify foreseeable changes in revenues and/or expenditures. However, not all changes in economic and fiscal position are known. In those cases, the City Manager will first evaluate the City's financial condition and make a recommendation to City Council as to the need to make contributions to the Economic/Budget Stability Reserve or the possible need to access funds from the Economic/Budget Stability Reserve. This action is done as part of the annual budget adoption; however, these actions can be completed at any time the City Manager deems necessary. The balance of the Economic/Budget Stability Reserve was \$10,934,031 at June 30, 2021, which is a component of assigned fund balance of the General Fund.

The City Manager must present a report to the City Council to justify the use of the Contingency Reserve and Economic/Budget Stability Reserve and the circumstances of the catastrophic and/or fiscal emergency. All uses of the Contingency Reserve and Economic/Budget Stability Reserve must be approved by Resolution of the City Council with a four-fifths vote. Any such uses are to be repaid to the respective reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. Year-end excess and/or one-time revenue under the proposed reserves structure would remain in the General Fund's committed or assigned fund balance, as applicable. As part of the annual budget adoption process, or at any time the City Manager deems necessary, the City Manager would recommend whether the excess funds could be allocated to other reserves, or used as one-time funding with consideration given to economic development and/or capital projects.

O. Net Position

The financial statements utilize a net position presentation. Net position is classified as follows:

- Net Investment in Capital Assets – This category of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding and any deferred outflows/inflows of resources related to such borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is offset by unspent proceeds.
- Restricted Net Position – This category presents restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Those assets are restricted due to external restrictions imposed by creditors (such as through bond covenants), grantors or laws and regulations of other governments and restrictions imposed through constitutional provisions or enabling legislation.
- Unrestricted – This category represents net position of the City that is not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources that are needed.

P. Revenue Recognition for Utility Funds

Revenues are recognized based on cycle billings rendered to customers. Utility service accounts receivable are reported net of allowance for doubtful collections and include unbilled receivables using actual amounts billed in July for June services.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Property Tax

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations are established by the Assessor of the County of San Joaquin for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

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

The County of San Joaquin levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year of levy, due to the adoption of the "alternate method of property tax distribution", known as the Teeter Plan, by the City and the County of San Joaquin. The Teeter Plan authorizes the Auditor/Controller of the County of San Joaquin to allocate 100 percent of the secured property taxes billed, but not yet paid. The County of San Joaquin remits tax monies to the City in three installments as follows:

50 percent remitted in December
45 percent remitted in April
5 percent remitted in June

Tax Levy Apportionments - Due to the nature of the City-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - The State of California fiscal year 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions, in some cases when applicable, that affect the amounts in the financial statements and the accompanying notes. Actual results could differ from the estimates.

S. Implementation of New GASB Pronouncements for the Year Ended June 30, 2021

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, 2021. 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. 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. As a result of the implementation, the City converted the former agency funds, which previously reported assets and liabilities only, to custodial funds. The Regional Transportation Impact fund was reclassified to capital projects. In addition, the payroll-related funds (Medical Leave Bank Fund, Payroll Clearing Fund, and Post Employment Benefit Trust Fund) were reclassified and reported in the general fund and governmental activities.

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 did not have a significant effect on the City’s financial statements for the fiscal year ending June 30, 2021.

GASB Statement No. 98

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, to establish the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. Application of this statement did not have a material effect on the City’s financial statements for the fiscal year ending June 30, 2021. Application of this statement did not have a significant effect on the City’s financial statements for the fiscal year ending June 30, 2021.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Upcoming Government Accounting Standards Implementations

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. 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, 2022.

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, 2022.

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, 2023.

GASB Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Upcoming Government Accounting Standards Implementations (Continued)

GASB Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

GASB Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2021 as follows:

	<u>Government-Wide Statement of Net Position</u>			<u>Component Unit</u>	<u>Fiduciary Funds Statement of Net Position</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>		<u>Statement of Net Position</u>	<u>Total</u>
Cash and investments	\$ 285,127,287	\$ 50,065,985	\$ 335,193,272	\$ 8,087,283	\$ 12,879,591	\$ 356,160,146
Cash and investments with fiscal agent	3	8	11	-	51,089,752	51,089,763
Total cash and investments	<u>\$ 285,127,290</u>	<u>\$ 50,065,993</u>	<u>\$ 335,193,283</u>	<u>\$ 8,087,283</u>	<u>\$ 63,969,343</u>	<u>\$ 407,249,909</u>

Cash and investments at June 30, 2021, consisted of the following:

Cash:	
Cash on hand	\$ 3,345
Deposits with financial institution	39,303,043
Total cash	<u>39,306,388</u>
Investments:	
Investments	316,853,758
Investments held by bond trustee	51,089,763
Total investments	<u>367,943,521</u>
Total cash and investments	<u>\$ 407,249,909</u>

As part of the City's investment guidelines, the City continually seeks ways to increase investment income while not risking investment principal. One way the City accomplishes this is by “sweeping”, on a nightly basis, any excess cash held in its non-interest-bearing checking account to an interest-bearing money market account with the same bank.

A. Demand Deposits

The carrying amounts of the City’s demand deposits were \$39,303,043 at June 30, 2021. Bank balances were \$35,772,809 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 as 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’s 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, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (“FDIC”). The City, however, has not waived the collateralization requirements.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

B. Investments Authorized by the California Government Code and the City’s Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. 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.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Bills, Bonds, Notes	5 years	None	100%	No Limit
Federal Agency Obligations or U.S. Government-Sponsored Enterprise Obligations (GSE)	5 years	None	100%	25%
Municipal Securities	5 years	A	30%	5%
Bankers' Acceptances	180 days	A/A-1 or higher	40%	5%
Commercial Paper	270 days	A/A-1 or higher	25%	5% (A)
Negotiable Certificates of Deposit (NCDs)	5 years	A/A-1 or higher	30% (B)	5%
Federally Insured Non - Negotiable Certificates of Deposit	5 years	None	20% (C)	(D)
Collateralized Non-Negotiable Certificates of Deposit	5 years	None	20% (C)	No Limit
Certificate of Deposit Placement Service (CDARS)	5 years	None	30% (B)	No Limit
Repurchase Agreements	1 year	None	100%	10%
Local Agency Investment Fund	N/A	None	\$75 million	\$75 million
Local Government Investment Pools	N/A	None	100%	No Limit
Medium-Term Corporate Notes	5 years	A	30%	5%
Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	5 years	A/AA or higher	20%	5% (E)
Mutual Funds	N/A	Highest Category	20%	10%
Money Market Mutual Funds	N/A	Highest Category	20%	20%
Supranational Securities	5 years	AA	30%	10%

(A) The City may purchase no more than 10% of the outstanding commercial paper of any single issuer.

(B) Combined limit for NCD and CDARS.

(C) Combined limit for Federally Insured and Collateralized Non-Negotiable Certificates of Deposit.

(D) The amount per institution is limited to the maximum covered under federal insurance.

(E) No issuer limitation on any mortgage security where the issuer is the U.S. Treasury or a Federal Agency/GSE.

C. Investments Authorized by Debt Agreements

The City and Successor Agency must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City or Successor Agency fails to meet the obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types and their minimum credit ratings that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment-type.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

C. Investments Authorized by Debt Agreements (Continued)

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
United States Treasury Bill, Bonds, Notes	5 years	N/A
United States Government Agency Obligations or Government-Sponsored Enterprise Obligations	5 years	AAA
Certificates of Deposit	5 years	Three Highest Categories
Investment Agreements, Short Term	None	Two Highest Categories
Investment Agreements, Long Term	None	Three Highest Categories
Repurchase Agreements	1 year	A-
Money Market Mutual Funds	N/A	Highest Category
Local Agency Investment Fund	N/A	Not rated
California Asset Management Program	N/A	Not rated
Banker's Acceptances	180 days	A-1 or A-1+
Commercial Paper	270 days	A-1 or A-1+
State Obligations	None	Highest Category

D. Fair Value Measurement

As of June 30, 2021, the City's investments had the following recurring fair value measurements:

Investments measured by fair value level:	June 30, 2021	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 61,905,629	\$ -	\$ 61,905,629	\$ -
Municipal Bonds	1,532,617	-	1,532,617	-
Asset-Back Securities	10,124,238	-	10,124,238	-
Medium Term Corporate Notes	51,011,746	-	51,011,746	-
Federal Agency Obligations	71,003,063	-	71,003,063	-
Negotiable CDs	2,281,158	-	2,281,158	-
Commercial Paper	2,298,735	-	2,298,735	-
Total investments by fair value level	200,157,186	\$ -	\$ 200,157,186	\$ -
Investments not subject to the fair value hierarchy:				
Local Agency Investment Fund	73,498,506			
California Asset Management Program (CAMP)	4,037,067			
Money Market Funds - Held by City	39,160,999			
Money Market Funds - Held by Trustee	51,089,763			
Total investments not subject to the fair value hierarchy	167,786,335			
Total investments	\$ 367,943,521			

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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

E. Risk Disclosure

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City’s investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity. For purposes of the schedule shown on the next page, any callable securities are assumed to be held to maturity.

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	37 to 48 Months	49 to 60 Months	Total
<i>Held by City:</i>						
U.S. Treasury Notes	\$ 25,180,685	\$ 17,790,810	\$ 14,769,920	\$ 8,192,440	\$ 4,164,214	\$ 61,905,629
Municipal Bonds	950,257	357,447	75,937	950,257	148,976	1,532,617
Asset-Back Securities	6,735,507	467,316	2,412,073	5,405,663	509,342	10,124,238
Medium Term Corporate Notes	9,582,361	18,658,695	22,178,208	3,239,275	592,482	51,011,746
Federal Agency Obligations	21,010,288	16,872,014	27,697,216	9,856,728	5,423,545	71,003,063
Negotiable CDs	430,984	153,708	865,647	430,985	830,819	2,281,158
Commercial Paper	2,298,735	-	-	-	-	2,298,735
Money Market Funds	39,160,999	-	-	-	-	39,160,999
California Asset Management Program	4,037,067	-	-	-	-	4,037,067
Local Agency Investment Fund	73,498,506	-	-	-	-	73,498,506
<i>Held by Trustees:</i>						
Money Market Funds	51,089,763	-	-	-	-	51,089,763
Total investments	\$ 233,975,152	\$ 54,299,990	\$ 67,999,001	\$ 28,075,348	\$ 11,669,378	\$ 367,943,521

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. However, some issuers do not seek a credit rating. For instance, the California Local Agency Investment Fund (LAIF) has not sought or received a credit rating. In these cases, the purchaser is solely responsible for performing their own due diligence before purchasing an investment or participating in an external investment pool. Certificates of deposit of \$250,000 or less are fully insured by the Federal Deposit Insurance Corporation (FDIC), and therefore, do not seek a credit rating.

Presented below is the actual rating as of June 30, 2021 for each investment-type as provided by Standard and Poor's investment rating system.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

E. Risk Disclosure (Continued)

Disclosures Relating to Credit Risk (Continued)

Investment Type	AA+/AA/AA-	A+/A/A-	AAA/AAA	A-1+/A-1/A-2	Total
<i>Held by City:</i>					
Municipal Bonds	\$ 190,839	\$ -	\$ 1,341,778	\$ -	\$ 1,532,617
Asset-Back Securities	-	-	10,124,238	-	10,124,238
Medium Term Corporate Notes	6,579,325	34,123,035	-	10,309,386	51,011,746
Federal Agency Obligations	71,003,063	-	-	-	71,003,063
Commercial Paper	-	-	-	2,298,735	2,298,735
Money Market Funds	-	-	39,160,999	-	39,160,999
California Asset Management Program	-	-	4,037,067	-	4,037,067
<i>Held by Trustee:</i>					
Money Market Funds	-	-	51,089,763	-	51,089,763
Total Rated Investments	\$ 77,773,227	\$ 34,123,035	\$ 105,753,845	\$ 12,608,121	230,258,228
<i>Not rated:</i>					
Local Agency Investment Fund					73,498,506
Negotiable CDs					2,281,158
<i>Exempt from credit rating disclosure:</i>					
U.S. Treasury Notes					61,905,629
Total investments					\$ 367,943,521

Disclosure Relating to Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated in the Government Code. GASB Statement No. 40 requires disclosure by amount and issuer, of investments in any one issuer that represent 5% or more of total investments. At June 30, 2021, the City had the followings investments (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of the City's total investments:

Issuer	Investment Type	Amount
Federal Home Loan Mortgage Corporation	Federal Agency Obligations	\$ 43,866,121
Federal National Mortgage Association	Federal Agency Obligations	19,959,410

Disclosures Relating to Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. 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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

E. Risk Disclosure (Continued)

Disclosures Relating to Custodial Credit Risk (Continued)

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2021, the City's deposits (bank balances) were collateralized under California Law.

F. Investment in State 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, 2021 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, 2021, the City had \$73,498,506 invested in LAIF, which had invested 1.10% 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, 2021, 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 fair value of the City's position in the pool is the same as the value of the pool shares. The credit quality rating of LAIF is unrated as of June 30, 2021.

G. California Asset Management Program (CAMP)

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act for the purpose of exercising the common power of its Participants to invest funds. The investments are limited to investments permitted by California Government Code. The total amount invested by all public agencies in CAMP at June 30, 2021 was \$6.5 billion, respectively. A board of five trustees who are officials or employees of public agencies has oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn at any time, is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool. At June 30, 2021 the amortized cost approximates the City's cost.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Loans Receivable

A. Summary of Loans Receivable and Unavailable Revenue

The former Community Development Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to expend these funds in accordance with the Agency's terms. With the dissolution of the Redevelopment Agency as discussed in Note 19, the City agreed to become the successor to the Community Development Agency's housing activities and as a result the Housing Successor Fund assumed the loans receivable of the Community Development Agency's Low- and Moderate-Income Housing Fund. In addition, other funds of the City have made loans to third parties.

At June 30, 2021, these loans totaled:

Housing Successor Loans:	
Commercial Rehabilitation Program	\$ 93,208
Mountain View Townhomes	1,038,345
Eden Housing Inc.	2,590,600
Habitat for Humanity	58,161
Down Payment Assistance Program	872,356
Tracy Place Associates	4,966,591
DHI Tracy Garden Associates, LP	2,776,985
Development Loan	69,270
Tracy Mall Partners, LP	1,808,950
Total Loans Receivable	\$ 14,274,466

B. Housing Successor Loans

The City administers a residential and commercial rehabilitation program using Housing and Urban Development funds. Federal funds received by the City are deposited with a commercial bank. Upon approval of the loans, the funds are disbursed and collected by an outside collection agency. The programs are designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs' loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. The balance of the loan's receivable arising from these programs was \$93,208 at June 30, 2021.

In 1994, the Agency loaned \$609,000 in Low- and Moderate-Income Housing funds to Mountain View Townhomes Association, a partnership of non-profit corporations, to assist in the construction of thirty- seven residential rental units, thirty-six of which are available to low-income families. As of December 1, 2015, the loan was assigned to Sutter Ville SJC Holding Company, LLC. The loan is secured by a third deed of trust on the property, is payable over twenty-eight years beginning in 2026 and accrues interest at 3%. The loan was amended December 2015 and is now repayable from residual receipts as defined in the amendment. Commencing no later than 120 days following the end of the 2017 calendar year and for each calendar year thereafter until the maturity date, the Association shall make repayments on the loan for the prior calendar year based on the available amount of residual receipts as defined in the amendment. As of June 30, 2021, principal and accrued interest totaled \$1,038,345.

In 1996, the Agency agreed to loan Eden Housing Inc., up to \$2,208,691 to assist in the development and construction of seventy-two low-income housing units at Stone Pine Meadows. The loan is payable over seven years beginning forty years after the project was complete, which was January 11, 2000, and is secured by a subordinated deed of trust on the property. The loan does not bear interest for the first three years, then accrues interest at 1% per year for the next forty years and 3% for the last seven years. As of June 30, 2021, principal and accrued interest totaled \$2,590,600.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Loans Receivable (Continued)

B. Housing Successor Loans (Continued)

In 2000, the Agency agreed to loan Habitat for Humanity up to \$100,000 to construct/reconstruct from five to seven properties to ownership housing for very low-income families. The funds are to be used to pay all City fees necessary to develop and build affordable housing under the sponsorship of Habitat for Humanity. The loan proceeds were available for draw down through December 31, 2005 and Habitat for Humanity drew down only \$40,093 of the loan proceeds through that date. The loan is secured by a deed of trust on the property and may be forgiven if the property remains occupied by a low-income family for a period of thirty years. The balance of the outstanding loan, including accrued interest, as of June 30, 2021 is \$58,161.

The City loaned 37 individuals from the Low- and Moderate-Income Housing Fund of the Redevelopment Agency. The loans have been authorized for each of the recipients as part of the housing down payment assistance program. The City is the beneficiary of the promissory notes issued, recorded, and secured by real property. The loans are due when the underlying property is sold. As of June 30, 2021, principal and accrued interest totaled \$872,356.

In November 2005, the Agency entered into a loan agreement with Tracy Place Associates for an amount not to exceed \$4,350,000 to be used as construction and permanent financing costs for the development of a 49-unit affordable senior housing complex, Tracy Place Senior Apartments. The loan is secured by a deed of trust on the property and bears simple interest of 1%. The loan is repayable from residual receipts as defined in the loan agreement starting in April 2008, and is due 55 years from the issuance of the certificate of occupancy, which was December 29, 2008, or if a transfer occurs that is not approved by the City. As of June 30, 2021, the developer owes \$4,966,591, including accrued interest.

In November 2007, the Community Development Agency of the City of Tracy (Agency) entered into an Owner Participation and Loan Agreement with DHI Tracy Garden Associates, LP (DHI). DHI was to develop and rehabilitate an 88-unit Senior Housing Complex for low-income senior households. The maximum amount of loan from the Agency was \$1,975,000. Simple interest accrues annually at 3%. Upon default, the rate will increase to the lesser of 10% or the maximum allowed by law. The loan is secured by a trust deed on the underlying property. This trust deed is subordinated to all other loans that DHI has for the project. Maturity of the loan is November 1, 2064. Payment on the loan is deferred until maturity unless the property is conveyed (other than that approved by the City) or there is a default. Total amount owed as of June 30, 2021 is \$2,776,985.

C. Development Loan

In September 2006, the City loaned a property owner \$40,000 to assist in the demolition of a structure in order for the property owner to construct new housing units on the site. The loan is secured by a deed of trust on the property, bears interest of 5% and is due and payable when the property is sold. The balance as of June 30, 2021, including principal and accrued interest, is \$69,270.

D. Tracy Mall Partners, L.P. Loan

The West Valley Mall Revitalization Program provides a financial incentive to the owners of the West Valley Mall (Mall Owner) or a prospective tenant to be used for tenant improvements.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Loans Receivable (Continued)

D. Tracy Mall Partners, L.P. Loan (Continued)

During fiscal year 2011, the City and the Tracy Mall Partners, L.P. entered into an agreement where the City provided a financial contribution of \$2,750,000 to the Mall Owner. In exchange, the Mall Owner guarantees that Macy's will lease the anchor tenant location for a minimum of 10 years. Over the 20-year term, the Mall Owner is obligated to repay the City for the financial incentive at the rate of \$151,250 a year or \$3,025,000 for the 20-year term. The annual repayment will be forgiven to the extent that increased sales tax revenue to the City exceeds \$151,250 per year from Macy's or new tenants of the Macy's space. The Mall Owner gets credit for 100% of the Macy's sales tax collected in any one year, and any amount under or over that threshold can be used toward a prior shortage.

The sales tax revenue collected from Macy's in fiscal year 2021 did not exceed the threshold, therefore only \$73,169 of the annual repayment was forgiven. The cumulative shortage of sales tax collections was \$360,049 as of June 30, 2021 and the balance of the loan is \$1,808,950 at that date.

Note 4 – Deposits Receivable

The City and the Grow America Fund, Inc. (GAF) established and capitalized the Grow Tracy Fund as an economic development tool designed to assist eligible small businesses within the City to obtain the financing required to grow their businesses. The City contributed \$1 million as its share of the capitalization of the program. Loans made under the program are underwritten by the GAF and guaranteed by the Small Business Administration (SBA) under GAF's Small Business Lending Company License. Therefore, each loan must comply with SBA guidelines and procedures. In order to qualify for these loans, a business must be a for-profit operating entity; it must be financially healthy and in need of expansion capital. The Grow Tracy Fund can make loans ranging from \$100,000 to \$2 million as permitted by the SBA at or below market rates, for terms up to 25 years, depending on the proposed use of funds.

As of June 30, 2021, there were nine loans outstanding in the amount of \$3,115,551, under the program. The City has not recorded these loans and instead has recorded the capitalization contribution that GAF uses to fund the share of the loans that the SBA does not guarantee. The City has recorded its capitalization contribution to the program as a deposit receivable, and the portion of the loans funded with that contribution as of June 30, 2021 was \$746,075 and the unused balance of the capitalization contribution was \$253,945. The total deposits receivable balance as of June 30, 2021 was \$1,000,000.

Note 5 – Interfund Receivables, Payables, and Transfers

A. Due To / From Other Funds

Amounts due to and due from other funds at June 30, 2021, were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Community Development Block Grant Special Revenue Fund	\$ 304,602	Overdrawn Cash
General Fund	Municipal Airport Enterprise Fund	191,281	Overdrawn Cash
General Fund	Municipal Transit Enterprise Fund	2,374,088	Overdrawn Cash
North East Industrial Plan Area #1 Capital Projects Fund	North East Industrial Plan Area #2 Capital Projects Fund	2,139,931	Overdrawn Cash
	Total	\$ 5,009,902	

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 – Interfund Receivables, Payables, and Transfers (Continued)

B. Long-Term Advances

At June 30, 2021 the fund below had made an advance that is not expected to be repaid within the next year. This long-term interfund advance is expected to be repaid when sufficient cash is available in the borrowing fund.

Advances To	Advances From	Amount
Water Utility Enterprise Fund	Wastewater Utility Enterprise Fund	\$ 2,006,600
	Total	\$ 2,006,600

In November 2016 the Wastewater Utility Enterprise Fund advanced funds to the Water Utility Enterprise Fund in order to fund operating expenses, capital costs for maintenance and replacement of existing water infrastructure, debt payments and to maintain an adequate reserve for any emergency to continue providing uninterrupted service. The advance bears the interest at the Local Agency Investment Fund (LAIF) rate and was to be repaid in two years. The advance was amended in October 2017 to extend the repayment two additional years to fiscal year 2021. At June 30, 2021, the outstanding principal balance of the advance was \$2,000,000. Interest is accrued and paid annually through a cash transfer. Accrued interest as of June 30, 2021, was \$6,600.

C. Transfers

Interfund transfers during the year ended June 30, 2021, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Capital Projects Fund	General Fund	\$ 13,696,731	Capital projects
Community Development Fees	General Fund	2,088,186	Capital projects
Municipal Airport Fund	General Fund	150,000	Capital projects
Landscaping District Fund	General Fund	95,000	Engineering costs
Lease Revenue Bonds Fund	General Fund	1,121,406	Debt service
Equipment Acquisition Fund	General Fund	25,219	Capital contribution
	Subtotal	17,176,542	
Transportation Development Fund	TEA Grant Fund	122,093	Capital projects
State Gas Tax Street Fund	TEA Grant Fund	805,358	Capital projects
Proposition K Transportation Fund	TEA Grant Fund	100,000	Capital projects
	Subtotal	1,027,451	
Tracy Infrastructure Master Plans Fund	Regional Transportation Impact Fee Fund	1,774,937	Capital projects
TEA Grant Fund	Regional Transportation Impact Fee Fund	331,469	Capital projects
	Subtotal	2,106,406	
Infill Projects Fund	Plan "C" Capital Projects Fund	13,517	Capital projects
Drainage Fund	Plan "C" Capital Projects Fund	373,915	Capital contribution
General Capital Projects Fund	Plan "C" Capital Projects Fund	24,587	Capital projects
	Subtotal	412,019	
Wastewater Fund	North East Industrial Plan Area #2 Capital Projects Fund	1,300	Capital contribution
Wastewater Fund	Tracy Infrastructure Master Plans Capital Projects Fund	274,845	Capital contribution
	Subtotal	276,145	
Drainage Fund	Infill Projects Capital Projects Fund	132,391	Capital contribution
Drainage Fund	South MacArthur Plan Area Capital Projects Fund	83	Capital contribution
Drainage Fund	Industrial Specific Plan South Capital Projects Fund	1,205,402	Capital contribution
Drainage Fund	Ellis Area Capital Projects Fund	765,046	Capital contribution
	Subtotal	2,102,922	

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 – Interfund Receivables, Payables, and Transfers (Continued)

C. Transfers (Continued)

Interfund transfers during the year ended June 30, 2021, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
Equipment Acquisition Fund	COPS Grant Special Revenue Fund	400,473	Capital contribution
Equipment Acquisition Fund	Asset Forfeiture Special Revenue Fund	38,405	Capital contribution
	Subtotal	438,878	
Water Fund	Tracy Infrastructure Master Plans Capital Projects Fund	124,628	Capital contribution
Water Fund	General Capital Projects Fund	581,550	Capital contribution
	Subtotal	706,178	
General Fund	CFD Services 2018-1 Fund	56,230	Administrative cost
Industrial Specific Plan South Fund	State Gas Tax Street Fund	252,026	Administrative cost
Tracy Infrastructure Master Plans	Infill Projects Fund	7,213	Administrative cost
Municipal Airport Fund	General Capital Projects Fund	200	Capital contribution
	Total	\$ 24,562,210	

Note 6 – Due from Fiduciary Funds

Due from fiduciary funds as of June 30, 2021, was as follows:

Receivable Fund	Payable Fund	Amount
Lease Revenue Bonds	Successor Agency Private Purpose	
Debt Service Fund	Trust Fund	\$ 5,192,100

A. Supplemental Education Revenue Augmentation Fund Loans from Housing Successor

During the fiscal years ending June 30, 2010 and 2011 the Agency approved an interfund advance of \$2,803,520 from the Agency’s Housing Fund to the Agency’s Debt Service Fund for the purpose of paying the Agency’s share of the countywide Supplemental Education Revenue Augmentation Fund. The remaining balance was paid in full as of June 30, 2021.

B. Successor Agency Reimbursement Agreement

On December 1, 2008, the Agency entered into a Reimbursement Agreement with the City related to the City’s 2008 Lease Revenue Bonds and the portion of those Bonds that funded improvements that benefitted the Redevelopment Project. Under the terms of the Reimbursement Agreement, the Agency reimburses the City for a portion of lease payments made by the City under the property lease for the 2008 Lease Revenue Bonds that are attributable to the Redevelopment Improvements. The City refunded the 2008 Lease Revenue Bonds and amended the Reimbursement Agreement on March 1, 2020. Under the terms of the amendment, the Agency reimburses the City for a portion of lease payments made by the City under the property lease for the 2020 Lease Revenue Bonds.

The terms of the Reimbursement Agreement indicate that the Agency is required to make annual payments to the City, regardless of whether the City’s annual lease payments are abated. The Agency has pledged tax revenues for the repayment of the Reimbursement Agreement, subordinate to other obligations of the Agency. The Reimbursement Agreement does not bear interest and annual principal payments are due through 2038. The balance owed by the Successor Agency to the Lease Revenue Bonds Debt Service Fund as of June 30, 2021 was \$5,192,100.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Capital Assets

A. Governmental Activities

The summary of changes in governmental activities capital assets for the year ended June 30, 2021, is as follows:

	Balance June 30, 2020	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 177,773,520	\$ 1,537,000	\$ -	\$ -	\$ 179,310,520
Roads accounted for using the modified approach	305,042,410	5,381,129	-	9,716,874	320,140,413
Construction in progress	45,214,625	8,453,875	-	(20,454,300)	33,214,200
Total capital assets not being depreciated	<u>528,030,555</u>	<u>15,372,004</u>	<u>-</u>	<u>(10,737,426)</u>	<u>532,665,133</u>
Capital assets being depreciated:					
Buildings and improvements	134,076,048	-	-	9,539,561	143,615,609
Improvements	46,556,349	2,958,448	-	-	49,514,797
Grading, curb & gutter, sidewalk and driveway approaches	32,130,420	-	-	4,755	32,135,175
Traffic signals and street lights	23,025,937	2,930,876	-	1,193,110	27,149,923
Equipment	34,365,506	2,886,262	(1,745,657)	-	35,506,111
Infrastructure and drainage	12,218,531	-	-	-	12,218,531
Intangibles	609,656	363,659	-	-	973,315
Total capital assets being depreciated	<u>282,982,447</u>	<u>9,139,245</u>	<u>(1,745,657)</u>	<u>10,737,426</u>	<u>301,113,461</u>
Less accumulated depreciation for:					
Buildings and improvements	(56,452,196)	(4,560,880)	-	-	(61,013,076)
Improvements	(37,413,505)	(1,362,093)	-	-	(38,775,598)
Grading, curb & gutter, sidewalk and driveway approaches	(15,751,969)	(706,468)	-	-	(16,458,437)
Traffic signals and street lights	(15,636,638)	(743,638)	-	-	(16,380,276)
Equipment	(20,511,988)	(2,271,634)	1,730,982	-	(21,052,640)
Infrastructure and drainage	(4,496,638)	(237,576)	-	-	(4,734,214)
Intangibles	(594,869)	(32,944)	-	-	(627,813)
Total accumulated depreciation	<u>(150,857,803)</u>	<u>(9,915,233)</u>	<u>1,730,982</u>	<u>-</u>	<u>(159,042,054)</u>
Net capital assets being depreciated	<u>132,124,644</u>	<u>(775,988)</u>	<u>(14,675)</u>	<u>10,737,426</u>	<u>142,071,407</u>
Governmental activities capital assets, net	<u>\$ 660,155,199</u>	<u>\$ 14,596,016</u>	<u>\$ (14,675)</u>	<u>\$ -</u>	<u>\$ 674,736,540</u>

Depreciation and amortization expense were charged to the functions/programs of the governmental activities as follows:

Governmental Activities	
General government	\$ 250,374
Police	250,085
Fire	116,829
Development and engineering	3,997
Public works	6,721,703
Parks and community services	782,775
Internal service funds	1,789,470
Total depreciation expense	<u>\$ 9,915,233</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Capital Assets (Continued)

B. Business-Type Activities

The summary of changes in business-type activities capital assets for the year ended June 30, 2021, is as follows:

	Balance June 30, 2020	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 18,291,730	\$ 765,046	\$ -	\$ -	\$ 19,056,776
Construction in progress	55,957,484	22,673,610	-	(23,944,809)	54,686,285
Total capital assets not being depreciated	<u>74,249,214</u>	<u>23,438,656</u>	<u>-</u>	<u>(23,944,809)</u>	<u>73,743,061</u>
Capital assets being depreciated:					
Buildings	169,452,003	-	-	435,884	169,887,887
Traffic signals and street lights	3,570,581	-	-	-	3,570,581
Equipment	44,702,818	-	(24,549)	-	44,678,269
Infrastructure and drainage	342,085,147	3,112,269	-	23,508,925	368,706,341
Intangibles	72,882,813	-	-	-	72,882,813
Total capital assets being depreciated	<u>632,693,362</u>	<u>3,112,269</u>	<u>(24,549)</u>	<u>23,944,809</u>	<u>659,725,891</u>
Less accumulated depreciation for:					
Buildings	(95,761,105)	(4,648,007)	-	-	(100,409,112)
Improvements	(2,228,813)	(214,425)	-	-	(2,443,238)
Equipment	(21,857,872)	(1,636,951)	24,549	-	(23,470,274)
Infrastructure	(158,918,672)	(7,012,143)	-	-	(165,930,815)
Intangibles	(31,879)	(817)	-	-	(32,696)
Total accumulated depreciation	<u>(278,798,341)</u>	<u>(13,512,343)</u>	<u>24,549</u>	<u>-</u>	<u>(292,286,135)</u>
Net capital assets being depreciated	<u>353,895,021</u>	<u>(10,400,074)</u>	<u>-</u>	<u>23,944,809</u>	<u>367,439,756</u>
Governmental activities capital assets, net	<u>\$ 428,144,235</u>	<u>\$ 13,038,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441,182,817</u>

Depreciation and amortization expense were charged to the functions/programs of the governmental activities as follows:

Business-Type Activities	
Water	\$ 4,585,829
Sewer	5,735,509
Drainage operations	1,632,097
Municipal Airport	645,629
Municipal Transit	913,279
Total depreciation expense	<u>\$ 13,512,343</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Liabilities

A. Summary

	Final Maturity	Interest Rate	Annual Principal Installments	Original Issue Amounts	Outstanding at June 30, 2021
Governmental Activities					
Public Borrowing:					
Lease Revenue Refunding Bonds, Series 2020	2039	3.00% - 4.00%	\$555,000-\$1,295,000	\$ 18,190,000	\$ 17,635,000
Total Governmental Activities				<u>\$ 18,190,000</u>	<u>\$ 17,635,000</u>
Business-Type Activities					
Direct Borrowing:					
State of California Department of Public Health	2028	2.34%	\$394,960-\$1,221,886	\$ 20,000,000	\$ 7,544,235
Public Borrowing:					
Certificates of Participation, Series 2004 (Wastewater Treatment Plant Upgrade)	2037	2.00% - 4.75%	\$575,000-\$1,050,000	30,955,000	21,175,000
Total Business-Type Activities				<u>\$ 50,955,000</u>	<u>\$ 28,719,235</u>
Successor Agency					
Public Borrowing:					
Tax Allocation Refunding Bonds, Series 2016	2034	3.00% - 4.00%	\$380,000-\$2,730,000	\$ 33,720,000	\$ 27,650,000
Total Successor Agency				<u>\$ 33,720,000</u>	<u>\$ 27,650,000</u>

B. Governmental Activities

A summary of changes in the long-term liabilities of the governmental activities for the year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Debt Issued	Debt Retired	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Governmental Activities:						
Public borrowings:						
Lease revenue bonds:						
2020 Lease Revenue Refunding Bonds	18,190,000	-	(555,000)	17,635,000	595,000	17,040,000
plus: bond premium	3,501,175	-	(46,069)	3,455,106	-	3,455,106
Total lease revenue bonds	21,691,175	-	(601,069)	21,090,106	595,000	20,495,106
Total	<u>\$ 21,691,175</u>	<u>\$ -</u>	<u>\$ (601,069)</u>	<u>\$ 21,090,106</u>	<u>\$ 595,000</u>	<u>\$ 20,495,106</u>

2020 Lease Revenue Refunding Bonds

On February 28, 2020, the City, under the Tracy Operating Partnership (TOP), issued \$18,190,000 of 2020 Lease Revenue Refunding Bonds. The proceeds from the bonds were used to refund, on a current basis, the 2007 Lease Revenue Bonds Series A, the 2007 Lease Revenue Bonds Series B, and the 2008 Lease Revenue Bonds. The TOP has pledged revenue pursuant to amended site and facility leases between the City and the TOP for the Fire Station 91, the Police Department Headquarters and the Fire Administration Building.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

2020 Lease Revenue Refunding Bonds (Continued)

Interest payments are due semi-annually each November 1 and May 1 at rates of 3% and 4%. Principal is due annually each November 1 through 2038. The refunding resulted in an overall debt service savings of \$9,888,414. The net present value of the debt service savings is called an economic gain and amounted to \$8,617,218. The 2020 Bonds maturing on or before November 1, 2029 are not subject to annual redemption prior to maturity. The 2020 Bonds maturing on or after November 1, 2030 are subject to optional redemption prior to maturity on or after May 1, 2030 at the option of the TOP, as a whole or in part on any date at a redemption price equal to the principal amount of 2020 Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium. In the event of default, the TOP may not terminate the respective lease agreements or release the leased properties, but the City remains liable to pay all lease payments as they come due.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 595,000	\$ 693,500	\$ 1,288,500
2023	635,000	668,900	1,303,900
2024	670,000	642,800	1,312,800
2025	705,000	615,300	1,320,300
2026	750,000	586,200	1,336,200
2027-2031	4,470,000	2,429,800	6,899,800
2032-2036	5,900,000	1,397,400	7,297,400
2037-2039	3,910,000	231,000	4,141,000
Total	\$ 17,635,000	\$ 7,264,900	\$ 24,899,900

C. Business-Type Activities

A summary of changes in the long-term liabilities of the business-type activities for the year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Debt Issued	Debt Retired	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Business-Type Activities:						
Direct borrowings:						
Loans payable:						
State of California						
Department of Public Health	\$ 8,606,933	\$ -	\$ (1,062,698)	\$ 7,544,235	\$ 1,087,711	\$ 6,456,524
Total loans payable	8,606,933	-	(1,062,698)	7,544,235	1,087,711	6,456,524
Public borrowings:						
Certificates of Participation:						
Wastewater, Series 2004	22,050,000	-	(875,000)	21,175,000	915,000	20,260,000
Total certificates of participation	22,050,000	-	(875,000)	21,175,000	915,000	20,260,000
Total	\$ 30,656,933	\$ -	\$ (1,937,698)	\$ 28,719,235	\$ 2,002,711	\$ 26,716,524

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Liabilities (Continued)

C. Business-Type Activities (Continued)

State of California Department of Public Health Loan Payable

In 2006, the City entered into a loan agreement with the State of California Department of Public Health in the amount of \$20,000,000 for assistance in the construction of its new Water Treatment Plant. The proceeds from the loan were drawn down by the City as needed for construction. The loan is a fully amortized loan over 20 years at an annual interest rate of 2.34%. The City is obligated to make semi-annual payments of principal and interest in the amount of \$628,960 beginning July 1, 2008 with a final maturity date of January 1, 2028.

The annual debt service requirements on the California Department of Public Health Loan Payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,087,711	\$ 170,209	\$ 1,257,920
2023	1,113,312	144,608	1,257,920
2024	1,139,516	118,404	1,257,920
2025	1,166,336	91,583	1,257,919
2026	1,193,788	64,131	1,257,919
2027-2028	1,843,572	43,307	1,886,879
Total	\$ 7,544,235	\$ 632,242	\$ 8,176,477

Wastewater Certificates of Participation (COPs), Series 2004

The City issued Wastewater Certificates of Participation (COPs) in April 2004 to fund the upgrade of the City's wastewater treatment plant. The Wastewater COPs are special obligations of the City and are payable solely from and secured by a pledge of net revenues of the Wastewater Utility System. Principal payments commence on December 1, 2007, and are payable annually on December 1 through 2036. Interest payments commence on December 1, 2004, and are payable semi-annually on December 1 and June 1, thereafter. The COP's maturing on or after December 1, 2014 may be prepaid in advance of maturity on any date on or after December 1, 2013 plus accrued but unpaid interest to the prepayment date, without premium. For fiscal year 2021 net revenues amounted to \$2,419,501 which represented coverage of 128% over the \$1,889,818 of debt service. The pledge of net revenues ends upon repayment of the City's repayment of the remaining balance of \$32,220,608 which is scheduled to occur in 2037.

The annual debt service requirements on the Series 2004 COPs are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 915,000	\$ 975,418	\$ 1,890,418
2023	955,000	932,865	1,887,865
2024	1,000,000	887,900	1,887,900
2025	1,050,000	840,750	1,890,750
2026	-	816,600	816,600
2027-2031	6,025,000	3,658,238	9,683,238
2032-2036	-	2,667,125	2,667,125
2037	11,230,000	266,712	11,496,712
Total	\$ 21,175,000	\$ 11,045,608	\$ 32,220,608

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Liabilities (Continued)

D. Fiduciary Fund Private Purpose Trust Funds - Successor Agency to the Former Community Development Agency of the City of Tracy

A summary of changes in the long-term liabilities of the fiduciary fund financial statements for the year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Debt Issued	Debt Retired	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Fiduciary Activities:						
Public borrowings:						
Tax allocation refunding bonds:						
Series 2016	\$ 29,160,000	\$ -	\$ (1,510,000)	\$ 27,650,000	\$ 1,580,000	\$ 26,070,000
Add: unamortized bond premiums	4,265,598	-	(304,686)	3,960,912	-	3,960,912
Total tax allocation refunding bonds	33,425,598	-	(1,814,686)	31,610,912	1,580,000	30,030,912
Total	\$ 33,425,598	\$ -	\$ (1,814,686)	\$ 31,610,912	\$ 1,580,000	\$ 30,030,912

Tax Allocation Refunding Bonds, Series 2015A

On January 21, 2016, the Successor Agency issued 2016 Tax Allocation Refunding Bonds in the amount of \$33,720,000. The proceeds from the Bonds were used to advance refund and defease the outstanding balance of the 2003 Tax Allocation Bonds Series A and B. The Bonds bear interest ranging from 2% to 5%. Interest is payable semi-annually each August 1 and February 1 and principal is due annually on each August 1, through 2033. The Bonds maturing on or before August 1, 2025 are not subject to optional redemption prior to maturity. The Bonds maturing on and after August 1, 2026, are subject to redemption, at the option of the Successor Agency on any date on or after August 1, 2025, as a whole or in part. The defeased bonds were called on February 22, 2016.

The Successor Agency's annual debt service requirements on the 2015A Tax Allocation Refunding Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,580,000	\$ 1,235,300	\$ 2,815,300
2023	1,660,000	1,154,300	2,814,300
2024	1,740,000	1,069,300	2,809,300
2025	1,820,000	980,300	2,800,300
2026	1,910,000	887,050	2,797,050
2027-2031	11,020,000	2,870,750	13,890,750
2032-2034	7,920,000	387,600	8,307,600
Total	\$ 27,650,000	\$ 8,584,600	\$ 36,234,600

Pledge of Revenues

The Agency has pledged all future tax increment revenues, for the repayment of the Tax Allocation Bonds and Reimbursement Agreement. The pledge of all future tax increment revenues end upon repayment of the remaining debt service of \$36,234,660 on the Bonds, which is scheduled to occur in 2034. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total property taxes available for distribution to the Successor Agency and other taxing entities for fiscal year 2021 calculated by the County Auditor-Controller was \$8,013,480, and the total received by the Successor Agency for fiscal year 2021 debt service was \$2,854,800, which the Agency used to pay the \$2,822,550 of fiscal year debt service.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 9 – Special Assessment Debt with No City Commitment

The City issued special tax and assessment bonds on behalf of property owners, pursuant to the Improvement Bond Act of 1915 and the Mello-Roos Community Facilities Act of 1982, to finance the acquisition and construction of certain infrastructure improvements within the assessment districts and community facilities districts.

The City has authorized the formation of the Bay Meadows Community Facilities District No. 2008-1 (Bay Meadows CFD), acting through its eligible landowner voters, and the issuance of bonds under the public improvement act (Mello-Roos Community Facilities Act of 1982) of the State of California to finance eligible public facilities necessary to serve developing commercial, industrial, residential and/or mixed-use developments. The bonds are secured by annual special tax levies or liens placed on the property within the district.

Special Assessment Districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included as debt of the City.

The outstanding balance of each of these issues as of June 30, 2021, is as follows:

Description	Fiscal Year		Underlying Assessment District Bonds	Outstanding June 30, 2021
	Issue Year	Maturity Year		
1996A Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	1997	2027		\$ 550,000
2002 Special Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	2003	2033		1,620,000
2003-01 Assessment District Limited Obligation Improvement Bonds (Berg Avenue)	2003	2029		450,000
2005A TOP JPA Revenue Bonds (Senior Lien) (98-1 Plan C)	2006	2029		31,975,000
2005B TOP JPA Revenue Bonds (Junior Lien) (98-3 Plan C)	2006	2036		1,035,000
2005C TOP JPA Revenue Bonds	2006	2036		9,575,000
2011A TOP JPA Revenue Bonds:				
98-4 Morrison Homes and 2000-02 Heartland Three	2011	2026	940,000	
2011-1 Reassessment Bonds	2011	2027	160,000	
99-2 South MacArthur Plan Area (2000 and 2002)	2011	2028	5,780,000	
Total 2011A TOP JPA Revenue Bonds			5,780,000	6,880,000
2014A Tracy Public Financing Authority Revenue Bonds:				
99-1 Community Facilities District - Northeast Industrial Area	2014	2025	2,345,000	
2014-1 Reassessment Bonds	2014	2023	815,000	
Total 2014A Tracy Public Financing Authority Revenue Bonds			815,000	3,160,000
2018 Series Tracy Hills Special Tax Bonds				
Community Facilities District No. 2016-1	2019	2048		32,525,000
2019 Series Tracy Hills Phase I Special Tax Bonds				
Community Facilities District No. 2016-1	2020	2050		14,815,000
2019 Series ECFD Special Tax Bonds				
Community Facilities District No. 2016-2	2020	2050		15,180,000
2019 Series NEI Phase II Special Tax Refunding Bonds				
Community Facilities District No. 2006-01	2020	2037		8,015,000
Total				\$ 125,780,000

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Sick Leave Conversion

A. Governmental Activities

A summary of changes in the sick leave conversion balances for the governmental activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Sick Leave Conversion	\$ 3,189,083	\$ 1,340,333	\$ (602,580)	\$ 3,926,836	\$ 785,367	\$ 3,141,469
Total	\$ 3,189,083	\$ 1,340,333	\$ (602,580)	\$ 3,926,836	\$ 785,367	\$ 3,141,469

Note 11 – Compensated Absences

A. Governmental Activities

A summary of changes in the compensated absences balances for the governmental activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Compensated absences	\$ 4,476,991	\$ 1,344,769	\$ (1,175,410)	\$ 4,646,350	\$ 1,562,838	\$ 3,083,512
Total	\$ 4,476,991	\$ 1,344,769	\$ (1,175,410)	\$ 4,646,350	\$ 1,562,838	\$ 3,083,512

Compensated absences are liquidated by the fund that has recorded the liability only when matured. The long-term portion of the governmental activities compensated absences is liquidated primarily by the General Fund.

B. Business-Type Activities

A summary of changes in the compensated absences balances for the business-type activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Compensated absences	\$ 746,333	\$ 915,354	\$ (717,929)	\$ 943,758	\$ 285,678	\$ 658,080
Total	\$ 746,333	\$ 915,354	\$ (717,929)	\$ 943,758	\$ 285,678	\$ 658,080

Compensated absences in the business-type activities are obligations of the following funds:

Water Fund	\$ 328,419
Sewer Fund	464,313
Solid Waste Fund	74,980
Drainage Operations Fund	23,049
Municipal Airport Fund	12,956
Municipal Transit Fund	40,041
Total	\$ 943,758

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 12 – 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 separate 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 Authority for fiscal year ended June 30, 2021, is as follows:

Total Assets	\$ 150,621,596
Total Liabilities	<u>\$ 129,774,819</u>
Net Position	<u>\$ 20,846,777</u>
Operating Revenues	<u>\$ 55,391,674</u>
Operating Expenses	<u>\$ 54,084,619</u>
Nonoperating Revenues (Expenses)	<u>\$ (224,620)</u>
Change in Net Position	<u>\$ 1,082,435</u>

A. Coverage

The City participates in the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a public entity risk pool currently operating as a common risk management and insurance program for 54 cities. The purpose of CSJVRMA is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expense. The CSJVRMA is governed by a Board of Directors elected by the member agencies; it is not a component unit of the City. Audited financial statements are available from the Central San Joaquin Risk Management Authority at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 12 – Risk Management (Continued)

A. Coverage (Continued)

The City participates in the following pooled coverages through CSJVRMA:

Type of Coverage (Deductible)	Coverage Limits
Liability (\$100,000)	\$ 54,000,000
Property (\$5,000 to \$10,000)	1,000,000,000
Worker's Compensation (\$200,000)	Statutory Limit
Boiler and Machinery (\$1,000 to \$10,000)	100,000,000
Automobile - for vehicles with values more than \$25,000 (\$500)	1,000,000,000

The CSJVRMA maintains separate records for each member for each year of participation. The records track cash paid to the CSJVRMA through deposit premium assessments, the City's self-insured retention portion of claims paid, and the City's allocation of shared risks. Three years after the close of the workers' compensation coverage year and five years after the close of the general liability coverage year, the CSJVRMA assesses the status of all members for the year, then either makes a refund to a member if it has positive balance (i.e., payout and reserve experience is less than premiums paid) or collects any deficit.

During the fiscal year ended June 30, 2021, the City contributed \$5,191,306 for current year coverage. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

B. Liability for Uninsured Claims

The City provides for the uninsured portion of claims and judgments, including provisions for claims incurred but not reported, in the Insurance Internal Service Fund. Claims and judgments are recorded when a loss is deemed probable of asserting and the amount of the loss is reasonably determinable. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims. The City has estimated that claims will become due and payable in more than one year.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 13 – Pension Plans

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 4,531,188	1,536,284	\$ 6,067,472
CalPERS Safety	7,379,603	-	7,379,603
Total pension contribution made after measurement date	<u>11,910,791</u>	<u>1,536,284</u>	<u>13,447,075</u>
Change in assumption			
CalPERS Safety	1,957,091	-	1,957,091
Total change in assumption	<u>1,957,091</u>	<u>-</u>	<u>1,957,091</u>
earnings:			
CalPERS Miscellaneous	765,525	259,549	1,025,074
CalPERS Safety	1,447,702	-	1,447,702
actual earnings	<u>2,213,227</u>	<u>259,549</u>	<u>2,472,776</u>
Difference between expected and actual experience			
CalPERS Miscellaneous	2,767,120	938,182	3,705,302
CalPERS Safety	4,738,257	-	4,738,257
Total difference between expected and actual experience	<u>7,505,377</u>	<u>938,182</u>	<u>8,443,559</u>
Total deferred outflows of resources			
CalPERS Miscellaneous	8,063,833	2,734,015	10,797,848
CalPERS Safety	15,522,653	-	15,522,653
Total deferred outflows of resources	<u>\$ 23,586,486</u>	<u>\$ 2,734,015</u>	<u>\$ 26,320,501</u>
Net pension liability:			
CalPERS Miscellaneous	34,655,680	11,749,890	\$ 46,405,570
CalPERS Safety	53,683,706	-	53,683,706
Total net pension liability	<u>\$ 88,339,386</u>	<u>\$ 11,749,890</u>	<u>\$ 100,089,276</u>
Deferred inflows of resources:			
Difference between expected and actual experience			
CalPERS Safety	\$ 106,144	\$ -	\$ 106,144
Total difference between expected and actual experience	<u>106,144</u>	<u>-</u>	<u>106,144</u>
Changes of assumptions			
CalPERS Miscellaneous	127,908	43,367	171,275
CalPERS Safety	295,433	-	295,433
Total difference between expected and actual experience	<u>423,341</u>	<u>43,367</u>	<u>466,708</u>
Total deferred inflows of resources			
CalPERS Miscellaneous	127,908	43,367	171,275
CalPERS Safety	401,577	-	401,577
Total deferred inflows of resources	<u>\$ 529,485</u>	<u>\$ 43,367</u>	<u>\$ 572,852</u>
Pension expenses:			
CalPERS Miscellaneous	\$ 6,510,728	\$ 2,207,440	\$ 8,718,168
CalPERS Safety	10,811,131	-	10,811,131
Total net pension expenses	<u>\$ 17,321,859</u>	<u>\$ 2,207,440</u>	<u>\$ 19,529,299</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 13 – Pension Plans (Continued)

B. General Information about Pension

Plan Description

Substantially all City employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in the Miscellaneous or Safety Agent multiple-employer defined benefit plan administered by California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit Provisions under the Plans are established by State statutes within the Public Employee’s Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Employees Covered

At June 30, 2020, the measurement date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous Plan	Safety Plan	Total
Active employees	331	165	496
Transferred and terminated employees	277	58	335
Retired employees and beneficiaries	338	169	507
Total	946	392	1338

Benefits Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic 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:

	Miscellaneous		
	Classic Tier I	Classic Tier II	PEPRA
	October 9, 2011	October 9, 2011	January 1, 2013
Hire date	October 9, 2011	October 9, 2011	January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0-2.5%	1.426%-2.418%	1.0% - 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	9.838%	9.838%	9.838%
Required UAL contribution		\$3,442,778	

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 13 – Pension Plans (Continued)

B. General Information about Pension (Continued)

Benefits Provided

	Safety - Police		
	<u>Classic Tier I</u>	<u>Classic Tier II</u>	<u>PEPRA</u>
Hire date	April 8, 2012	April 8, 2012	January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9%	9%	13%
Required employer contribution rates	21.845%	21.845%	21.845%
Required UAL contribution (Police and Fire)	\$3,259,512		

	Safety - Fire	
	<u>Classic Tier I</u>	<u>PEPRA</u>
Hire date	January 1, 2013	January 1, 2013
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9%	13%
Required employer contribution rates	21.845%	21.845%
Required UAL contribution (Police and Fire)	Included in Safety -Police total above	

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired on or after January 1, 2013 who are new to Public Employee Retirement Systems (PERS). These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation) prior to January 1, 2013 are now referred to as classic members. PEPRA miscellaneous members will be enrolled in a 2% at 62 plan and PEPRA safety members will be enrolled in a 2.7% at 57 plan. PEPRA members will be required to pay half the normal cost of their plans.

Contributions

Section 20814(C) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year (normal cost), with additional amount to finance any unfunded accrued liability (UAL).

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 13 – Pension Plans (Continued)

B. General Information about Pension (Continued)

Contributions

The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2020 (the measurement date), the average active employee contribution rate is 8 percent of annual pay for the Miscellaneous Plan and 9 percent of annual pay for the Safety Plan, and employer contribution rate is 29.37 percent of annual payroll for the Miscellaneous Plan and 98.53 percent of annual payroll for the Safety Plan. Of note, the pension liability for the service years of former City employees that transferred to the Tracy Consolidated Fire Department remains with the City, thus the UAL as a percentage of payroll is higher, as the UAL is relative to the remaining Safety Plan members (Police Department employees). As of June 30, 2021, in the opinion of City Administration, there were no additional outstanding matters that would have a significant effect on the financial position of the City.

For the year ended June 30, 2021, the plan’s contributions made for the Plan was as follows:

	Miscellaneous Plan	Safety Plan
Contributions - employer	\$ 6,067,472	\$ 7,379,603

Net Pension Liability

The City’s net pension liability is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.63%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.25%
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 MP-2016.
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, 2019 valuation were based on the results of December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experiences Study can be found on the CalPERS website.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 13 – Pension Plans (Continued)

B. General Information about Pension (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 - 10¹</u>	<u>Real Return Years 11 +²</u>
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	0.77%	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%

¹ An expected inflation of 2.00% was used for this period.

² 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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 13 – Pension Plans (Continued)

B. General Information about Pension (Continued)

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

The following presents the City’s net pension liability, calculated using the discount rate, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.15%)	Rate (7.15%)	(8.15%)
Miscellaneous Plan	\$ 70,284,235	\$ 46,405,570	\$ 26,636,453
Safety Plan	\$ 85,443,630	\$ 53,683,706	\$ 27,835,516

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period:

	Miscellaneous Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019 (Valuation Date)	\$ 164,857,154	\$ 124,565,111	\$ 40,292,043
Changes in the year:			
Service cost	4,471,783	-	4,471,783
Interest on the total pension liabilities	11,946,424	-	11,946,424
Changes in assumptions	-	-	-
Differences between expected and actual experience	3,547,669	-	3,547,669
Benefit payments, including refunds of members contributions	(7,115,731)	(7,115,731)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	5,671,613	(5,671,613)
Contributions - employee	-	2,054,668	(2,054,668)
Net investment income	-	6,301,674	(6,301,674)
Administrative expenses	-	(175,606)	175,606
Net changes	12,850,145	6,736,618	6,113,527
Balance at June 30, 2020 (Measurement Date)	\$ 177,707,299	\$ 131,301,729	\$ 46,405,570

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 13 – Pension Plans (Continued)

B. General Information about Pension (Continued)

Changes in the Net Pension Liability (Continued)

	Safety Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019 (Valuation Date)	\$ 195,787,881	\$ 149,184,169	\$ 46,603,712
Changes in the year:			
Service cost	5,954,133	-	5,954,133
Interest on the total pension liabilities	14,167,518	-	14,167,518
Changes in assumptions	-	-	-
Differences between expected and actual experience	3,242,995	-	3,242,995
Benefit payments, including refunds of members contributions	(7,721,638)	(7,721,638)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	6,693,746	(6,693,746)
Contributions - employee	-	2,355,865	(2,355,865)
Net investment income	-	7,445,354	(7,445,354)
Administrative expenses	-	(210,313)	210,313
Net changes	15,643,008	8,563,014	7,079,994
Balance at June 30, 2020 (Measurement Date)	<u>\$ 211,430,889</u>	<u>\$ 157,747,183</u>	<u>\$ 53,683,706</u>

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

For the year ended June 30, 2021, the City recognized pension expense in the amount of \$8,718,168 and \$10,811,131 for the miscellaneous and safety plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. 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.

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. For the Miscellaneous Plan, the EARSL for the Miscellaneous Plan for the 2019-20 measurement period is 4.0 years, which was obtained by dividing the total service years of 3,771 (the sum of remaining service lifetimes of the active employees) by 932 (the total number of participants: active, inactive, and retired). For the Safety Plan, the EARSL for the Miscellaneous Plan for the 2019-20 measurement period is 5.0 years, which was obtained by dividing the total service years of 1,941 (the sum of remaining service lifetimes of the active employees) by 385 (the total number of participants: active, inactive, and retired).

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 13 – Pension Plans (Continued)

B. General Information about Pension (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

At June 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 6,067,472	\$ -
Difference between projected and actual earning on pension plan investments	1,025,074	-
Changes in assumptions	-	(171,275)
Differences between expected and actual experience	3,705,302	-
Total	\$ 10,797,848	\$ (171,275)

Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 7,379,603	\$ -
Difference between projected and actual earning on pension plan investments	1,447,702	-
Changes in assumptions	1,957,091	(295,433)
Differences between expected and actual experience	4,738,257	(106,144)
Total	\$ 15,522,653	\$ (401,577)

Total		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 13,447,075	\$ -
Difference between projected and actual earning on pension plan investments	2,472,776	-
Changes in assumptions	1,957,091	(466,708)
Differences between expected and actual experience	8,443,559	(106,144)
Total	\$ 26,320,501	\$ (572,852)

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 13 – Pension Plans (Continued)

B. General Information about Pension (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the General Information about Pension, for the Miscellaneous and Safety Plans, \$6,067,472 and \$7,379,603, 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources		Total
	Miscellaneous Plan	Safety Plan	
2022	\$ 911,014	\$ 2,643,664	\$ 3,554,678
2023	1,589,614	1,656,802	3,246,416
2024	1,534,912	2,141,046	3,675,958
2025	523,561	1,299,961	1,823,522
2026	-	-	-
Thereafter	-	-	-
	<u>\$ 4,559,101</u>	<u>\$ 7,741,473</u>	<u>\$ 12,300,574</u>

Pension Plan Fiduciary Net Position

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

Note 14 – Other Postemployment Benefits

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Employer contributions made			
subsequent to the measurement date	\$ 201,083	\$ 9,942	\$ 211,025
Difference between expected and actual experience	188,159	9,304	197,463
Changes in assumptions	78,400	3,876	82,276
Total deferred outflows of resources	<u>\$ 467,642</u>	<u>\$ 23,122</u>	<u>\$ 490,764</u>
Total OPEB liability:			
Total OPEB liability	\$ 6,051,636	\$ 299,223	\$ 6,350,859
Total OPEB liability	<u>\$ 6,051,636</u>	<u>\$ 299,223</u>	<u>\$ 6,350,859</u>
Deferred inflows of Resources:			
Difference between expected and actual experience	\$ 308,886	\$ 15,273	\$ 324,159
Change in assumption	799,306	39,522	838,828
Total deferred inflows of resources	<u>\$ 1,108,192</u>	<u>\$ 54,795</u>	<u>\$ 1,162,987</u>
Total OPEB Expense	<u>\$ 511,687</u>	<u>\$ 25,301</u>	<u>\$ 536,988</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 14 – Other Postemployment Benefits (Continued)

B. General Information about OPEB

Plan Description

The City administers a single employer defined benefit (implicit subsidy) healthcare plan. No assets have been accumulated in a trust for the payment of benefits that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

The City offers medical, dental, vision and life insurance benefits to its employees, retirees, and their dependents. However, the City does not explicitly pay for the cost of retiree health premiums. The medical plans consist of a Kaiser HMO, a Kaiser POS, and a Kaiser PPO, all fully insured. Medical premiums for retirees under age 65 are the same as those charged for active employees.

Employees who retire with at least ten years of service may elect to convert all accrued sick leave at the time of retirement to a medical insurance bank that can be used for medical, dental and vision premiums. Miscellaneous employees except members of the Teamsters Bargaining Unit can bank their unused sick leave upon retirement. Members of the Teamsters can also bank their unused sick leave only if they have at least ten (10) years of employment with the City. Safety employees: Police employees can bank their unused sick leave if they have at least ten (10) years of employment. Fire employees have a choice to bank their unused sick leave. Fire employees also need at least ten (10) years of employment to receive this benefit. The value of the medical insurance bank is determined by multiplying the number of accrued sick leave hours by the employees' hourly rate of pay at the time of retirement.

The retired employee and his/her dependents are entitled to continued group health insurance coverage currently in effect with premiums for such coverage being deducted from the medical leave bank until that bank is exhausted.

The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. For the fiscal year ending June 30, 2021, those costs for 86 retirees totaled \$602,580 and the total liability amount in the medical leave bank is \$3,926,836.

After the account is exhausted, the retiree has option either to terminate coverage or elect to continue paying the medical (but not dental or vision) premiums from personal funds. Spouses and eligible dependent children of retirees may also be covered at the retiree's expense. While the City does not directly contribute towards the cost of premiums for retirees, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the retirees, called an "implicit subsidy" under generally accepted accounting principles. The inclusion of the retirees increases the City's overall health insurance rates; it is, in part, the purpose of this valuation to determine the amount of the subsidy.

The ability to participate in the City's health plan by self-paying the premiums extends for the lifetime of the retiree; however, upon attaining the age of Medicare eligibility (65), the retiree may enter a plan coordinated with Medicare. Standard actuarial practice assumes that Medicare supplement plans do not generally give rise to an implicit subsidy, and while the actuarial valuation included Medicare eligible retirees, both their liability and their annual implicit subsidy are both \$0.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 14 – Other Postemployment Benefits (Continued)

B. General Information about OPEB (Continued)

Eligibility

Employees become eligible to 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, 2020, the date of the latest actuarial valuation:

Active employees	320
Transferred and terminated employees	-
Retired employees and beneficiaries	18
Total	338

Contributions

The contribution requirement of plan members and the City are established and may be amended by the City. The required contribution is based on projected pay-as-you-go financing requirements.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total OPEB liability at June 30, 2021 was \$6,350,859.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.66%
Inflation	2.50%
Aggregate payroll increases	3.00%
Actuarial cost method	Entry Age Normal Cost Method
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 2017 Experience Study
Mortality Improvement Scale	Macleod Watts Scale 2020
Healthcare Trend Rate	An annual healthcare cost trend rate of 5.7% initially reduced by decrements to an ultimate of 4.0% in 2076.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2020.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 14 – Other Postemployment Benefits (Continued)

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

Discount Rate

The discount rate used to measure the total OPEB liability 2.66%. The City’s funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. The City is currently financing its OPEB liability on a pay-as-you-go basis, the discount rate used is based on the S&P Municipal Bond 20 Year High Grade Index.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 6,666,572
Changes Recognized for the Measurement Period:	
Service Cost	443,619
Interest on the total OPEB liability	195,454
Changes of benefit terms	-
Difference between expected and actual experience	(356,446)
Changes of assumptions	(388,970)
Benefit payments	(209,370)
Net Changes during July 1, 2019 to June 30, 2020	(315,713)
Balance at June 30, 2020 (Measurement Date)	\$ 6,350,859

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 (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1% (1.66%)	Current Discount Rate (2.66%)	Discount Rate + 1% (3.66%)
\$ 6,933,014	\$ 6,350,859	\$ 5,818,126

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:

Plan's Total OPEB Liability		
Healthcare Cost		
-1%	Trend Rates	1%
\$ 5,751,877	\$ 6,350,859	\$ 7,070,130

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 14 – 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

For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$536,988. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Difference between expected and actual experience	\$ 197,463	\$ (324,159)
Changes of assumptions	82,276	(838,828)
Employer contributions made subsequent to the measurement date	211,025	-
Total	<u>\$ 490,764</u>	<u>\$ (1,162,987)</u>

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 11.04 years, which was determined as of June 30, 2020, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

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

<u>Measurement Period Ended June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2022	\$ (102,085)
2023	(102,085)
2024	(102,085)
2025	(102,085)
2026	(102,085)
Thereafter	(372,823)
	<u>\$ (883,248)</u>

Note 15 – Deferred Compensation Plan

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan was amended so that the assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Since the plan assets are administered by an outside party and not subject to the claims of the City’s general creditors, their assets and related liabilities are not on the City’s financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 32, “Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.”

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the plan.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 16 – Other Required Disclosures

A. Deficit Fund Balances/Net Position

At June 30, 2021, 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
North East Industrial Plan Area #2 Fund	Capital Projects Fund	2,175,774
Central Garage Fund	Internal Service Fund	325,934
Central Services Fund	Internal Service Fund	578,886
Successor Agency Private Purpose Trust Fund	Fiduciary Fund	29,325,780

The Capital Projects Fund and Internal Service Funds deficits are expected to be eliminated by future grant revenues, intergovernmental and charges for services. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Funds deficit which will be eliminated by future revenues.

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2021, expenditures exceeded appropriations in the following funds by function:

Fund	Function	Excess Expenditures over Appropriations
General Fund	Finance	\$ 335,931
General Fund	Non-departmental	1,017,080
General Fund	Police	553,509
General Fund	Fire	838,064
General Fund	Development and engineering	64,933
General Fund	Public works	85,639
Housing Successor Special Revenue Fund	Capital Outlay	53,460
Community Development Fees Special Revenue Fund	Development and engineering	1,145,627
Tracy Infrastructure Master Plans Capital Projects Fund	Capital Outlay	265,099
Business Improvement District Special Revenue Fund	Economic Development	5,305
Asset Forfeiture Special Revenue Fund	Capital Outlay	10,266
State Gas Tax Street Special Revenue Fund	Capital Outlay	967,636
Community Development Block Grant Special Revenue Fund	Capital Outlay	48,689
Landscaping District Special Revenue Fund	Public works	192,283
Landscaping District Special Revenue Fund	Capital outlay	6,874
COPS Grant Special Revenue Fund	Police	252,108
CFD Services 2016-2 Special Revenue Fund	Public works	102,588
CFD Services 2018-1 Special Revenue Fund	Non-departmental	21,027

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 17 – Fund Balance Classification

The City classifies fund balances, as shown on the *Balance Sheet – Governmental Funds*, as follows as of June 30, 2021:

	General Fund	Housing Successor Fund	Community Development Fees Fund	CARES/ARPA Fund	General Capital Projects Fund	Tracy Infrastructure Master Plans Fund	Non-major Governmental Funds	Total
Nonspendable								
Loans receivable	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000
Total nonspendable	40,000	-	-	-	-	-	-	40,000
Restricted								
Housing	-	4,903,952	-	-	-	58,325,132	-	63,229,084
Special area projects	-	-	896,269	-	-	-	105,128,095	106,024,364
Public safety	-	-	-	1,027,852	-	-	153,216	1,181,068
Debt service	-	-	-	-	-	-	1,657,229	1,657,229
Community development	-	-	-	-	-	-	216,305	216,305
Asset forfeiture	-	-	-	-	-	-	859,098	859,098
Streets and roads	-	-	-	-	-	-	12,561,369	12,561,369
Landscaping district	-	-	-	-	-	-	5,508,240	5,508,240
Cable TV	-	-	-	-	-	-	508,396	508,396
Drainage	-	-	-	-	-	-	2,639,208	2,639,208
Tracy GROW	-	-	-	-	-	-	1,000,000	1,000,000
Fire medical leave bank	974,652	-	-	-	-	-	-	974,652
Medical leave bank	1,373,412	-	-	-	-	-	-	1,373,412
Total restricted	2,348,064	4,903,952	896,269	1,027,852	-	58,325,132	130,231,156	197,732,425
Committed								
Contingency/emergency	16,401,047	-	-	-	-	-	-	16,401,047
Total committed	16,401,047	-	-	-	-	-	-	16,401,047
Assigned								
Animal control trust	22,193	-	-	-	-	-	-	22,193
Economic/budget stability	10,934,031	-	-	-	-	-	-	10,934,031
Prior year reappropriations	320,865	-	-	-	-	-	-	320,865
Capital projects	-	-	-	-	38,507,759	-	-	38,507,759
Total assigned	11,277,089	-	-	-	38,507,759	-	-	49,784,848
Unassigned	3,964,054	-	-	-	-	-	(2,175,774)	1,788,280
Total fund balances	\$ 34,030,254	\$ 4,903,952	\$ 896,269	\$ 1,027,852	\$ 38,507,759	\$ 58,325,132	\$ 128,055,382	\$ 265,746,600

Note 18 – South San Joaquin Fire Authority Joint Powers Agreement

The South County Fire Authority (SCFA) was created in September 1999 by a Joint Exercise of Powers Agreement (Agreement) between the City and the Tracy Rural Fire Protection District (the “District”) to provide fire administration, fire prevention and fire training and safety within the jurisdictional area of the Authority. Under the provisions of the Agreement, as amended, the City and District split the annual costs of maintenance and operations for Fire Protection Services, Fire Dispatch Services, Fire Prevention Services, certain expenses of the City defined in the Agreement, and insurance premiums paid by the City to insure itself against liability arising out of the Agreement for the provision of Fire Services. The cost split between the City and District is dependent upon the staffing levels at each of the three City stations and three District stations, except Station 92. Under the provisions of the Agreement, the District is to pay 100% of the Station 92 maintenance and operations funding for 7 years and 10 months from the date of issuance of the Certificate of Occupancy of the relocated Station 92, or July 1, 2015, whichever occurs later. The Certificate of Occupancy was issued in May 2014.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 18 – South San Joaquin Fire Authority Joint Powers Agreement (Continued)

In February 2018, the City and the District established the South San Joaquin County Fire Authority (SSJCFA) with an effective date of March 1, 2018 and an implementation date of July 1, 2018. With the implementation the new authority, the City and the District entered into an agreement to resolve the outstanding financial obligations of the South County Fire Authority and dissolve the South County Fire Authority on June 30, 2018.

Under the terms of the agreement, the City and the District paid \$957,168 and \$233,215, respectively, to fund the outstanding balance of the prior compensated absences balance of the SCFA, and the City agreed to reduce a loan receivable from the SCFA to \$1,025,487 and that balance was considered satisfied as of June 30, 2018. During fiscal year 2021, the SSJCFA incurred costs of \$23.5 million, of which \$6.2 million is to be paid by the District.

Note 19 – Community Development Agency Dissolution

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

ABx1 26 and AB1484 created three regulatory authorities, the Successor Agency Oversight Board, State Controller and Department of Finance (DOF), to review former Agency's asset transfer, obligation payments and wind down activities. ABx1 26 specifically directs the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the Redevelopment Agency or, on or after February 1, 2012, to the Successor Agency.

In fiscal year 2011, the former Community Development Agency transferred \$9,967,619 of assets to the City, comprised of cash of \$6,306,390 and capital assets of \$3,661,229. ABx1 26 and AB1484 contain provisions that such transfers are subject to a review by the State Controller's Office. According to Health and Safety Code 34167.5, if such an asset is not contractually committed to a third party for the expenditure or encumbrance of those assets, to the extent not prohibited by state and federal law, the Controller shall order the available assets to be returned to the former Community Development Agency or, on or after February 1, 2012, to the Successor Agency. During fiscal year 2012, the City returned cash of \$1,843,395 and capital assets of \$3,661,229 to the Successor Agency. The City received the results of the State Controller's asset transfer review in December 2014 that indicates the City is to return the remaining cash in the amount of \$4,462,995 to the Successor Agency. City management disputed the findings of both the State Controller and the Non-housing DDR discussed below, however, to allow the Successor Agency to receive its Finding of Completion, the City transferred \$4,462,995 to the Successor Agency in November 2015 and the Successor Agency remitted payment to the County in December 2015. The City and Successor Agency continued to contest the order of the Department of Finance and were engaged in litigation on the matter. The Third District ordered \$911,495 to be returned to the City of Tracy as an enforceable obligation on the Successor Agency's fiscal year 2017 Recognized Obligations Payment Schedule. Furthermore, the State and the City Council have decided not to appeal to the State Supreme Court.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 19 – Community Development Agency Dissolution (Continued)

Effective January 31, 2012, the Community Development Agency was dissolved. Certain assets of the Community Development Agency Housing Fund were distributed to a Housing Successor; and the remaining Community Development Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on February 1, 2012, certain housing assets were transferred to the City's Housing Successor Special Revenue Fund.

The activities of the Housing Successor are reported in the Housing Successor Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

On January 17, 2012, the City Council elected to become the Successor Agency for the former Community Development Agency in accordance with AB1484 as part of the City resolution number 2012-021, and on February 1, 2012 the Community Development Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established in May 2012. The activities of the Successor Agency were subject to review and approval of the Oversight Board, which was comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor. On July 1, 2018, the duties of the Tracy Oversight Board transferred to a new San Joaquin Countywide Consolidated Oversight Board, which is now responsible for overseeing the winddown affairs of all Successor Agencies in San Joaquin County, including the Successor Agency to the Tracy Community Development Agency.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Community Development Agency.

AB1484 required the Successor Agency to complete two due diligence reviews – one for the low and moderate income housing assets of the Successor Agency (Housing DDR), and a second for all other balances of the Successor Agency (Non-housing DDR). The due diligence reviews are to calculate the balance of unencumbered balances as of June 30, 2012 available to be remitted to the County for disbursement to taxing entities. The Successor Agency submitted both due diligence reviews to the State Department of Finance for review and approval.

The Department of Finance approved the Housing DDR in November 2012, which indicated that \$3,398,232 was available for distribution and that amount was remitted to the County in November 2012. The Department of Finance did not initially approve the Non- housing DDR, which indicated that the Successor Agency had an available balance of \$2,281,467, and the State made adjustments to the Non-housing DDR and instead made a demand for the return of funds totaling \$4,618,398, which was remitted to the County in November 2015, as discussed above. The Successor Agency received its Finding of Completion on December 8, 2015, which means it can now utilize bond proceeds for projects consistent with the original bond covenants.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 20 – Prior Period Adjustments

A. Government-Wide Financial Statements

The beginning net position at July 1, 2020 of the Government-wide Financial Statements was restated as follows:

	Governmental Activities
Net position, as previously reported, at July 1, 2020	\$ 803,337,389
To implement GASB 84 - Fund Financial Statements	13,452,571
To implement GASB 84 - Sick Leave Conversion	(3,189,083)
To record correction for prior year fund balance in South San Joaquin County Fire Authority	2,760,535
To record correction for prior year unavailable revenue in South San Joaquin County Fire Authority	(2,805,923)
Net position at July 1, 2020, as restated	<u>\$ 813,555,489</u>

B. Governmental Fund Financial Statements

The beginning fund balance at July 1, 2020 of the Governmental Fund Financial Statements was restated as follows:

	General Fund	South San Joaquin County Fire Authority	Regional Transportation Impact
Net position, as previously reported, at July 1, 2020	\$ 20,631,232	\$ (2,760,535)	\$ -
To implement GASB 84	2,415,718	-	11,036,853
To record correction for prior year balances in South San Joaquin County Fire Authority	-	2,760,535	-
Net position at July 1, 2020, as restated	<u>\$ 23,046,950</u>	<u>\$ -</u>	<u>\$ 11,036,853</u>

C. Fiduciary Fund Financial Statements

The beginning net position at July 1, 2020 of the Fiduciary Fund Financial Statements was restated as follows:

	Community Facilities District 89-1	Assessment District 94-1	Community Facilities District 93-1	Community Facilities District 98-1
Net position, as previously reported, at July 1, 2020	\$ -	\$ -	\$ -	\$ -
To implement GASB 84	1,986,547	1,519,870	4,547,960	5,846,021
Net position at July 1, 2020, as restated	<u>\$ 1,986,547</u>	<u>\$ 1,519,870</u>	<u>\$ 4,547,960</u>	<u>\$ 5,846,021</u>

	Community Facilities District 98-3	Community Facilities District 99-1	Assessment District 2000-01	2006-01 NE Industrial #2
Net position, as previously reported, at July 1, 2020	\$ -	\$ -	\$ -	\$ -
To implement GASB 84	855,574	1,021,547	1,083,975	3,816,896
Net position at July 1, 2020, as restated	<u>\$ 855,574</u>	<u>\$ 1,021,547</u>	<u>\$ 1,083,975</u>	<u>\$ 3,816,896</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 20 – Prior Period Adjustments (Continued)

C. Fiduciary Fund Financial Statements (Continued)

	I-205 Residential Reassessment District 1999	Assessment District 2003-01	2011 TOP JPA Revenue Bonds	CFD 2011-01 Tracy 580 Business Park
Net position, as previously reported, at July 1, 2020	\$ -	\$ -	\$ -	\$ -
To implement GASB 84	2,179,120	140,031	3,286,534	76,581
Net position at July 1, 2020, as restated	<u>\$ 2,179,120</u>	<u>\$ 140,031</u>	<u>\$ 3,286,534</u>	<u>\$ 76,581</u>

	Community Facilities District 2016-02	Community Facilities District 2016-01 Tracy Hills	Tracy Rural Fire Medical Leave Bank	Total
Net position, as previously reported, at July 1, 2020	\$ -	\$ -	\$ -	\$ -
To implement GASB 84	5,692,802	9,579,094	311,377	41,943,929
Net position at July 1, 2020, as restated	<u>\$ 5,692,802</u>	<u>\$ 9,579,094</u>	<u>\$ 311,377</u>	<u>\$ 41,943,929</u>

Note 21 – Commitments and Contingencies

A. Litigation

The City is currently a party to various claims and legal proceedings. Although the outcome of these lawsuits is not presently determinable, it is management’s opinion that the ultimate liabilities, if any, resulting from such claims and proceedings will not materially affect the financial position of the City.

B. Contingent Liabilities

On March 1, 1993, the City issued Certificates of Participation in the aggregate of \$10,250,000 for the benefit of Tracy Community Hospital (Hospital), a California nonprofit public benefit corporation. The Hospital is not included in the City’s reporting entity. The City is obligated to make the purchase payments only from and to the extent that it receives revenue from the Hospital. They are not secured by any pledge of taxes or other revenues of the City. In addition, the purchase payments are insured by the Office of Statewide Health Planning and Development of the State of California. As of June 30, 2021, the City has not recorded revenues from the Hospital.

C. Federal and State Grants

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit act as amended. Accordingly, the City’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

D. Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, will regulate the City’s ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future years by the voters.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 21 – Commitments and Contingencies (Continued)

E. Measure V Sales Tax Revenues

The City receives tax proceeds from the Measure V one-half cent sales tax approved by Tracy voters in November 2016, commencing for a twenty year period beginning April 1, 2017. The amount of Measure V tax proceeds received and recorded during the fiscal year ending June 30, 2021 was \$13,843,143. Measure V is a general tax of the City and the revenues were deposited in the City’s General Fund. Expenditures for a variety of City functions were made from the City’s General Fund utilizing the Measure V and other revenue of the City.

F. Location Agreements

In December 2015, the City entered into a Location Agreement with a manufacturer and distributor of healthcare products and services to make payments to the Corporation in return for the Corporation establishing, locating and operating a sales office in the City. Under the terms of the agreement, the City has agreed to pay the Corporation fifty per cent (50%) of the quarterly local sales tax revenues attributable to the Corporation's taxable sales for each fiscal quarter, excluding penalty assessments, commencing with the quarter beginning January 1, 2017 and ending on December 31, 2036, unless otherwise extended in accordance with the agreement. The City paid \$3,757,405 to the Corporation during the year ended June 30, 2021.

In August 2017, the City entered into a Location Agreement with a distributor of precision laboratory equipment to make payments to the Corporation in return for the Corporation establishing, locating and operating a sales office in the City. Under the terms of the agreement, the City has agreed to pay the Corporation fifty per cent (50%) of the quarterly local sales tax revenues attributable to the Corporation's taxable sales for each fiscal quarter, excluding penalty assessments, commencing with the quarter beginning October 2018 and ending on October 2038, unless otherwise extended in accordance with the agreement. The City paid \$2,115,565 to the Corporation during the year ended June 30, 2021.

G. Encumbrances and Construction Commitments

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding by fund as of June 30, 2021 were as follows:

	Balance
General Fund	\$ 320,865
TEA Grant Special Revenue Fund	35,604
Community Development Fees Special Revenue Fund	1,014,041
General Projects Capital Projects Fund	1,435,381
Tracy Infrastructure Master Plan Capital Projects Fund	1,816,137
Non-Major Governmental Funds	2,421,691
	\$ 7,043,719

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 21 – Commitments and Contingencies (Continued)

H. Housing Successor Excess Surplus

Health and Safety Code (HSC) Section 34176.1(d) defines an excess surplus as an unencumbered balance held by the housing successor that exceeds the greater of \$1,000,000 or the aggregate amount deposited into the housing successor fund during the housing successor's preceding four fiscal years, whichever is greater. If a housing successor has an excess surplus, the HSC Section requires that the housing successor encumber the excess surplus for eligible purposes described in the HSC Section 34176.1(a)(3) or transfer the funds to another local housing successor within three fiscal years. If the housing successor fails to comply with this provision, the housing successor, within 90 days of the end of the third fiscal year, is required to transfer any excess surplus to the Department of Housing and Community Development for expenditure pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

The Housing Successor Special Revenue Fund serves as the housing successor and as of July 1, 2019 had an excess surplus balance of \$137,971. The City is in late stage discussions with two developers related for housing projects and the excess surplus is expected to be encumbered in fiscal year 2021.

I. State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Note 22 - Subsequent Events

A. American Rescue Plan Act

On March, 2021, the American Rescue Plan Act was signed into delivering \$65 billion of direct and flexible aid to cities and towns across the nation to provide substantial flexibility for each government to meet local needs—including support for households, small businesses, impacted industries, essential workers, and the communities hardest hit by the crisis. Based on the City's population, the City was allocated \$14,798,549 and received in two installments starting July 2021.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Tracy
Required Supplementary Information (Unaudited)
Modified Approach to Reporting Street Pavement Costs
For the Year Ended June 30, 2021

Generally accepted accounting principles allow the City to use the Modified Approach with respect to infrastructure assets instead of depreciating these assets. The Modified Approach may be used if two requirements are met:

1. The City must have an asset management system (AMS) with certain features:
 - It must maintain an up-to-date inventory of the infrastructure assets.
 - It must estimate the annual costs to maintain and preserve those assets at the condition level the City has established and disclosed through administrative or executive policy or legislative action.
 - The AMS must be used to assess the condition of the assets periodically, using a measurement scale.
 - The condition assessments must be replicable as those that are based on sufficiently understandable and complete measurement methods such that different measurers using the same methods would reach substantially similar results.
2. The City must document that the roads are being preserved approximately at or above the condition level the City has established and disclosed. This documentation must include the results of the three most recent complete condition assessments and must provide reasonable assurance that the assets are being preserved approximately at or above the intended condition level.

The City has elected to use the Modified Approach to report street pavement costs. The City uses the Metropolitan Transportation Commission's (MTC) Pavement System to track the condition levels of each of the street sections.

The conditions of the pavement are based on a weighted average of seven distress factors found in pavement surfaces. The MTC pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for pavement with perfect conditions. The condition index is used to classify pavement in good or better condition (70-100), fair condition (50-69), and substandard condition (less than 50).

City of Tracy
Required Supplementary Information (Unaudited)
Modified Approach to Reporting Street Pavement Costs (Continued)
For the Year Ended June 30, 2021

The City's preservation costs are budgeted to be \$10,175,540 in fiscal year 2022. The Pavement Condition Index (PCI) for the City's street pavement for the latest years is as follows:

Year	PCI	Maintenance Budget	Actual Maintenance
2002	76	\$1,505,620	\$1,389,043
2003	77	1,621,170	1,642,556
2004	77	2,043,580	14,441,690
2005	81	2,303,227	13,943,191
2006	78	2,653,860	14,874,752
2007	76	4,244,964	8,647,067
2008	74	13,605,000	19,466,614
2009	72	1,667,146	19,115,824
2010	73	4,457,510	3,333,185
2011	82	4,355,038	3,096,185
2012	82	1,775,290	1,347,061
2013	77	2,973,800	1,387,484
2014	77	3,183,569	3,350,927
2015	74	3,387,213	2,244,902
2016	71	3,648,840	2,186,853
2017	69	3,565,677	2,238,573
2018	69	2,646,996	2,825,868
2019	69	4,039,845	2,220,870
2020	69	10,810,600	6,666,870
2021	69	9,866,151	7,827,339
2022	69	10,175,540	

The City's administrative policy is to achieve a minimum rating of 69 for all street pavement. This rating allows for minor cracking and revealing of pavement along with minor roughness that could be noticeable to drivers traveling at posted speed. The City expended \$7,827,339 for street preservation for fiscal year 2021.

City of Tracy
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2021

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

The Annual Budget serves from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures, and controls that permit the evaluation and adjustment of the City's performance.

The City collects and records revenue and expenditures within the following categories:

- Governmental Activities
- Business-Type Activities

The Governmental Funds include the General Fund, Special Revenue, Debt Service and Capital Projects funds. All funding sources are kept separate for both reporting and use of the money. The General Fund is where most City services are funded that are not required to be segregated.

The budget process begins as a team effort in January of each year, starting with an annual strategic planning meeting. Then the individual departments use projected revenue assumptions to prioritize and recommend the next fiscal year's objectives. The City Manager's Office and the Finance Department review all budget proposals and revenue assumptions, as well as all current financial obligations before preparing the document that is proposed to the City Council. The City Council reviews the Proposed Budget through a series of committees and workshops and the final adoption of the budget is scheduled for June of each year.

Budgeting Procedures

Annual budgets are adopted for all governmental fund types, except capital projects funds, on a basis consistent with accounting principles generally accepted in the United States of America. The City's budget ordinance requires that in June of each fiscal year the City Manager submit a preliminary budget that includes projected expenditures and the means of financing them, to the City Council for the fiscal year commencing the following July 1. As modified during public study sessions, the preliminary budget becomes the proposed budget. Following public hearings on the proposed budget, the final annual budget is adopted by the City Council. After adoption of the final budget, transfers of appropriations within a general fund department, or within other funds, can be made by the City Manager. Budget modifications between funds; increases or decreases to a fund's overall budget; transfers between general fund departments; or transfers that affect capital projects, must be approved by the City Council. Numerous properly authorized amendments are made during the fiscal year.

The City does not adopt budgets for the CARES/ARPA Grant Fund, Proposition 1B, Grow Tracy, and the North East Industrial Plan Area Storm Drain Special Revenue Funds.

Budgetary control is enhanced by integrating the budget into the general ledger accounts. Encumbrance accounting (e.g., purchase orders) is employed by the City.

City of Tracy
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2021

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Before the beginning of the fiscal year the City Manager submits to the City Council a proposed budget for the year commencing July 1.
2. A public meeting is conducted to obtain taxpayer comments.
3. The budget is subsequently adopted through passage of a resolution and is not included herein but is published separately.
4. All appropriations are as originally adopted or as amended by the City Council and all unencumbered budgeted amounts lapse at year-end, except in the General Fund where an expenditure control budget policy allows departments to carryover a portion of the unexpended amounts into the next fiscal year.
5. Continuing Appropriations are re-budgeted by the City Council as part of the adoption of subsequent year's budgets.
6. Legally adopted budget appropriations are set for the General, Special Revenue, and Debt Service Funds.
7. The legal level of budgetary control is at the department level. A Department Head may transfer appropriations within the department. Expenditures may exceed appropriations at this level to the extent that departmental owned revenues are sufficient to offset the excess. Expenditures in excess of departmental owned revenues must be approved by the City Council. The City Council, by the affirmative vote of three members, may amend the budget to add or delete appropriations, transfer between appropriations within a fund or change appropriation transfers between funds.
8. Budgets for General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the budgeted governmental funds.

Encumbrances outstanding at year-end are reported as a restriction, commitment or assignment of fund balances, since the commitments will be honored through subsequent years' continuing appropriations. Encumbrances do not constitute expenditures or liabilities for US GAAP reporting purposes.

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 60,104,338	\$ 62,104,338	\$ 86,616,285	\$ 24,511,947
Licenses, permits and fees	5,738,849	3,738,849	4,554,069	815,220
Fines and penalties	133,746	133,746	779,652	645,906
Investment income (loss)	436,811	432,826	253,920	(178,906)
Intergovernmental	1,188,451	1,011,802	861,444	(150,358)
Charges for current services	10,829,527	10,829,527	10,264,482	(565,045)
Special assessments	353,086	353,086	454,147	101,061
Contributions	145,859	145,859	155,698	9,839
Other revenue	328,977	328,977	1,020,172	691,195
Total revenues	79,259,644	79,079,010	104,959,869	25,880,859
EXPENDITURES:				
Current:				
General government				
Economic development	858,157	1,396,593	1,146,152	250,441
General government	9,203,360	8,047,883	7,659,534	388,349
Finance	4,631,737	4,787,032	5,122,963	(335,931)
Non-departmental	449,764	481,220	1,498,300	(1,017,080)
Public safety				
Police	34,627,450	34,634,985	35,188,494	(553,509)
Fire	15,016,157	15,016,157	15,854,221	(838,064)
Public ways and facilities				
Development and engineering	169,417	200,316	265,249	(64,933)
Public works	6,979,485	6,997,610	7,083,249	(85,639)
Community development				
Parks and community services	5,115,759	3,515,089	3,038,091	476,998
Capital outlay	-	4,165	-	4,165
Total expenditures	77,051,286	75,081,050	76,856,253	(1,775,203)
REVENUES OVER (UNDER) EXPENDITURES	2,208,358	3,997,960	28,103,616	24,105,656
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	56,230	56,230
Transfers out	(5,006,377)	(3,364,093)	(17,176,542)	(13,812,449)
Total other financing sources (uses)	(5,006,377)	(3,364,093)	(17,120,312)	(13,756,219)
Net change in fund balance	\$ (2,798,019)	\$ 633,867	10,983,304	\$ 10,349,437
FUND BALANCE:				
Beginning of year			23,046,950	
End of year			<u>\$ 34,030,254</u>	

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Housing Successor Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 30,199	\$ 30,199	\$ 75,160	\$ 44,961
Other revenue	54,050	54,050	19,288	(34,762)
Total revenues	84,249	84,249	94,448	10,199
EXPENDITURES:				
Capital outlay	-	-	53,460	(53,460)
Total expenditures	-	-	53,460	(53,460)
REVENUES OVER (UNDER) EXPENDITURES	84,249	84,249	40,988	(43,261)
Net change in fund balance	\$ 84,249	\$ 84,249	40,988	\$ (43,261)
FUND BALANCE:				
Beginning of year			4,862,964	
End of year			<u>\$ 4,903,952</u>	

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Community Development Fees Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 4,074,265	\$ 4,074,265	\$ 5,295,336	\$ 1,221,071
Investment income (loss)	-	-	51,621	51,621
Intergovernmental	40,800	40,800	-	(40,800)
Charges for current services	5,195,435	5,195,435	5,852,738	657,303
Other revenue	459	459	3,274	2,815
Total revenues	<u>9,310,959</u>	<u>9,310,959</u>	<u>11,202,969</u>	<u>1,892,010</u>
EXPENDITURES:				
Current:				
General government				
Non-departmental	891,540	891,540	891,540	-
Public ways and facilities				
Development and engineering	9,796,172	9,987,596	11,133,223	(1,145,627)
Capital outlay	5,266	5,266	-	5,266
Total expenditures	<u>10,692,978</u>	<u>10,884,402</u>	<u>12,024,763</u>	<u>(1,140,361)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,382,019)</u>	<u>(1,573,443)</u>	<u>(821,794)</u>	<u>751,649</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,088,186	2,088,186	-
Transfers out	1,470,244	-	-	-
Total other financing sources (uses)	<u>1,470,244</u>	<u>2,088,186</u>	<u>2,088,186</u>	<u>-</u>
Net change in fund balance	<u>\$ 88,225</u>	<u>\$ 514,743</u>	1,266,392	<u>\$ 751,649</u>
FUND BALANCE:				
Beginning of year			(370,123)	
End of year			<u>\$ 896,269</u>	

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2021

Miscellaneous Plan							
Total Pension Liability	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Service cost	\$ 4,471,783	\$ 3,979,362	\$ 3,700,689	\$ 3,555,373	\$ 2,910,705	\$ 2,892,504	\$ 3,019,742
Interest on total pension liability	11,946,424	11,084,143	10,406,741	9,859,228	9,339,655	9,030,774	8,760,895
Differences between expected and actual experience	3,547,669	1,781,080	1,406,163	70,396	(3,013,865)	(3,592,113)	-
Changes in assumptions	-	-	(1,198,922)	8,362,562	-	(2,261,183)	-
Changes in benefit terms	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(7,115,731)	(6,479,285)	(6,628,099)	(5,445,878)	(4,956,786)	(4,804,924)	(4,447,727)
Net change in total pension liability	12,850,145	10,365,300	7,686,572	16,401,681	4,279,709	1,265,058	7,332,910
Total pension liability - beginning	164,857,154	154,491,854	146,805,282	130,403,601	126,123,892	124,858,834	117,525,924
Total pension liability - ending (a)	\$ 177,707,299	\$ 164,857,154	\$ 154,491,854	\$ 146,805,282	\$ 130,403,601	\$ 126,123,892	\$ 124,858,834
Plan fiduciary net position							
Contributions - employer	5,671,613	4,774,139	4,065,966	3,873,007	3,466,879	2,793,345	2,699,952
Contributions - employee	2,054,668	1,907,660	1,720,800	1,552,617	1,461,861	1,346,337	1,374,066
Investment income (net of administrative expenses)	6,301,674	7,724,741	9,323,836	10,997,746	487,393	2,132,844	14,281,310
Benefit payments	(7,115,731)	(6,479,285)	(6,628,099)	(5,445,878)	(4,956,786)	(4,804,924)	(4,447,727)
Other	(175,606)	(83,023)	(459,215)	(144,490)	(59,400)	(101,304)	-
Net change in plan fiduciary net position	6,736,618	7,844,232	8,023,288	10,833,002	399,947	1,366,298	13,907,601
Plan fiduciary net position - beginning	124,565,111	116,720,879	108,697,591	97,864,589	97,464,642	96,098,344	82,190,743
Plan fiduciary net position - ending (b)	\$ 131,301,729	\$ 124,565,111	\$ 116,720,879	\$ 108,697,591	\$ 97,864,589	\$ 97,464,642	\$ 96,098,344
Net pension liability - ending (a)-(b)	\$ 46,405,570	\$ 40,292,043	\$ 37,770,975	\$ 38,107,691	\$ 32,539,012	\$ 28,659,250	\$ 28,760,490
Plan fiduciary net position as a percentage of the total pension liability	73.89%	75.56%	75.55%	74.04%	75.05%	77.28%	76.97%
Covered payroll	\$ 27,434,251	\$ 24,136,362	\$ 21,560,758	\$ 20,282,805	\$ 18,513,576	\$ 18,046,570	\$ 18,128,965
Net pension liability as a percentage of covered payroll	169.15%	166.94%	175.18%	187.88%	175.76%	158.81%	158.64%

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable.

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2021

Safety Plan

Total Pension Liability	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Service cost	\$ 5,954,133	\$ 5,341,283	\$ 5,100,415	\$ 4,863,739	\$ 4,239,783	\$ 4,491,843	\$ 4,767,092
Interest on total pension liability	14,167,518	13,132,663	12,156,431	11,508,306	10,762,768	10,281,540	9,861,726
Differences between expected and actual experience	3,242,995	3,440,318	(9,610)	433,771	(2,662,887)	(3,530,865)	-
Changes in assumptions	-	-	(761,909)	10,655,271	-	(2,807,525)	-
Changes in benefit terms	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(7,721,638)	(7,378,049)	(6,949,949)	(6,358,409)	(5,917,646)	(5,470,177)	(5,016,343)
Net change in total pension liability	15,643,008	14,536,215	9,535,378	21,102,678	6,422,018	2,964,816	9,612,475
Total pension liability - beginning	195,787,881	181,251,666	171,716,288	150,613,610	144,191,592	141,226,776	131,614,301
Total pension liability - ending (a)	\$ 211,430,889	\$ 195,787,881	\$ 181,251,666	\$ 171,716,288	\$ 150,613,610	\$ 144,191,592	\$ 141,226,776
Plan fiduciary net position							
Contributions - employer	6,693,746	5,822,621	5,132,782	4,604,350	4,433,276	4,171,390	4,341,816
Contributions - employee	2,355,865	2,104,947	1,985,924	1,590,493	1,421,949	1,380,651	1,458,951
Investment income (net of administrative expenses)	7,445,354	9,222,427	10,913,236	12,957,627	584,528	2,531,449	16,826,945
Benefit payments	(7,721,638)	(7,378,049)	(6,949,949)	(6,358,409)	(5,917,646)	(5,470,177)	(5,016,343)
Other	(210,313)	(99,235)	(615,373)	(171,890)	(70,678)	(130,531)	-
Net change in plan fiduciary net position	8,563,014	9,672,711	10,466,620	12,622,171	451,429	2,482,782	17,611,369
Plan fiduciary net position - beginning	149,184,169	139,511,458	129,044,838	116,422,667	115,971,238	113,488,456	95,877,087
Plan fiduciary net position - ending (b)	\$ 157,747,183	\$ 149,184,169	\$ 139,511,458	\$ 129,044,838	\$ 116,422,667	\$ 115,971,238	\$ 113,488,456
Net pension liability - ending (a)-(b)	\$ 53,683,706	\$ 46,603,712	\$ 41,740,208	\$ 42,671,450	\$ 34,190,943	\$ 28,220,354	\$ 27,738,320
Plan fiduciary net position as a percentage of the total pension liability							
	74.61%	76.20%	76.97%	75.15%	77.30%	80.43%	80.36%
Covered payroll	\$ 19,470,677	\$ 17,559,035	\$ 16,322,896	\$ 15,501,462	\$ 15,245,537	\$15,927,959	\$16,357,591
Net pension liability as a percentage of covered payroll	275.72%	265.41%	255.72%	275.27%	224.27%	177.17%	169.57%

Notes to Schedule:

¹Historical information is presented only for measurement periods for which GASB 68 is applicable.

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pension
For the Year Ended June 30, 2021

Miscellaneous Plan							
Fiscal Year:	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15¹</u>
Contractually determined contribution (actuarially determined)	\$ 6,067,472	\$ 5,566,882	\$ 4,749,293	\$ 4,050,711	\$ 3,873,007	\$ 3,499,868	\$ 3,460,280
Contributions in relation to the actuarially determined contributions	(6,067,472)	(5,566,882)	(4,749,293)	(4,050,711)	(3,873,007)	(3,499,868)	(3,460,280)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 28,527,137	\$ 27,601,313	\$ 25,887,652	\$ 23,989,506	\$ 20,465,522	\$ 19,352,925	\$ 19,031,601
Contributions as a percentage of covered payroll	21.27%	20.17%	18.35%	16.89%	18.92%	18.08%	18.18%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2021 were derived from the June 30, 2018 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2018 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.625%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.25% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

¹ Information only presented from the implementation year

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions – Pension (Continued)
For the Year Ended June 30, 2021

Safety Plan							
Fiscal Year:	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15¹</u>
Contractually determined contribution (actuarially determined)	\$ 7,379,603	\$ 6,437,044	\$ 5,643,974	\$ 5,148,037	\$ 4,604,350	\$ 4,477,450	\$ 3,522,006
Contributions in relation to the actuarially determined contributions	(7,379,603)	(6,437,044)	(5,643,974)	(5,148,037)	(4,604,350)	(4,477,450)	(3,522,006)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 17,684,752	\$ 19,725,873	\$ 18,413,297	\$ 16,743,454	\$ 15,512,824	\$ 15,414,995	\$ 15,225,341
Contributions as a percentage of covered payroll	41.73%	32.63%	30.65%	30.75%	29.68%	29.05%	23.13%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2021 were derived from the June 30, 2018 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2018 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.625%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.25% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

¹ Information only presented from the implementation year

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2021

Fiscal year ending:	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Measurement date:	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017¹</u>
Total OPEB liability				
Service cost	\$ 443,619	\$ 417,193	\$ 318,114	\$ 343,641
Interest	195,454	192,818	192,889	153,933
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(356,446)	-	273,705	-
Changes of assumptions	(388,970)	101,040	(391,232)	(334,977)
Benefit payments, including refunds of member contributions	(209,370)	(195,363)	(174,114)	(138,947)
Net change in total OPEB liability	<u>(315,713)</u>	<u>515,688</u>	<u>219,362</u>	<u>23,650</u>
Total OPEB liability - beginning	<u>6,666,572</u>	<u>6,150,884</u>	<u>5,931,522</u>	<u>5,907,872</u>
Total OPEB liability - ending (a)	<u><u>\$ 6,350,859</u></u>	<u><u>\$ 6,666,572</u></u>	<u><u>\$ 6,150,884</u></u>	<u><u>\$ 5,931,522</u></u>
OPEB fiduciary net position				
Contributions - employer	\$ 209,370	\$ 195,363	\$ 174,114	\$ 138,947
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(209,370)	(195,363)	(174,114)	(138,947)
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Plan net OPEB liability - ending (a) - (b)	<u><u>\$ 6,350,859</u></u>	<u><u>\$ 6,666,572</u></u>	<u><u>\$ 6,150,884</u></u>	<u><u>\$ 5,931,522</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 38,076,958	\$ 36,576,729	\$ 34,460,922	\$ 23,997,600
Plan net OPEB liability as a percentage of covered-employee payroll	16.68%	18.23%	17.85%	24.72%

¹ Information only presented from the implementation year

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - OPEB
For the Year Ended June 30, 2021

	2020-21	2019-20	2018-19	2017-18	2016-17 ¹
Actuarially determined contribution ²	\$ -	\$ -	\$ -	\$ 764,705	\$ 138,947
Contractually determined contribution ²	211,025	209,370	195,363	-	-
Contributions in relation to the actuarially determined or contractually required contribution	(211,025)	(209,370)	(195,363)	(174,114)	(138,947)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 590,591	\$ -
Covered payroll	\$ 39,219,267	\$ 38,076,958	\$ 36,576,729	\$ 34,460,922	\$ 23,997,600
Contributions as a percentage of covered payroll	0.54%	0.55%	0.53%	0.51%	0.58%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2021 were as follows:

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	6/30/2020
Actuarial cost method	Entry Age Normal, Level Percentage of Payroll
Amortization method	Level Percentage of Projected Payroll on an Open Basis
Remaining amortization	26 years remaining as of June 30, 2020
Asset valuation method	Market value of assets (\$0, no OPEB Trust has been established)
Inflation	2.50%
Investment rate of return	2.66%
Healthcare cost trend rate	5.7% for 2021, decreasing to an ultimate rate of 4.0% in 2076;
Projected salary growth and increase	Not applicable
Mortality	Based on CalPERS 2017 experience study report using data for the period from 1997 to 2015

¹ Information only presented from the implementation year

² The City did not obtain an actuarially determined contribution in the fiscal years 2019 through 2021, therefore contractually required contributions are reported.

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SUPPLEMENTARY INFORMATION

Non-Major Governmental Funds

Special Revenue Funds:

TEA Grant - This fund is used to account for the revenues from State and Federal transportation efficiency act grants that are restricted for specific projects.

Business Improvement District Fund - This fund is used to accumulate revenues from assessments against business properties to support the Downtown Tracy Business Improvement District.

Asset Forfeiture Fund - This fund is used to account for the revenues that occur from asset seizures. They are specifically restricted for the purchase of law enforcement equipment and supplies.

Transportation Development Fund - This fund is used to account for the City's share of the quarter cent statewide transportation sales tax devoted to street maintenance purposes. The tax first goes to the Transportation Development Fund.

Proposition K Transportation Fund - This fund is used to account for the City's share of the half cent transportation sales tax of San Joaquin County. It is used for street maintenance and repairs.

State Gas Tax Street Fund - This fund is used to account for the City's share of State-Imposed motor vehicle gas taxes, which are legally restricted to acquisition, construction, improvement, and maintenance of the City's streets.

Community Development Block Grant Fund - This fund is used to account for federal grant monies received from the U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grants.

Landscaping District Fund - This fund is used to account for transactions of the City's landscaping benefit assessment districts.

Residential and Commercial Rehabilitation Loan Fund - This fund is used to account for Department of Housing and Urban Development Fund (HUD) trust monies which are used for low interest loans to qualified borrowers for inner city rehabilitation projects in accordance with HUD agreements.

Community Access CTV Fund - This fund is used to account for fees collected from City cable TV customers to cover expenses for videotaping and broadcasting the City Council meetings.

Grow Tracy Fund - This fund is used to account for assistance to local business owners through the issuance of small business loans.

COPS Grant Fund - This fund is used to account for activities related to the State and federal grant revenues restricted for law enforcement activities. The activities related to these grants were previously reported in the General Fund.

FEMA Grant Fund - This fund is used to account for activities relate to the federal grant revenues restricted for FEMA emergency disaster activities.

CFD Services 2016-2 Fund - This fund is used to account for transactions related to maintenance responsibility of the City for the Community Facilities Services District No. 2016-2 (Ellis).

CFD Services 2018-1 Fund - This fund is used to account for transactions related to the City-wide maintenance responsibility of the City for the Community Facilities Services District No. 2018-1.

North East Industrial Plan Area Storm Drain Fund - This fund is used to account for capital projects to separate development for Storm Drain in the North East Industrial Area of the City.

Non-Major Governmental Funds (Continued)

Debt Service Funds:

Lease Revenue Bonds Fund - This fund is used to accumulate funds for the payment of debt service on the lease revenue bonds.

Capital Projects Funds:

North East Industrial Plan Area # 1 Fund - This fund is used to account for capital projects to separate development in the North East Industrial area of the City.

North East Industrial Plan Area # 2 Fund - This fund is used to account for capital projects to separate development in the North East Industrial area of the City.

Infill Projects Fund - This fund is used to account for capital projects financed through capital development fees levied upon developers in the City's infill areas.

I-205 Area Improvements Fund - This fund is used to account for monies received from the sale of bonds for the purpose of construction of various community facilities within a specific area in the City.

Urban Management Plan Facilities Fund - This fund is used to account for expenditures for the planning, design, and construction of capital facilities required for new development beyond the current infill, Residential Specific Plan (RSP), and I-205 development.

Capital Projects Deposits Fund - This fund is used to account for monies received from developers, contractors, and other entities for the purpose of reimbursing the City for expenditures incurred in studies, research, etc., regarding their proposed development.

South MacArthur Plan Area Fund - This fund is used to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

Industrial Specific Plan South Fund - This fund is used to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

Presidio Plan Area Fund - This fund is used to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

Redevelopment Obligations Fund - This fund is used to account for CDA grant proceeds used by the City to complete redevelopment projects.

Tracy Gateway Area Fund - This fund is used to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

Plan "C" Fund - This fund is used to account for Plan "C", which is a development area of the City which was approved in 1998. Capital development fees levied on developers in this area and the related expenditures are accounted for in this fund.

Residential Specific Plan Projects Fund - This fund is used to account for capital projects financed by fees levied on developers in the City's 1987 Residential Specific Plan area.

Ellis Area Fund - This fund is used to account for projects to support development in a specific area of the City financed by capital development fees and/ or assessments.

Regional Transportation Impact Fund - This fund is used to account for transportation impact fees collected by the City and which are to be used for transportation mitigation purposes.

City of Tracy
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2021

Special Revenue

	TEA Grant	Business Improvement District	Asset Forfeiture	Transportation Development	Proposition K Transportation	State Gas Tax Street
ASSETS						
Cash and investments	\$ 425,926	\$ 1,497	\$ 887,736	\$ 710,530	\$ 4,681,697	\$ 6,151,695
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	569,195	173,360
Interest receivable	-	-	1,771	1,417	9,338	13,503
Due from other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-	-
Total assets	\$ 425,926	\$ 1,497	\$ 889,507	\$ 711,947	\$ 5,260,230	\$ 6,338,558
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 30,409	\$ 245	\$ 807	\$ 59,047
Accrued payroll	617	-	-	-	8,429	28,688
Due to other funds	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Unearned revenues	-	-	-	77,459	-	-
Total liabilities	617	-	30,409	77,704	9,236	87,735
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	425,309	1,497	859,098	634,243	5,250,994	6,250,823
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	425,309	1,497	859,098	634,243	5,250,994	6,250,823
Total liabilities, deferred inflows of resources, and fund balances	\$ 425,926	\$ 1,497	\$ 889,507	\$ 711,947	\$ 5,260,230	\$ 6,338,558

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2021

	Special Revenue					
	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy	COPS Grant
ASSETS						
Cash and investments	\$ -	\$ 5,634,412	\$ 211,260	\$ 465,374	\$ -	\$ 202,375
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	323,792	9,190	-	42,094	-	-
Interest receivable	-	11,248	421	928	-	-
Due from other funds	-	-	-	-	-	-
Deposits	-	-	-	-	1,000,000	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-	-
Total assets	\$ 323,792	\$ 5,654,850	\$ 211,681	\$ 508,396	\$ 1,000,000	\$ 202,375
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 14,566	\$ 101,369	\$ -	\$ -	\$ -	\$ 45,055
Accrued payroll	-	45,241	-	-	-	4,104
Due to other funds	304,602	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	319,168	146,610	-	-	-	49,159
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	4,624	5,508,240	211,681	508,396	1,000,000	153,216
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	4,624	5,508,240	211,681	508,396	1,000,000	153,216
Total liabilities, deferred inflows of resources, and fund balances	\$ 323,792	\$ 5,654,850	\$ 211,681	\$ 508,396	\$ 1,000,000	\$ 202,375

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2021

	Special Revenue			Debt Service	Capital Projects	
	FEMA Grant	CFD Services 2016-2	CFD Services 2018-1	Lease Revenue Bonds	North East Industrial Plan Area #1	
ASSETS						
Cash and investments	\$ 2,857	\$ 1,025,906	\$ 902,873	\$ 2,633,954	\$ 1,652,834	\$ 9,439,671
Cash and investments with fiscal agents	-	-	-	-	3	-
Accounts receivable, net	-	-	8,864	-	-	-
Interest receivable	-	2,046	1,801	5,254	4,392	23,096
Due from other funds	-	-	-	-	-	2,139,931
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	5,192,100	-
Total assets	\$ 2,857	\$ 1,027,952	\$ 913,538	\$ 2,639,208	\$ 6,849,329	\$ 11,602,698
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 2,567	\$ 1,480	\$ -	\$ -	\$ 525
Accrued payroll	-	5,965	2,449	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	-	790,269	100,000	-	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	-	798,801	103,929	-	-	525
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	5,192,100	-
Total deferred inflows of resources	-	-	-	-	5,192,100	-
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	2,857	229,151	809,609	2,639,208	1,657,229	11,602,173
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	2,857	229,151	809,609	2,639,208	1,657,229	11,602,173
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,857	\$ 1,027,952	\$ 913,538	\$ 2,639,208	\$ 6,849,329	\$ 11,602,698

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2021

Capital Projects

	North East Industrial Plan Area #2	Infill Projects	I-205 Area Improvements	Urban Management Plan Facilities	Capital Projects Deposit	South MacArthur Plan Area
ASSETS						
Cash and investments	\$ -	\$ 5,585,697	\$ 12,460,644	\$ 8,486,090	\$ 4,049,955	\$ 11,765,171
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Interest receivable	-	11,443	24,854	17,907	8,078	23,466
Due from other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-	-
Total assets	\$ -	\$ 5,597,140	\$ 12,485,498	\$ 8,503,997	\$ 4,058,033	\$ 11,788,637
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 964,129	\$ -	\$ -
Accrued payroll	-	-	-	6,102	-	-
Due to other funds	2,139,931	-	-	-	-	-
Deposits payable	35,843	-	929,921	2,944,322	4,052,977	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	2,175,774	-	929,921	3,914,553	4,052,977	-
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	5,597,140	11,555,577	4,589,444	5,056	11,788,637
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	(2,175,774)	-	-	-	-	-
Total fund balances	(2,175,774)	5,597,140	11,555,577	4,589,444	5,056	11,788,637
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 5,597,140	\$ 12,485,498	\$ 8,503,997	\$ 4,058,033	\$ 11,788,637

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2021

Capital Projects

	Industrial Specific Plan South	Presidio Plan Area	Redevelopment Obligations	Tracy Gateway Area	Plan "C"	Residential Specific Plan Project
ASSETS						
Cash and investments	\$ 2,087,146	\$ 5,577,553	\$ 1,336,754	\$ 2,122,639	\$ 24,380,841	\$ 2,897,161
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Interest receivable	4,163	11,125	2,666	4,234	48,630	5,779
Due from other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	1,808,950
Due from Fiduciary Funds	-	-	-	-	-	-
Total assets	\$ 2,091,309	\$ 5,588,678	\$ 1,339,420	\$ 2,126,873	\$ 24,429,471	\$ 4,711,890
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,686	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	221	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	-	-	3,000	-	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	1,686	-	3,221	-	-	-
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	-	1,808,950
Total deferred inflows of resources	-	-	-	-	-	1,808,950
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	2,089,623	5,588,678	1,336,199	2,126,873	24,429,471	2,902,940
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	2,089,623	5,588,678	1,336,199	2,126,873	24,429,471	2,902,940
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,091,309	\$ 5,588,678	\$ 1,339,420	\$ 2,126,873	\$ 24,429,471	\$ 4,711,890

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2021

	Capital Projects		
	Ellis Area	Regional Transportation Impact	Total Non-Major Funds
ASSETS			
Cash and investments	\$ 10,665,165	\$ 10,764,248	\$ 137,209,661
Cash and investments with fiscal agents	-	-	3
Accounts receivable, net	-	-	1,126,495
Interest receivable	20,380	-	257,940
Due from other funds	-	-	2,139,931
Deposits	-	-	1,000,000
Loans receivable	-	-	1,808,950
Due from Fiduciary Funds	-	-	5,192,100
Total assets	\$ 10,685,545	\$ 10,764,248	\$ 148,735,080
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 15,821	\$ 474,875	\$ 1,712,581
Accrued payroll	-	-	101,816
Due to other funds	-	-	2,444,533
Deposits payable	449,944	35,983	9,342,259
Unearned revenues	-	-	77,459
Total liabilities	465,765	510,858	13,678,648
Deferred inflows of resources:			
Unavailable revenue	-	-	7,001,050
Total deferred inflows of resources	-	-	7,001,050
Fund Balances:			
Nonspendable	-	-	-
Restricted	10,219,780	10,253,390	130,231,156
Committed	-	-	-
Assigned	-	-	-
Unassigned (deficit)	-	-	(2,175,774)
Total fund balances	10,219,780	10,253,390	128,055,382
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,685,545	\$ 10,764,248	\$ 148,735,080

(Concluded)

City of Tracy
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
June 30, 2021

	Special Revenue					
	TEA Grant	Business Improvement District	Asset Forfeiture	Transportation Development	Proposition K Transportation	State Gas Tax Street
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,009,868	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	317,827	-	-	-
Investment income (loss)	(4,121)	-	(1,811)	(4,533)	12,975	(9,437)
Intergovernmental	783,867	-	-	-	366,192	3,842,980
Charges for current services	-	-	-	-	-	-
Special assessments	-	128,823	-	-	-	-
Other revenue	-	-	-	-	-	703
Total revenues	779,746	128,823	316,016	(4,533)	2,389,035	3,834,246
EXPENDITURES:						
Current:						
General government						
Economic development	-	129,009	-	-	-	-
Non-departmental	-	-	-	69,731	82,875	130,143
Public safety						
Police	-	-	416,887	-	-	-
Public ways and facilities						
Development and engineering	-	-	-	-	-	-
Public works	-	-	-	-	-	1,343,787
Community development						
Capital outlay	4,088	-	10,266	88,690	171,759	2,586,895
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	4,088	129,009	427,153	158,421	254,634	4,060,825
REVENUES OVER (UNDER) EXPENDITURES	775,658	(186)	(111,137)	(162,954)	2,134,401	(226,579)
OTHER FINANCING SOURCES (USES):						
Transfers in	331,469	-	-	122,093	100,000	805,358
Transfers out	(1,027,451)	-	(38,405)	-	-	(252,026)
Total other financing sources (uses)	(695,982)	-	(38,405)	122,093	100,000	553,332
NET CHANGES IN FUND BALANCES	79,676	(186)	(149,542)	(40,861)	2,234,401	326,753
FUND BALANCES:						
Beginning of year	345,633	1,683	1,008,640	675,104	3,016,593	5,924,070
End of year	<u>\$ 425,309</u>	<u>\$ 1,497</u>	<u>\$ 859,098</u>	<u>\$ 634,243</u>	<u>\$ 5,250,994</u>	<u>\$ 6,250,823</u>

(Continued)

City of Tracy
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
June 30, 2021

	Special Revenue					COPS Grant
	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy	
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	165,834	-	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	-	(8,990)	(321)	936	-	(2,997)
Intergovernmental	693,669	-	-	-	-	225,508
Charges for current services	-	-	-	-	-	-
Special assessments	-	3,347,460	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	693,669	3,338,470	(321)	166,770	-	222,511
EXPENDITURES:						
Current:						
General government						
Economic development	634,707	-	-	-	-	-
Non-departmental	-	209,618	-	-	-	-
Public safety						
Police	-	-	-	-	-	252,108
Public ways and facilities						
Development and engineering	-	-	-	-	-	-
Public works	-	3,358,158	-	-	-	-
Community development						
Capital outlay	54,338	247,475	-	5,660	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	689,045	3,815,251	-	5,660	-	252,108
REVENUES OVER (UNDER) EXPENDITURES	4,624	(476,781)	(321)	161,110	-	(29,597)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	95,000	-	-	-	-
Transfers out	-	-	-	-	-	(400,473)
Total other financing sources (uses)	-	95,000	-	-	-	(400,473)
NET CHANGES IN FUND BALANCES	4,624	(381,781)	(321)	161,110	-	(430,070)
FUND BALANCES:						
Beginning of year	-	5,890,021	212,002	347,286	1,000,000	583,286
End of year	\$ 4,624	\$ 5,508,240	\$ 211,681	\$ 508,396	\$ 1,000,000	\$ 153,216

(Continued)

City of Tracy
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
June 30, 2021

	Special Revenue			Debt Service	Capital Projects	
	FEMA Grant	CFD Services 2016-2	CFD Services 2018-1	North East Industrial Plan Area Storm Drain	Lease Revenue Bonds	North East Industrial Plan Area #1
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	(10)	1,137	(689)	(2,141)	6,491	(17,569)
Intergovernmental	-	-	-	-	-	-
Charges for current services	-	-	-	228,535	-	-
Special assessments	-	202,722	171,501	-	-	-
Other revenue	-	-	-	-	309,754	-
Total revenues	(10)	203,859	170,812	226,394	316,245	(17,569)
EXPENDITURES:						
Current:						
General government						
Economic development	-	-	-	-	-	-
Non-departmental	-	-	27,470	-	-	-
Public safety						
Police	-	-	-	-	-	-
Public ways and facilities						
Development and engineering	-	-	-	-	-	-
Public works	-	211,877	-	-	-	-
Community development						
Capital outlay	-	-	-	-	-	1,025
Debt service:						
Principal	-	-	-	-	555,000	-
Interest and fiscal charges	-	-	-	-	719,665	-
Total expenditures	-	211,877	27,470	-	1,274,665	1,025
REVENUES OVER (UNDER) EXPENDITURES	(10)	(8,018)	143,342	226,394	(958,420)	(18,594)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	1,121,406	-
Transfers out	-	-	(56,230)	-	-	-
Total other financing sources (uses)	-	-	(56,230)	-	1,121,406	-
NET CHANGES IN FUND BALANCES	(10)	(8,018)	87,112	226,394	162,986	(18,594)
FUND BALANCES:						
Beginning of year, as restated (Note 20)	2,867	237,169	722,497	2,412,814	1,494,243	11,620,767
End of year	<u>\$ 2,857</u>	<u>\$ 229,151</u>	<u>\$ 809,609</u>	<u>\$ 2,639,208</u>	<u>\$ 1,657,229</u>	<u>\$ 11,602,173</u>

(Continued)

City of Tracy
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
June 30, 2021

	Capital Projects					
	North East Industrial Plan Area #2	Infill Projects	I-205 Area Improvements	Urban Management Plan Facilities	Capital Projects Deposit	South MacArthur Plan Area
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	-	(3,506)	(17,688)	1,058	(32,688)	(16,911)
Intergovernmental	-	-	-	-	-	-
Charges for current services	-	1,141,875	133,458	1,256,709	-	67,120
Special assessments	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	1,138,369	115,770	1,257,767	(32,688)	50,209
EXPENDITURES:						
Current:						
General government						
Economic development	-	-	-	-	-	-
Non-departmental	-	-	-	-	-	-
Public safety						
Police	-	-	-	-	-	-
Public ways and facilities						
Development and engineering	-	-	-	1,014,303	-	-
Public works	-	-	-	-	-	-
Community development						
Capital outlay	-	454,037	-	395,907	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	454,037	-	1,410,210	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	684,332	115,770	(152,443)	(32,688)	50,209
OTHER FINANCING SOURCES (USES):						
Transfers in	-	13,517	-	-	-	-
Transfers out	(1,300)	(139,604)	-	-	-	(83)
Total other financing sources (uses)	(1,300)	(126,087)	-	-	-	(83)
NET CHANGES IN FUND BALANCES	(1,300)	558,245	115,770	(152,443)	(32,688)	50,126
FUND BALANCES:						
Beginning of year, as restated (Note 20)	(2,174,474)	5,038,895	11,439,807	4,741,887	37,744	11,738,511
End of year	<u>\$ (2,175,774)</u>	<u>\$ 5,597,140</u>	<u>\$ 11,555,577</u>	<u>\$ 4,589,444</u>	<u>\$ 5,056</u>	<u>\$ 11,788,637</u>

(Continued)

City of Tracy
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
June 30, 2021

	Capital Projects					
	Industrial Specific Plan South	Presidio Plan Area	Redevelopment Obligations	Tracy Gateway Area	Plan "C"	Residential Specific Plan Projects
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	(10,883)	(15,334)	(8,309)	(3,345)	(36,171)	51,517
Intergovernmental	-	-	-	-	-	-
Charges for current services	673,684	-	-	-	895,621	-
Special assessments	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	662,801	(15,334)	(8,309)	(3,345)	859,450	51,517
EXPENDITURES:						
Current:						
General government						
Economic development	-	-	-	-	-	55,912
Non-departmental	-	-	-	-	-	-
Public safety						
Police	-	-	-	-	-	-
Public ways and facilities						
Development and engineering	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community development						
Capital outlay	110,710	-	664,146	12,546	495,144	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	110,710	-	664,146	12,546	495,144	55,912
REVENUES OVER (UNDER) EXPENDITURES	552,091	(15,334)	(672,455)	(15,891)	364,306	(4,395)
OTHER FINANCING SOURCES (USES):						
Transfers in	252,026	-	-	-	-	-
Transfers out	(1,205,402)	-	-	-	(412,019)	-
Total other financing sources (uses)	(953,376)	-	-	-	(412,019)	-
NET CHANGES IN FUND BALANCES	(401,285)	(15,334)	(672,455)	(15,891)	(47,713)	(4,395)
FUND BALANCES:						
Beginning of year, as restated (Note 20)	2,490,908	5,604,012	2,008,654	2,142,764	24,477,184	2,907,335
End of year	<u>\$ 2,089,623</u>	<u>\$ 5,588,678</u>	<u>\$ 1,336,199</u>	<u>\$ 2,126,873</u>	<u>\$ 24,429,471</u>	<u>\$ 2,902,940</u>

(Continued)

City of Tracy
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
June 30, 2021

	Capital Projects		
	Ellis Area	Regional Transportation Impact	Total Non-Major Funds
REVENUES:			
Taxes	\$ -	\$ -	\$ 2,009,868
Licenses, permits and fees	-	-	165,834
Fines and penalties	-	-	317,827
Investment income (loss)	8,444	91,743	(23,153)
Intergovernmental	-	-	5,912,216
Charges for current services	3,977,250	1,231,200	9,605,452
Special assessments	-	-	3,850,506
Other revenue	-	-	310,457
Total revenues	3,985,694	1,322,943	22,149,007
EXPENDITURES:			
Current:			
General government			
Economic development	-	-	819,628
Non-departmental	-	-	519,837
Public safety			
Police	-	-	668,995
Public ways and facilities			
Development and engineering	-	-	1,014,303
Public works	-	-	4,913,822
Community development			
Capital outlay	85,761	-	5,388,447
Debt service:			
Principal	-	-	555,000
Interest and fiscal charges	-	-	719,665
Total expenditures	85,761	-	14,599,697
REVENUES OVER (UNDER) EXPENDITURES	3,899,933	1,322,943	7,549,310
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	2,840,869
Transfers out	(765,046)	(2,106,406)	(6,404,445)
Total other financing sources (uses)	(765,046)	(2,106,406)	(3,563,576)
NET CHANGES IN FUND BALANCES	3,134,887	(783,463)	3,985,734
FUND BALANCES:			
Beginning of year, as restated (Note 20)	7,084,893	11,036,853	124,069,648
End of year	\$ 10,219,780	\$ 10,253,390	\$ 128,055,382

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City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
General Capital Projects Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ (147,873)	\$ (147,873)	\$ 16,448	\$ 164,321
Intergovernmental	-	-	61,911	61,911
Total revenues	<u>(147,873)</u>	<u>(147,873)</u>	<u>78,359</u>	<u>226,232</u>
EXPENDITURES:				
Capital outlay	297,312	1,998,503	903,194	1,095,309
Total expenditures	<u>297,312</u>	<u>1,998,503</u>	<u>903,194</u>	<u>1,095,309</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(445,185)</u>	<u>(2,146,376)</u>	<u>(824,835)</u>	<u>1,321,541</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,471,275	5,471,275	13,721,318	8,250,043
Transfers out	-	(200)	(581,750)	(581,550)
Total other financing sources (uses)	<u>5,471,275</u>	<u>5,471,075</u>	<u>13,139,568</u>	<u>7,668,493</u>
Net change in fund balance	<u>\$ 5,026,090</u>	<u>\$ 3,324,699</u>	12,314,733	<u>\$ 8,990,034</u>
FUND BALANCE:				
Beginning of year			26,193,026	
End of year			<u>\$ 38,507,759</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Tracy Infrastructure Master Plans Capital Projects Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ (441,823)	\$ (441,823)	\$ 109,418	\$ 551,241
Intergovernmental	-	-	201,089	201,089
Charges for current services	6,749,525	6,749,525	24,407,461	17,657,936
Total revenues	<u>6,307,702</u>	<u>6,307,702</u>	<u>24,717,968</u>	<u>18,410,266</u>
EXPENDITURES:				
Capital outlay	7,545	2,497,980	2,763,079	(265,099)
Total expenditures	<u>7,545</u>	<u>2,497,980</u>	<u>2,763,079</u>	<u>(265,099)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>6,300,157</u>	<u>3,809,722</u>	<u>21,954,889</u>	<u>18,145,167</u>
OTHER FINANCING SOURCES (USES):				
Contributions	-	-	-	-
Transfers in	-	-	1,782,150	1,782,150
Transfers out	-	(399,473)	(399,473)	-
Total other financing sources (uses)	<u>-</u>	<u>(399,473)</u>	<u>1,382,677</u>	<u>1,782,150</u>
Net change in fund balance	<u>\$ 6,300,157</u>	<u>\$ 3,410,249</u>	23,337,566	<u>\$ 19,927,317</u>
FUND BALANCE:				
Beginning of year			34,987,566	
End of year			<u>\$ 58,325,132</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Lease Revenue Bonds Debt Service Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 2,669	\$ 2,669	\$ 6,491	\$ 3,822
Other revenue	-	-	309,754	309,754
Total revenues	<u>2,669</u>	<u>2,669</u>	<u>316,245</u>	<u>313,576</u>
EXPENDITURES:				
Debt service:				
Principal	250,000	555,000	555,000	-
Interest and fiscal charges	1,127,238	722,325	719,665	2,660
Total expenditures	<u>1,377,238</u>	<u>1,277,325</u>	<u>1,274,665</u>	<u>2,660</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,374,569)</u>	<u>(1,274,656)</u>	<u>(958,420)</u>	<u>316,236</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,358,300	1,379,154	1,121,406	(257,748)
Transfers out	-	(200)	-	200
Total other financing sources (uses)	<u>1,358,300</u>	<u>1,378,954</u>	<u>1,121,406</u>	<u>(257,548)</u>
Net change in fund balance	<u>\$ (16,269)</u>	<u>\$ 104,298</u>	162,986	<u>\$ 58,688</u>
FUND BALANCE:				
Beginning of year			1,494,243	
End of year			<u>\$ 1,657,229</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
TEA Grant Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 111	\$ 111	\$ (4,121)	\$ (4,232)
Intergovernmental	3,685,484	3,685,484	783,867	(2,901,617)
Total revenues	<u>3,685,595</u>	<u>3,685,595</u>	<u>779,746</u>	<u>(2,905,849)</u>
EXPENDITURES:				
Current:				
General government	1,356,163	26,240,163	-	26,240,163
Capital outlay	-	38,531	4,088	34,443
Total expenditures	<u>1,356,163</u>	<u>26,278,694</u>	<u>4,088</u>	<u>26,274,606</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,329,432</u>	<u>(22,593,099)</u>	<u>775,658</u>	<u>23,368,757</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	331,469	331,469
Transfers out	-	-	(1,027,451)	(1,027,451)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(695,982)</u>	<u>(695,982)</u>
Net change in fund balance	<u>\$ 2,329,432</u>	<u>\$ (22,593,099)</u>	79,676	<u>\$ 22,672,775</u>
FUND BALANCE:				
Beginning of year			<u>345,633</u>	
End of year			<u>\$ 425,309</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Business Improvement District Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Special assessments	\$ 132,463	\$ 132,463	\$ 128,823	\$ (3,640)
Total revenues	<u>132,463</u>	<u>132,463</u>	<u>128,823</u>	<u>(3,640)</u>
EXPENDITURES:				
Current:				
General government				
Economic development	123,704	123,704	129,009	(5,305)
Total expenditures	<u>123,704</u>	<u>123,704</u>	<u>129,009</u>	<u>(5,305)</u>
Net change in fund balance	<u>\$ 8,759</u>	<u>\$ 8,759</u>	(186)	<u>\$ (8,945)</u>
FUND BALANCE:				
Beginning of year			<u>1,683</u>	
End of year			<u>\$ 1,497</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Fines and penalties	\$ 818,617	\$ 818,617	\$ 317,827	\$ (500,790)
Investment income (loss)	6,687	6,687	(1,811)	(8,498)
Total revenues	<u>825,304</u>	<u>825,304</u>	<u>316,016</u>	<u>(509,288)</u>
EXPENDITURES:				
Current:				
Public safety				
Police	509,581	527,831	416,887	110,944
Capital outlay	-	-	10,266	(10,266)
Total expenditures	<u>509,581</u>	<u>527,831</u>	<u>427,153</u>	<u>100,678</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>315,723</u>	<u>297,473</u>	<u>(111,137)</u>	<u>(408,610)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(38,405)	(38,405)	(38,405)	-
Total other financing sources (uses)	<u>(38,405)</u>	<u>(38,405)</u>	<u>(38,405)</u>	<u>-</u>
Net change in fund balance	<u>\$ 277,318</u>	<u>\$ 259,068</u>	(149,542)	<u>\$ (408,610)</u>
FUND BALANCE:				
Beginning of year			1,008,640	
End of year			<u>\$ 859,098</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Transportation Development Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 70,500	\$ 70,500	\$ -	\$ (70,500)
Investment income (loss)	11,374	11,374	(4,533)	(15,907)
Total revenues	<u>81,874</u>	<u>81,874</u>	<u>(4,533)</u>	<u>(86,407)</u>
EXPENDITURES:				
Current:				
General government				
Non-departmental	69,731	69,731	69,731	-
Public ways and facilities				
Development and engineering	444	444	-	444
Capital outlay	22,269	104,992	88,690	16,302
Total expenditures	<u>92,444</u>	<u>175,167</u>	<u>158,421</u>	<u>16,746</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,570)</u>	<u>(93,293)</u>	<u>(162,954)</u>	<u>(69,661)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	122,093	122,093
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>122,093</u>	<u>122,093</u>
Net change in fund balance	<u>\$ (10,570)</u>	<u>\$ (93,293)</u>	<u>(40,861)</u>	<u>\$ 52,432</u>
FUND BALANCE:				
Beginning of year			675,104	
End of year			<u>\$ 634,243</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Proposition K Transportation Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 1,203,226	\$ 1,203,226	\$ 2,009,868	\$ 806,642
Investment income (loss)	10,704	10,704	12,975	2,271
Intergovernmental	1,291,624	1,291,624	366,192	(925,432)
Total revenues	<u>2,505,554</u>	<u>2,505,554</u>	<u>2,389,035</u>	<u>(116,519)</u>
EXPENDITURES:				
Current:				
General government				
Non-departmental	82,875	82,875	82,875	-
Capital outlay	864,610	946,475	171,759	774,716
Total expenditures	<u>947,485</u>	<u>1,029,350</u>	<u>254,634</u>	<u>774,716</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,558,069</u>	<u>1,476,204</u>	<u>2,134,401</u>	<u>658,197</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	100,000	100,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balance	<u>\$ 1,558,069</u>	<u>\$ 1,476,204</u>	2,234,401	<u>\$ 758,197</u>
FUND BALANCE:				
Beginning of year			3,016,593	
End of year			<u>\$ 5,250,994</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
State Gas Tax Street Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 58,136	\$ 57,704	\$ (9,437)	\$ (67,141)
Intergovernmental	3,105,003	3,105,003	3,842,980	737,977
Other revenue	-	-	703	703
Total revenues	<u>3,163,139</u>	<u>3,162,707</u>	<u>3,834,246</u>	<u>671,539</u>
EXPENDITURES:				
Current:				
General government				
Non-departmental	130,143	130,143	130,143	-
Public ways and facilities				
Public works	3,512,632	3,512,632	1,343,787	2,168,845
Capital outlay	447,271	1,619,259	2,586,895	(967,636)
Total expenditures	<u>4,090,046</u>	<u>5,262,034</u>	<u>4,060,825</u>	<u>1,201,209</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(926,907)</u>	<u>(2,099,327)</u>	<u>(226,579)</u>	<u>1,872,748</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	805,358	805,358
Transfers out	-	-	(252,026)	(252,026)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>553,332</u>	<u>553,332</u>
Net change in fund balance	<u>\$ (926,907)</u>	<u>\$ (2,099,327)</u>	326,753	<u>\$ 2,426,080</u>
FUND BALANCE:				
Beginning of year			<u>5,924,070</u>	
End of year			<u>\$ 6,250,823</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 421,564	\$ 421,564	\$ 693,669	\$ 272,105
Total revenues	<u>421,564</u>	<u>421,564</u>	<u>693,669</u>	<u>272,105</u>
EXPENDITURES:				
Current:				
General government				
Economic development	326,442	731,175	634,707	96,468
Capital outlay	3,399	5,649	54,338	(48,689)
Total expenditures	<u>329,841</u>	<u>736,824</u>	<u>689,045</u>	<u>47,779</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>91,723</u>	<u>(315,260)</u>	<u>4,624</u>	<u>319,884</u>
Net change in fund balance	<u>\$ 91,723</u>	<u>\$ (315,260)</u>	<u>4,624</u>	<u>\$ 319,884</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 4,624</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Landscaping District Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 22,410	\$ 22,410	\$ (8,990)	\$ (31,400)
Special assessments	3,515,543	3,515,543	3,347,460	(168,083)
Total revenues	<u>3,537,953</u>	<u>3,537,953</u>	<u>3,338,470</u>	<u>(199,483)</u>
EXPENDITURES:				
Current:				
Non-departmental	209,618	268,085	209,618	58,467
Public ways and facilities				
Public works	3,155,470	3,165,875	3,358,158	(192,283)
Community development				
Capital outlay	560	240,601	247,475	(6,874)
Total expenditures	<u>3,365,648</u>	<u>3,674,561</u>	<u>3,815,251</u>	<u>(140,690)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>172,305</u>	<u>(136,608)</u>	<u>(476,781)</u>	<u>(340,173)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	95,000	95,000	-
Total other financing sources (uses)	<u>-</u>	<u>95,000</u>	<u>95,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 172,305</u>	<u>\$ (41,608)</u>	<u>(381,781)</u>	<u>\$ (340,173)</u>
FUND BALANCE:				
Beginning of year			5,890,021	
End of year			<u>\$ 5,508,240</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Residential and Commercial Rehabilitation Loan Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 3,686	\$ 3,686	\$ (321)	\$ (4,007)
Total revenues	3,686	3,686	(321)	(4,007)
FUND BALANCE:				
Beginning of year			212,002	
End of year			\$ 211,681	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Community Access CTV Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 83,583	\$ 83,583	\$ 165,834	\$ 82,251
Investment income (loss)	(5,436)	(5,436)	936	6,372
Charges for current services	296	296	-	(296)
Total revenues	<u>78,443</u>	<u>78,443</u>	<u>166,770</u>	<u>88,327</u>
EXPENDITURES:				
Capital outlay	-	122,588	5,660	116,928
Total expenditures	<u>-</u>	<u>122,588</u>	<u>5,660</u>	<u>116,928</u>
Net change in fund balance	<u>\$ 78,443</u>	<u>\$ (44,145)</u>	161,110	<u>\$ 205,255</u>
FUND BALANCE:				
Beginning of year			<u>347,286</u>	
End of year			<u>\$ 508,396</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
COPS Grant Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ 3,985	\$ (2,997)	\$ (6,982)
Intergovernmental	-	176,649	225,508	48,859
Total revenues	<u>-</u>	<u>180,634</u>	<u>222,511</u>	<u>41,877</u>
EXPENDITURES:				
Current:				
Public safety				
Police	-	-	252,108	(252,108)
Total expenditures	<u>-</u>	<u>-</u>	<u>252,108</u>	<u>(252,108)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>180,634</u>	<u>(29,597)</u>	<u>(210,231)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(400,473)	(400,473)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(400,473)</u>	<u>(400,473)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 180,634</u>	<u>(430,070)</u>	<u>\$ (610,704)</u>
FUND BALANCE:				
Beginning of year			583,286	
End of year			<u>\$ 153,216</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
FEMA Grant Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ (2)	\$ (2)	\$ (10)	\$ (8)
Total revenues	<u>(2)</u>	<u>(2)</u>	<u>(10)</u>	<u>(8)</u>
FUND BALANCE:				
Beginning of year			<u>2,867</u>	
End of year			<u><u>\$ 2,857</u></u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
CFD Services 2016-2 Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ (5,134)	\$ (5,134)	\$ 1,137	\$ 6,271
Special assessments	407,375	407,375	202,722	(204,653)
Total revenues	<u>402,241</u>	<u>402,241</u>	<u>203,859</u>	<u>(198,382)</u>
EXPENDITURES:				
Current:				
Public ways and facilities				
Public works	109,289	109,289	211,877	(102,588)
Total expenditures	<u>109,289</u>	<u>109,289</u>	<u>211,877</u>	<u>(102,588)</u>
Net change in fund balance	<u>\$ 292,952</u>	<u>\$ 292,952</u>	(8,018)	<u>\$ (300,970)</u>
FUND BALANCE:				
Beginning of year			<u>237,169</u>	
End of year			<u>\$ 229,151</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
CFD Services 2018-1 Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ (5,178)	\$ (5,178)	\$ (689)	\$ 4,489
Special assessments	157,856	157,856	171,501	13,645
Total revenues	<u>152,678</u>	<u>152,678</u>	<u>170,812</u>	<u>18,134</u>
EXPENDITURES:				
Current:				
General government				
Non-departmental	6,443	6,443	27,470	(21,027)
Total expenditures	<u>6,443</u>	<u>6,443</u>	<u>27,470</u>	<u>(21,027)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>146,235</u>	<u>146,235</u>	<u>143,342</u>	<u>(2,893)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(56,230)	(56,230)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(56,230)</u>	<u>(56,230)</u>
Net change in fund balance	<u>\$ 146,235</u>	<u>\$ 146,235</u>	87,112	<u>\$ (59,123)</u>
FUND BALANCE:				
Beginning of year			722,497	
End of year			<u>\$ 809,609</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
North East Industrial Plan Area Storm Drain Grant Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ (8,196)	\$ (8,196)	\$ (2,141)	\$ 6,055
Charges for current services	-	-	228,535	228,535
Total revenues	<u>(8,196)</u>	<u>(8,196)</u>	<u>226,394</u>	<u>234,590</u>
EXPENDITURES:				
Current:				
General government				
General government	-	5,351	-	5,351
Total expenditures	<u>-</u>	<u>5,351</u>	<u>-</u>	<u>5,351</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(8,196)</u>	<u>(13,547)</u>	<u>226,394</u>	<u>239,941</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of long-term debt	<u>3,279,275</u>	<u>3,279,275</u>	<u>-</u>	<u>(3,279,275)</u>
Total other financing sources (uses)	<u>3,279,275</u>	<u>3,279,275</u>	<u>-</u>	<u>(3,279,275)</u>
Net change in fund balance	<u>\$ 3,271,079</u>	<u>\$ 3,265,728</u>	226,394	<u>\$ (3,039,334)</u>
FUND BALANCE:				
Beginning of year			<u>2,412,814</u>	
End of year			<u>\$ 2,639,208</u>	

Non-Major Enterprise Funds

Municipal Airport Fund - This fund is used to account for the activities associated with the operations and maintenance of the City's airport.

Municipal Transit Fund - This fund is used to account for the activities associated with the operations and maintenance of the City's public transit activities, and has particular emphasis on serving the elderly and handicapped.

City of Tracy
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2021

	Municipal Airport Fund	Municipal Transit Fund	Total
ASSETS			
Current assets:			
Accounts receivable, net	\$ 170,370	\$ 6,239,901	\$ 6,410,271
Total current assets	<u>170,370</u>	<u>6,239,901</u>	<u>6,410,271</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	5,700,988	4,243,055	9,944,043
Depreciable, net	9,857,504	10,445,163	20,302,667
Total capital assets, net	<u>15,558,492</u>	<u>14,688,218</u>	<u>30,246,710</u>
Total noncurrent assets	<u>15,558,492</u>	<u>14,688,218</u>	<u>30,246,710</u>
Total assets	<u>15,728,862</u>	<u>20,928,119</u>	<u>36,656,981</u>
DEFERRED OUTFLOW OF RESOURCES			
Related to OPEB	1,027	2,345	3,372
Related to pensions	63,707	100,420	164,127
Total deferred outflow of resources	<u>64,734</u>	<u>102,765</u>	<u>167,499</u>
LIABILITIES			
Current liabilities:			
Accounts payable	4,902	290,752	295,654
Accrued payroll	11,607	15,185	26,792
Due to other funds	191,281	2,374,088	2,565,369
Deposits payable	54,783	-	54,783
Unearned revenue	-	61,707	61,707
Compensated absences - due within one year	7,420	11,801	19,221
Total current liabilities	<u>269,993</u>	<u>2,753,533</u>	<u>3,023,526</u>
Noncurrent liabilities:			
Net OPEB liability	13,288	30,345	43,633
Net pension liability	273,793	431,572	705,365
Compensated absences - due in more than one year	5,536	28,240	33,776
Total noncurrent liabilities	<u>292,617</u>	<u>490,157</u>	<u>782,774</u>
Total liabilities	<u>562,610</u>	<u>3,243,690</u>	<u>3,806,300</u>
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	2,433	5,557	7,990
Related to pensions	1,011	1,593	2,604
Total deferred inflows of resources	<u>3,444</u>	<u>7,150</u>	<u>10,594</u>
NET POSITION			
Net investment in capital assets	15,558,492	14,688,218	30,246,710
Unrestricted (deficit)	(330,950)	3,091,826	2,760,876
Total net position	<u>\$ 15,227,542</u>	<u>\$ 17,780,044</u>	<u>\$ 33,007,586</u>

City of Tracy
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2021

	Municipal Airport Fund	Municipal Transit Fund	Total
OPERATING REVENUES:			
Sales and charges for services	\$ 854,122	\$ 62,390	\$ 916,512
Other operating revenue	20,021	-	20,021
Total operating revenues	874,143	62,390	936,533
OPERATING EXPENSES:			
Maintenance and operation	259,317	3,992,752	4,252,069
Administration	239,019	446,328	685,347
Insurance costs and claims	-	-	-
Depreciation	645,629	913,279	1,558,908
Total operating expenses	1,143,965	5,352,359	6,496,324
OPERATING INCOME (LOSS)	(269,822)	(5,289,969)	(5,559,791)
NONOPERATING REVENUES (EXPENSES):			
Operating grants	-	6,988,106	6,988,106
Capital grants	134,673	1,077,010	1,211,683
Investment income (loss)	(139)	(5,110)	(5,249)
Gain on sale of capital assets	11,300	-	11,300
Total nonoperating revenues (expenses)	145,834	8,060,006	8,205,840
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(123,988)	2,770,037	2,646,049
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Transfers in	150,200	-	150,200
Total transfers	150,200	-	150,200
Changes in net position	26,212	2,770,037	2,796,249
NET POSITION:			
Beginning of year	15,201,330	15,010,007	30,211,337
End of year	\$ 15,227,542	\$ 17,780,044	\$ 33,007,586

City of Tracy
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2021

	Municipal Airport Fund	Municipal Transit Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 1,032,898	\$ (249,857)	\$ 783,041
Cash payments to suppliers for goods and services/other funds	(116,803)	(3,874,347)	(3,991,150)
Cash payments to employees for services	(327,109)	(424,186)	(751,295)
Receipts from other operating revenues	20,021	-	20,021
Net cash provided by (used in) operating activities	609,007	(4,548,390)	(3,939,383)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	-	6,988,106	6,988,106
Repayment to other funds	(241,372)	(709,171)	(950,543)
Transfers from other funds	150,200	-	150,200
Net cash provided by (used in) noncapital financing activities	(91,172)	6,278,935	6,187,763
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants	134,673	1,077,010	1,211,683
Acquisition of capital assets	(663,874)	(2,814,296)	(3,478,170)
Proceeds from the sale of assets	11,300	-	11,300
Net cash (used in) capital and related financing activities	(517,901)	(1,737,286)	(2,255,187)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	(94)	(2,529)	(2,623)
Net cash provided by (used in) investing activities	(94)	(2,529)	(2,623)
Net change in cash and cash equivalents	(160)	(9,270)	(9,430)
CASH AND CASH EQUIVALENTS:			
Beginning of year	160	9,270	9,430
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
For the Year Ended June 30, 2021

	Municipal Airport Fund	Municipal Transit Fund	Total
RECONCILIATION OF OPERATING (LOSS) TO			
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (269,822)	\$ (5,289,969)	\$ (5,559,791)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	645,629	913,279	1,558,908
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	175,805	(93,848)	81,957
Deferred outflows - OPEB related	510	(60)	450
Deferred outflows - pension related	(27,671)	(23,053)	(50,724)
Accounts payable	(17,280)	44,886	27,606
Accrued payroll	2,064	2,436	4,500
Deposits payable	2,971	-	2,971
Unearned revenue	-	(218,399)	(218,399)
Compensated absences	(8,280)	21,334	13,054
Net OPEB liability	(2,204)	1,458	(746)
Net pension liability	105,983	94,734	200,717
Deferred inflows - OPEB related	723	3,203	3,926
Deferred inflows - pension related	579	(4,391)	(3,812)
Total adjustments	<u>878,829</u>	<u>741,579</u>	<u>1,620,408</u>
Net cash provided by (used in) operating activities	<u>\$ 609,007</u>	<u>\$ (4,548,390)</u>	<u>\$ (3,939,383)</u>

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Internal Service Funds

Central Garage Fund - This fund is used to account for the maintenance of the City's fleet of vehicles which services the transportation needs of City departments and divisions.

Central Services Fund - This fund is used to account for monies received from various funds for postage, telephone, and copying charges.

Equipment Acquisition Fund - This fund is used to account for the replacement of equipment utilized by City departments.

Building Maintenance Fund - This fund is used to account for monies received from various funds for the repair and maintenance of all City owned and operated buildings.

Insurance Fund - This fund is used to finance and account for the City's risk management and insurance programs.

City of Tracy
Combining Statement of Net Position
All Internal Service Funds
June 30, 2021

	Central Garage	Central Services	Equipment Acquisition
ASSETS			
Current assets:			
Cash and investments	\$ 379,889	\$ 768,894	\$ 7,826,235
Accounts receivable, net	-	-	11,673
Interest receivable	704	1,534	15,610
Total current assets	380,593	770,428	7,853,518
Noncurrent assets:			
Capital assets:			
Depreciable, net	7,361	-	11,596,612
Total capital assets, net	7,361	-	11,596,612
Total noncurrent assets	7,361	-	11,596,612
Total assets	387,954	770,428	19,450,130
DEFERRED OUTFLOW OF RESOURCES			
Related to OPEB	2,684	9,717	-
Related to pensions	165,207	294,781	-
Total deferred outflow of resources	167,891	304,498	-
LIABILITIES			
Current liabilities:			
Accounts payable	47,531	16,994	44,045
Accrued payroll	29,451	44,505	-
Deposits payable	-	-	-
Compensated absences - due within one year	16,184	33,788	-
Total current liabilities	93,166	95,287	44,045
Noncurrent liabilities:			
Net OPEB liability	34,719	125,744	-
Net pension liability	710,005	1,266,872	-
Compensated absences - due in more than one year	34,910	138,207	-
Total noncurrent liabilities	779,634	1,530,823	-
Total liabilities	872,800	1,626,110	44,045
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	6,358	23,026	-
Related to pensions	2,621	4,676	-
Total deferred inflows of resources	8,979	27,702	-
NET POSITION			
Investment in capital assets	7,361	-	11,596,612
Unrestricted (deficit)	(333,295)	(578,886)	7,809,473
Total net position	\$ (325,934)	\$ (578,886)	\$ 19,406,085

(Continued)

City of Tracy
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2021

	Building Maintenance	Insurance	Total
ASSETS			
Current assets:			
Cash and investments	\$ 2,911,305	\$ 2,309,502	\$ 14,195,825
Accounts receivable, net	56,327	-	68,000
Interest receivable	5,701	4,362	27,911
Total current assets	<u>2,973,333</u>	<u>2,313,864</u>	<u>14,291,736</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	3,591	-	11,607,564
Total capital assets, net	<u>3,591</u>	<u>-</u>	<u>11,607,564</u>
Total noncurrent assets	<u>3,591</u>	<u>-</u>	<u>11,607,564</u>
Total assets	<u>2,976,924</u>	<u>2,313,864</u>	<u>25,899,300</u>
DEFERRED OUTFLOW OF RESOURCES			
Related to OPEB	-	3,716	16,117
Related to pensions	185,723	150,090	795,801
Total deferred outflow of resources	<u>185,723</u>	<u>153,806</u>	<u>811,918</u>
LIABILITIES			
Current liabilities:			
Accounts payable	55,397	111,650	275,617
Accrued payroll	32,975	22,331	129,262
Deposits payable	6,758	-	6,758
Compensated absences - due within one year	19,365	16,506	85,843
Total current liabilities	<u>114,495</u>	<u>150,487</u>	<u>497,480</u>
Noncurrent liabilities:			
Net OPEB liability	-	48,090	208,553
Net pension liability	798,176	645,037	3,420,090
Compensated absences - due in more than one year	52,559	51,334	277,010
Total noncurrent liabilities	<u>850,735</u>	<u>744,461</u>	<u>3,905,653</u>
Total liabilities	<u>965,230</u>	<u>894,948</u>	<u>4,403,133</u>
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	-	8,807	38,191
Related to pensions	2,946	2,381	12,624
Total deferred inflows of resources	<u>2,946</u>	<u>11,188</u>	<u>50,815</u>
NET POSITION			
Investment in capital assets	3,591	-	11,607,564
Unrestricted (deficit)	2,190,880	1,561,534	10,649,706
Total net position	<u>\$ 2,194,471</u>	<u>\$ 1,561,534</u>	<u>\$ 22,257,270</u>

(Concluded)

City of Tracy
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2021

	Central Garage	Central Services	Equipment Acquisition
OPERATING REVENUES:			
Sales and charges for services	\$ 2,132,309	\$ 2,198,564	\$ -
Other operating revenue	2,136	-	-
Total operating revenues	<u>2,134,445</u>	<u>2,198,564</u>	<u>-</u>
OPERATING EXPENSES:			
Maintenance and operation	1,980,317	2,252,706	399,700
Administration	326,789	260,980	4,362
Insurance costs and claims	-	-	-
Depreciation	499	-	1,788,709
Total operating expenses	<u>2,307,605</u>	<u>2,513,686</u>	<u>2,192,771</u>
OPERATING INCOME (LOSS)	<u>(173,160)</u>	<u>(315,122)</u>	<u>(2,192,771)</u>
NONOPERATING REVENUES (EXPENSES):			
Capital grants	-	-	-
Investment income (loss)	(1,511)	615	(27,212)
Gain on sale of capital assets	-	-	47,405
Total nonoperating revenues (expenses)	<u>(1,511)</u>	<u>615</u>	<u>20,193</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(174,671)</u>	<u>(314,507)</u>	<u>(2,172,578)</u>
TRANSFERS:			
Capital contributions	-	-	36,376
Transfers in	-	-	464,097
Total transfers	<u>-</u>	<u>-</u>	<u>500,473</u>
Changes in net position	<u>(174,671)</u>	<u>(314,507)</u>	<u>(1,672,105)</u>
NET POSITION:			
Beginning of year	<u>(151,263)</u>	<u>(264,379)</u>	<u>21,078,190</u>
End of year	<u>\$ (325,934)</u>	<u>\$ (578,886)</u>	<u>\$ 19,406,085</u>

(Continued)

City of Tracy
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
All Internal Service Funds
For the Year Ended June 30, 2021

	Building Maintenance	Insurance	Total
OPERATING REVENUES:			
Sales and charges for services	\$ 2,086,560	\$ 5,937,046	\$ 12,354,479
Other operating revenue	-	464,067	466,203
Total operating revenues	2,086,560	6,401,113	12,820,682
OPERATING EXPENSES:			
Maintenance and operation	1,959,816	1,102,182	7,694,721
Administration	167,265	559,196	1,318,592
Insurance costs and claims	-	5,192,556	5,192,556
Depreciation	262	-	1,789,470
Total operating expenses	2,127,343	6,853,934	15,995,339
OPERATING INCOME (LOSS)	(40,783)	(452,821)	(3,174,657)
NONOPERATING REVENUES (EXPENSES):			
Capital grants	56,327	-	56,327
Investment income (loss)	(1,249)	(9,593)	(38,950)
Gain on sale of capital assets	-	-	47,405
Total nonoperating revenues (expenses)	55,078	(9,593)	64,782
INCOME (LOSS) BEFORE TRANSFERS	14,295	(462,414)	(3,109,875)
TRANSFERS:			
Capital contributions	-	-	36,376
Transfers in	-	-	464,097
Total transfers	-	-	500,473
Changes in net position	14,295	(462,414)	(2,609,402)
NET POSITION:			
Beginning of year	2,180,176	2,023,948	24,866,672
End of year	<u>\$ 2,194,471</u>	<u>\$ 1,561,534</u>	<u>\$ 22,257,270</u>

(Concluded)

City of Tracy
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2021

	Central Garage	Central Services	Equipment Acquisition
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 2,132,309	\$ 2,198,564	\$ 21,083
Cash payments to suppliers for goods and services/other funds	(1,320,489)	(983,223)	(543,861)
Cash payments to employees for services	(841,656)	(1,303,923)	(682)
Receipts from other operating activities	2,136	-	-
Net cash provided by (used in) operating activities	<u>(27,700)</u>	<u>(88,582)</u>	<u>(523,460)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	-	-	464,097
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>464,097</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants	-	-	-
Acquisition of capital assets	-	-	(1,843,671)
Proceeds from the sale of assets	-	-	83,781
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,759,890)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	(764)	1,381	(9,298)
Net cash provided by (used in) investing activities	<u>(764)</u>	<u>1,381</u>	<u>(9,298)</u>
Net change in cash and cash equivalents	(28,464)	(87,201)	(1,828,551)
CASH AND CASH EQUIVALENTS:			
Beginning of year	408,353	856,095	9,654,786
End of year	<u>\$ 379,889</u>	<u>\$ 768,894</u>	<u>\$ 7,826,235</u>

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2021

	Central Garage	Central Services	Equipment Acquisition
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (173,160)	\$ (315,122)	\$ (2,192,771)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	499	-	1,788,709
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	-	-	21,083
Deferred outflows - OPEB related	666	(2,069)	-
Deferred outflows - pension related	(56,076)	(20,859)	-
Accounts payable	(25,628)	(6,818)	(140,481)
Accrued payroll	4,034	5,590	-
Compensated absences	(18,247)	33,417	-
Net OPEB liability	(13,501)	31,870	-
Net pension liability	249,346	186,960	-
Deferred inflows - OPEB related	2,633	15,882	-
Deferred inflows - pension related	1,734	(17,433)	-
Total adjustments	<u>145,460</u>	<u>226,540</u>	<u>1,669,311</u>
Net cash provided by (used in) operating activities	<u>\$ (27,700)</u>	<u>\$ (88,582)</u>	<u>\$ (523,460)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Prepaid capital asset capitalized	\$ -	\$ -	\$ 1,391,575
Total noncash capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,391,575</u>

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2021

	Building Maintenance	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 2,030,233	\$ 5,937,046	\$ 12,319,235
Cash payments to suppliers for goods and services/other funds	(1,049,323)	(5,951,837)	(9,848,733)
Cash payments to employees for services	(906,130)	(644,783)	(3,697,174)
Receipts from other operating activities	-	464,067	466,203
Net cash provided by (used in) operating activities	74,780	(195,507)	(760,469)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	-	-	464,097
Net cash provided by noncapital financing activities	-	-	464,097
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants	56,327	-	56,327
Acquisition of capital assets	-	-	(1,843,671)
Proceeds from the sale of assets	-	-	83,781
Net cash (used in) capital and related financing activities	56,327	-	(1,703,563)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	2,315	(5,465)	(11,831)
Net cash provided by (used in) investing activities	2,315	(5,465)	(11,831)
Net change in cash and cash equivalents	133,422	(200,972)	(2,011,766)
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,777,883	2,510,474	16,207,591
End of year	<u>\$ 2,911,305</u>	<u>\$ 2,309,502</u>	<u>\$ 14,195,825</u>

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2021

	Building Maintenance	Insurance	Total
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (40,783)	\$ (452,821)	\$ (3,174,657)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	262	-	1,789,470
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	(56,327)	-	(35,244)
Deferred outflows - OPEB related	3,474	(1,293)	778
Deferred outflows - pension related	(48,340)	(69,686)	(194,961)
Accounts payable	4,558	58,405	(109,964)
Accrued payroll	7,540	2,669	19,833
Compensated absences	30,246	12,996	58,412
Net OPEB liability	(50,306)	16,753	(15,184)
Net pension liability	229,456	245,367	911,129
Deferred inflows - OPEB related	(4,922)	6,703	20,296
Deferred inflows - pension related	(78)	(14,600)	(30,377)
Total adjustments	115,563	257,314	2,414,188
Net cash provided by (used in) operating activities	\$ 74,780	\$ (195,507)	\$ (760,469)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Prepaid capital asset capitalized	\$ -	\$ -	\$ 1,391,575
Total noncash capital and related financing activities	\$ -	\$ -	\$ 1,391,575

(Concluded)

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Fiduciary Funds - Custodial Funds

Community Facilities District 89-1 Fund - This fund is used account for the assets held on behalf of the 89-1 Community Facilities District property owners until they are remitted to the bond trustee.

Assessment District 94-1 Fund - This fund is used account for the assets held on behalf of the 94-1 Community Facilities District property owners until they are remitted to the bond trustee.

Community Facilities District 93-1 Fund - This fund is used account for the assets held on behalf of the 93-1 Community Facilities District property owners until they are remitted to the bond trustee.

Community Facilities District 98-1 Fund - This fund is used account for the assets held on behalf of the 98-1 Community Facilities District property owners until they are remitted to the bond trustee.

Community Facilities District 98-3 Fund - This fund is used account for the assets held on behalf of the 98-3 Community Facilities District Property owners until they are remitted to the bond trustee.

Community Facilities District 99-1 Fund - This fund is used account for the assets held on behalf of the 99-1 Community Facilities District property owners until they are remitted to the bond trustee.

Assessment District 2000-01 Fund - This fund is used account for the assets held on behalf of the 2000-01 Assessment District property owners until they are remitted to the bond trustee.

2006-01 NE Industrial #2 Fund - This fund is used account for the assets held on behalf of the 2006-01 Assessment District property owners until they are remitted to the bond trustee.

I-205 Residential Reassessment District 1999 Fund - This fund is used account for the assets held on behalf of the 93-2, 95-1, 96-1, 97-1, and 97-2 Assessment District property owners until they are remitted to the bond trustee.

Assessment District 2003-01 Fund - This fund is used account for the assets held on behalf of the 2003-01 Assessment District property owners until they are remitted to the bond trustee.

2011 TOP JPA Revenue Bonds Fund - This fund was established to refund two outstanding community facilities district bonds and to refund two limited obligation assessment bonds, and to finance public capital improvements.

CFD 2011-01 Tracy 580 Business Park Fund - This fund is used to account for the transactions of the 2011-01 CFD.

Community Facilities District 2016-02 Fund - This fund is used to account for the assets held on behalf of the 2016-02 Community Facilities District property owners until they are remitted to the bond trustee.

Community Facilities District 2016-01 Tracy Hills Fund - This fund is used to account for the assets held on behalf of the 2016-01 Assessment District property owners until they are remitted to the bond trustee.

City of Tracy
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2021

	Community Facilities District 89-1	Assessment District 94-1	Community Facilities District 93-1	Community Facilities District 98-1	Community Facilities District 98-3	Community Facilities District 99-1
ASSETS						
Cash and investments	\$ 341,686	\$ -	\$ 3,905,693	\$ -	\$ 347,958	\$ -
Cash and investments with fiscal agent	661,971	960,814	643,391	6,078,632	521,275	1,041,309
Interest receivable	2,624	643	7,790	-	-	356
Total assets	1,006,281	961,457	4,556,874	6,078,632	869,233	1,041,665
LIABILITIES						
Deposits payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
NET POSITION						
Held for:						
Individuals, organizations, and other governments	1,006,281	961,457	4,556,874	6,078,632	869,233	1,041,665
Total Net Position	\$ 1,006,281	\$ 961,457	\$ 4,556,874	\$ 6,078,632	\$ 869,233	\$ 1,041,665

(Continued)

City of Tracy
Combining Statement of Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
June 30, 2021

	I-205 Residential				CFD 2011-01	
	Assessment District 2000-01	2006-01 NE Industrial #2	Reassessment District 1999	Assessment District 2003-01	2011 TOP JPA Revenue Bonds	Tracy 580 Business Park
ASSETS						
Cash and investments	\$ 154,503	\$ 1,227,296	\$ -	\$ 302,522	\$ -	\$ 76,313
Cash and investments with fiscal agent	971,690	2,628,475	2,434,955	133,250	3,350,086	-
Interest receivable	308	1,343	-	603	-	152
Total assets	1,126,501	3,857,114	2,434,955	436,375	3,350,086	76,465
LIABILITIES						
Deposits payable	-	-	-	298,184	-	-
Total liabilities	-	-	-	298,184	-	-
NET POSITION						
Held for:						
Individuals, organizations, and other governments	1,126,501	3,857,114	2,434,955	138,191	3,350,086	76,465
Total Net Position	\$ 1,126,501	\$ 3,857,114	\$ 2,434,955	\$ 138,191	\$ 3,350,086	\$ 76,465

(Continued)

City of Tracy
Combining Statement of Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
June 30, 2021

	Community	Community	Tracy Rural	Total
	Facilities District 2016-02	Facilities District 2016-01 Tracy Hills	Fire Medical Leave Bank	
ASSETS				
Cash and investments	\$ 35,729	\$ 1,794	\$ 379,031	\$ 6,772,525
Cash and investments with fiscal agent	3,320,347	28,342,853	-	51,089,048
Interest receivable	72	-	-	13,891
Total assets	3,356,148	28,344,647	379,031	57,875,464
LIABILITIES				
Deposits payable	-	-	-	298,184
Total liabilities	-	-	-	298,184
NET POSITION				
Held for:				
Individuals, organizations, and other governments	3,356,148	28,344,647	379,031	57,577,280
Total Net Position	\$ 3,356,148	\$ 28,344,647	\$ 379,031	\$57,577,280

(Concluded)

City of Tracy
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2021

	Community Facilities District 89-1	Assessment District 94-1	Community Facilities District 93-1	Community Facilities District 98-1	Community Facilities District 98-3	Community Facilities District 99-1
ADDITIONS:						
Fee collections for other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments for other governments	-	130,716	276,544	5,813,449	345,778	673,160
Investment income	(5,038)	2,371	273,203	203	199	486
Total additions	(5,038)	133,087	549,747	5,813,652	345,977	673,646
DEDUCTIONS:						
Administration	1,478	5,000	290,910	29,610	19,690	14,303
Payments on conduit bonds - principal	950,000	630,000	45,000	4,045,000	255,000	520,000
Payments on conduit bonds - interest	23,750	56,500	204,923	1,506,431	57,628	119,225
Project payments	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
Total deductions	975,228	691,500	540,833	5,581,041	332,318	653,528
Changes in net position	(980,266)	(558,413)	8,914	232,611	13,659	20,118
NET POSITION:						
Beginning of year, as restated (Note 20)	1,986,547	1,519,870	4,547,960	5,846,021	855,574	1,021,547
End of year	<u>\$ 1,006,281</u>	<u>\$ 961,457</u>	<u>\$ 4,556,874</u>	<u>\$ 6,078,632</u>	<u>\$ 869,233</u>	<u>\$ 1,041,665</u>

(Continued)

City of Tracy
Combining Statement of Changes in Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2021

	Assessment District 2000-01	2006-01 NE Industrial #2	I-205 Residential Reassessment District 1999	Assessment District 2003-01	2011 TOP JPA Revenue Bonds	CFD 2011-01 Tracy 580 Business Park
ADDITIONS:						
Fee collections for other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments for other governments	1,114,355	668,280	277,296	78,155	1,386,492	-
Investment income	200	(3,135)	1,049	(373)	1,482	(116)
Total additions	1,114,555	665,145	278,345	77,782	1,387,974	(116)
DEDUCTIONS:						
Administration	16,810	20,327	22,510	9,953	31,122	-
Payments on conduit bonds - principal	595,000	215,000	-	45,000	930,000	-
Payments on conduit bonds - interest	460,219	389,600	-	24,669	363,300	-
Project payments	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
Total deductions	1,072,029	624,927	22,510	79,622	1,324,422	-
Changes in net position	42,526	40,218	255,835	(1,840)	63,552	(116)
NET POSITION:						
Beginning of year, as restated (Note 20)	1,083,975	3,816,896	2,179,120	140,031	3,286,534	76,581
End of year	<u>\$ 1,126,501</u>	<u>\$ 3,857,114</u>	<u>\$ 2,434,955</u>	<u>\$ 138,191</u>	<u>\$ 3,350,086</u>	<u>\$ 76,465</u>

(Continued)

City of Tracy
Combining Statement of Changes in Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2021

	Community Facilities District 2016-02	Community Facilities District 2016-01 Tracy Hills	Tracy Rural Fire Medical Leave Bank	Total
ADDITIONS:				
Fee collections for other governments	\$ -	\$ 18,709,413	\$ 127,332	\$ 18,836,745
Special assessments for other governments	1,160,623	2,768,635	-	14,693,483
Investment income	719	1,903	-	273,153
Total additions	<u>1,161,342</u>	<u>21,479,951</u>	<u>127,332</u>	<u>33,803,381</u>
DEDUCTIONS:				
Administration	37,000	27,266	-	525,979
Payments on conduit bonds - principal	205,000	135,000	-	8,570,000
Payments on conduit bonds - interest	742,275	2,552,132	-	6,500,652
Project payments	2,513,721	-	-	2,513,721
Payments to other governments	-	-	59,678	59,678
Total deductions	<u>3,497,996</u>	<u>2,714,398</u>	<u>59,678</u>	<u>18,170,030</u>
Changes in net position	(2,336,654)	18,765,553	67,654	15,633,351
NET POSITION:				
Beginning of year, as restated (Note 20)	<u>5,692,802</u>	<u>9,579,094</u>	<u>311,377</u>	<u>41,943,929</u>
End of year	<u>\$ 3,356,148</u>	<u>\$ 28,344,647</u>	<u>\$ 379,031</u>	<u>\$ 57,577,280</u>

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STATISTICAL SECTION
(Unaudited)

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CITY OF TRACY - STATISTICAL SECTION

This part of the City of Tracy's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health

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Sources: Unless otherwise noted, the information in these schedules is derived from the City's annual comprehensive financial reports for the relevant year

City of Tracy
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental activities					
Net investment in capital assets	\$ 653,646	\$ 638,464	\$ 626,220	\$ 609,080	\$ 581,394
Restricted	217,130	201,440	199,212	183,594	155,947
Unrestricted	1,254	(36,566)	(22,474)	(10,576)	(1,272)
Total governmental activities net assets	<u>872,030</u>	<u>803,338</u>	<u>802,958</u>	<u>782,098</u>	<u>736,069</u>
Business-type activities:					
Net investment in capital assets	\$ 412,464	\$ 397,487	\$ 370,880	\$ 359,213	\$ 357,628
Restricted	-	518	1	-	350
Unrestricted	51,960	62,495	48,068	48,616	41,657
Total business-type activities	<u>\$ 464,424</u>	<u>\$ 460,500</u>	<u>\$ 418,949</u>	<u>\$ 407,829</u>	<u>\$ 399,635</u>
Primary government:					
Net investment in capital assets	\$ 1,066,110	\$ 1,035,951	\$ 997,100	\$ 968,293	\$ 939,022
Restricted	217,130	201,958	199,213	183,594	156,297
Unrestricted	53,214	25,929	26,594	38,040	40,385
Total primary government	<u>\$ 1,336,454</u>	<u>\$ 1,263,838</u>	<u>\$ 1,222,907</u>	<u>\$ 1,189,927</u>	<u>\$ 1,135,704</u>

Note - The City implemented GASB 68 in the fiscal year 2014-2015. Prior amounts have not been restated

Source: City of Tracy, Finance Department:

City of Tracy
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental activities					
Net investment in capital assets	\$ 553,914	\$ 526,467	\$ 518,181	\$ 512,728	\$ 510,323
Restricted	145,381	152,380	100,403	111,131	105,425
Unrestricted	(5,343)	(11,671)	42,063	35,606	32,898
Total governmental activities net assets	<u>693,952</u>	<u>667,176</u>	<u>660,647</u>	<u>659,465</u>	<u>648,646</u>
Business-type activities:					
Net investment in capital assets	\$ 302,888	\$ 314,492	\$ 327,065	\$ 328,985	\$ 340,536
Restricted	348	346	247	237	232
Unrestricted	39,357	31,221	31,101	31,283	29,148
Total business-type activities	<u>\$ 342,593</u>	<u>\$ 346,059</u>	<u>\$ 358,413</u>	<u>\$ 360,505</u>	<u>\$ 369,916</u>
Primary government:					
Net investment in capital assets	\$ 856,802	\$ 840,959	\$ 845,246	\$ 841,713	\$ 850,859
Restricted	145,729	152,726	100,650	111,368	105,657
Unrestricted	34,014	19,550	73,164	66,889	62,046
Total primary government	<u>\$ 1,036,545</u>	<u>\$ 1,013,235</u>	<u>\$ 1,019,060</u>	<u>\$ 1,019,970</u>	<u>\$ 1,018,562</u>

Note - The City implemented GASB 68 in the fiscal year 2014-2015. Prior amounts have not been restated

Source: City of Tracy, Finance Department:

City of Tracy
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
Expenses:					
Governmental activities:					
General Government	\$ 22,135	\$ 14,661	\$ 14,455	\$ 13,480	\$ 12,412
Public safety	56,194	60,125	54,075	52,785	41,326
Public works	32,034	34,151	42,693	34,183	26,330
Culture and leisure	3,848	4,044	3,920	3,395	2,830
Interest on long-term debt	675	1,338	1,271	1,288	1,304
Unallocated depreciation	-	-	-	-	-
Total Governmental Activities Expenses	<u>114,886</u>	<u>114,319</u>	<u>116,414</u>	<u>105,131</u>	<u>84,202</u>
Business-type Activities:					
Water	\$ 21,177	\$ 21,458	\$ 19,941	\$ 19,087	\$ 18,980
Wastewater	21,238	18,991	18,961	18,601	15,079
Airport	1,144	1,363	1,123	1,475	901
Solid waste	25,986	25,275	22,289	20,958	20,541
Transit	5,352	5,485	5,017	5,571	3,953
Drainage	2,195	2,610	2,558	2,791	3,027
Total Business-Type Activities	<u>77,092</u>	<u>75,182</u>	<u>69,889</u>	<u>68,483</u>	<u>62,481</u>
Total Primary Governmental Expenses	<u>\$ 191,978</u>	<u>\$ 189,501</u>	<u>\$ 186,303</u>	<u>\$ 173,614</u>	<u>\$ 146,683</u>

City of Tracy
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
Program revenues:					
Governmental activities:					
Charges for Services:					
Development fees	\$ 11,151	\$ 7,731	\$ 10,068	\$ 8,784	\$ 8,769
Other public works	2,721	2,721	2,831	2,722	2,721
Parks and community services	222	522	666	762	701
Other activities	8,728	8,165	7,227	7,252	1,805
Operating grants and contributions	8,330	14,969	15,142	14,191	12,680
Capital grants and contributions	52,673	39,662	36,408	68,535	39,966
Total Governmental Activities Program Revenues	83,825	73,770	72,342	102,246	66,642
Business-type Activities:					
Charges for Services:					
Water	\$ 23,406	\$ 20,328	\$ 16,497	\$ 16,307	\$ 14,935
Wastewater	15,051	14,552	14,168	14,836	14,034
Airport	854	662	658	732	478
Solid waste	24,309	23,072	21,550	20,973	23,333
Transit	62	103	117	117	116
Drainage	750	737	686	691	644
Operating grants and contributions	6,988	4,263	3,733	6,397	1,516
Capital grants and contributions	5,801	22,818	20,936	9,181	4,268
Total Business-Types Activities Program Revenues	77,221	86,535	78,345	69,234	59,324
Total Primary Government Program Revenues	\$ 161,046	\$ 160,305	\$ 150,687	\$ 171,480	\$ 125,966
Net (expense)/revenue					
Governmental activities	\$ (31,061)	\$ (40,549)	\$ (44,072)	\$ (2,885)	\$ (17,560)
Business-type activities	129	11,353	8,456	751	(3,157)
Total primary government net (expense) revenue	\$ (30,932)	\$ (29,196)	\$ (35,616)	\$ (2,134)	\$ (20,717)

City of Tracy
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
General revenues and other changes in net assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 25,736	\$ 24,082	\$ 22,723	\$ 20,857	\$ 20,393
Sales and use taxes	56,649	37,039	37,083	30,761	23,291
Franchise taxes	4,258	3,864	3,545	3,558	2,829
Other taxes	4,802	3,692	3,703	3,756	2,719
Motor vehicle in lieu, unrestricted	70	73	44	48	40
Investment income (loss)	242	1,543	1,395	545	435
Miscellaneous	1,388	87	407	1,926	2,022
Transfers	(3,609)	(27,355)	(2,016)	(8,692)	(4,968)
Gain on Transfer of assets'	-	-	-	-	-
Special item - Transfer of assets	-	(2,098)	-	(3,347)	-
Total governmental activities	89,536	40,927	66,884	49,412	46,761
Business-type activities:					
Interest earnings	145	1,835	1,576	531	626
Miscellaneous	40	9	66	84	24
Transfers	3,609	27,355	2,016	8,692	4,968
Total business-type activities	3,794	29,199	3,658	9,307	5,618
Total primary government	\$ 93,330	\$ 70,126	\$ 70,542	\$ 58,719	\$ 52,379
Change in net position					
Governmental activities	\$ 58,475	\$ 380	\$ 22,812	\$ 46,527	\$ 29,201
Business-type activities	3,923	40,552	12,114	10,059	2,461
Total primary government	\$ 62,398	\$ 40,932	\$ 34,926	\$ 56,586	\$ 31,662

Note 1 - The City implemented GASB 68 in fiscal year 2014-2015. Prior amounts have not been restated.

Note 2 - The City implemented GASB 75 in fiscal year 2017-2018. Prior amounts have not been restated.

City of Tracy
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
Expenses:					
Governmental activities:					
General Government	\$ 13,629	\$ 7,907	\$ 6,412	\$ 6,572	\$ 6,283
Public safety	37,858	37,562	37,974	37,248	37,602
Public works	31,874	27,572	32,358	25,954	52,418
Culture and leisure	3,134	3,288	4,668	4,709	5,097
Interest on long-term debt	1,345	1,337	1,342	1,399	1,925
Unallocated depreciation	-	-	586	520	566
Total Governmental Activities Expenses	<u>87,840</u>	<u>77,666</u>	<u>83,340</u>	<u>76,402</u>	<u>103,891</u>
Business-type Activities:					
Water	\$ 22,659	\$ 23,610	\$ 22,300	\$ 21,765	\$ 22,295
Wastewater	16,522	17,040	16,442	14,970	18,980
Airport	775	703	629	590	686
Solid waste	20,899	19,477	18,923	18,820	18,585
Transit	3,169	2,968	2,556	2,404	2,436
Drainage	3,485	3,436	3,404	3,232	3,351
Total Business-Type Activities	<u>67,509</u>	<u>67,234</u>	<u>64,254</u>	<u>61,781</u>	<u>66,333</u>
Total Primary Governmental Expenses	<u>\$ 155,349</u>	<u>\$ 144,900</u>	<u>\$ 147,594</u>	<u>\$ 138,183</u>	<u>\$ 170,224</u>

City of Tracy
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
Program revenues:					
Governmental activities:					
Charges for Services:					
Development fees	\$ 6,816	\$ 6,124	\$ 3,039	\$ 2,460	\$ 1,617
Other public works	3,093	2,968	5,040	5,300	5,204
Parks and community services	1,047	940	838	878	789
Other activities	1,864	1,104	1,879	1,665	2,566
Operating grants and contributions	12,811	13,097	10,964	12,723	9,482
Capital grants and contributions	37,084	40,451	18,166	22,596	15,527
Total Governmental Activities Program Revenues	\$ 62,715	\$ 64,684	\$ 39,926	\$ 45,622	\$ 35,185
Business-type Activities:					
Charges for Services:					
Water	\$ 13,101	\$ 14,379	\$ 18,700	\$ 15,672	\$ 14,433
Wastewater	13,616	13,086	12,940	11,978	11,480
Airport	403	504	395	272	375
Solid waste	25,156	22,356	21,521	20,352	18,852
Transit	96	109	1,631	818	822
Drainage	609	603	546	564	564
Operating grants and contributions	2,041	1,608	-	-	-
Capital grants and contributions	3,302	8,652	6,337	2,528	2,801
Total Business-Types Activities Program Revenues	\$ 58,324	\$ 61,297	\$ 62,070	\$ 52,184	\$ 49,327
Total Primary Government Program Revenues	\$ 121,039	\$ 125,981	\$ 101,996	\$ 97,806	\$ 84,512
Net (expense)/revenue					
Governmental activities	\$ (25,125)	\$ (12,982)	\$ (43,414)	\$ (30,780)	\$ (68,706)
Business-type activities	(9,185)	(5,937)	(2,184)	(9,597)	(17,006)
Total primary government net (expense) revenue	\$ (34,310)	\$ (18,919)	\$ (45,598)	\$ (40,377)	\$ (85,712)

City of Tracy
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
General revenues and other changes in net assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 19,638	\$ 17,709	\$ 15,700	\$ 14,946	\$ 18,527
Sales and use taxes	24,371	24,280	22,722	20,553	18,422
Franchise taxes	2,776	2,728	2,593	2,500	2,443
Other taxes	2,562	2,304	1,952	1,839	1,702
Motor vehicle in lieu, unrestricted	34	35	36	43	41
Investment income (loss)	1,000	610	1,129	165	801
Miscellaneous	3,497	1,311	1,634	1,595	1,760
Transfers	(5,141)	-	-	(42)	-
Gain on Transfer of assets'	-	-	-	-	31,889
Special item - Transfer of assets	3,162	-	-	-	-
Total governmental activities	\$ 51,899	\$ 48,977	\$ 45,766	\$ 41,599	\$ 75,585
Business-type activities:					
Interest earnings	\$ 551	\$ 585	\$ 264	\$ 144	\$ 520
Miscellaneous	25	42	-	-	-
Transfers	5,141	-	-	42	-
Total business-type activities	\$ 5,717	\$ 627	\$ 264	\$ 186	\$ 520
Total primary government	\$ 57,616	\$ 49,604	\$ 46,030	\$ 41,785	\$ 76,105
Change in net position					
Governmental activities	\$ 26,774	\$ 35,995	\$ 2,352	\$ 10,819	\$ 6,879
Business-type activities	(3,468)	(5,310)	(1,920)	(9,411)	(16,486)
Total primary government	\$ 23,306	\$ 30,685	\$ 432	\$ 1,408	\$ (9,607)

Note 1 - The City implemented GASB 68 in fiscal year 2014-2015. Prior amounts have not been restated.

Note 2 - The City implemented GASB 75 in fiscal year 2017-2018. Prior amounts have not been restated.

City of Tracy
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)

Function/Program	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental activities:					
General Government	\$ 9,898	\$ 9,126	\$ 8,988	\$ 11,204	\$ 2,700
Police	1,922	2,134	2,277	3,085	1,972
Fire	-	10,339	6,445	7,172	6,556
Development and engineering	11,171	7,751	10,585	9,363	9,213
Public works	60,072	43,031	43,510	70,310	45,234
Parks, recreation, and community services	762	1,390	1,000	1,112	967
Subtotal governmental activities	<u>83,825</u>	<u>73,771</u>	<u>72,805</u>	<u>102,246</u>	<u>66,642</u>
Business-type activities:					
Water	\$ 25,029	\$ 31,134	\$ 20,307	\$ 21,397	\$ 15,220
Wastewater	16,905	22,584	29,337	16,610	14,805
Airport	989	2,382	1,725	2,906	1,514
Solid Waste	24,329	23,134	21,553	20,973	23,354
Transit	8,127	6,543	3,914	6,540	3,787
Drainage	1,843	760	1,509	808	644
Subtotal business-type activities	<u>77,222</u>	<u>86,537</u>	<u>78,345</u>	<u>69,234</u>	<u>59,324</u>
Total primary government	<u>\$ 161,047</u>	<u>\$ 160,308</u>	<u>\$ 151,150</u>	<u>\$ 171,480</u>	<u>\$ 125,966</u>

City of Tracy
Program Revenues by Function/Program (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

Function/Program	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental activities:					
General Government	\$ 3,099	\$ 3,850	\$ 2,892	\$ 1,908	\$ 2,682
Police	2,052	2,847	1,775	2,330	1,390
Fire	6,539	6,792	6,980	8,692	4,765
Development and engineering	7,209	6,505	3,410	2,871	1,974
Public works	42,437	43,198	23,621	28,367	23,224
Parks, recreation, and community services	1,380	1,492	1,248	1,454	1,150
Subtotal governmental activities	<u>62,716</u>	<u>64,684</u>	<u>39,926</u>	<u>45,622</u>	<u>35,185</u>
Business-type activities:					
Water	\$ 13,801	\$ 17,659	\$ 16,877	\$ 15,672	\$ 14,501
Wastewater	13,849	14,533	13,438	12,131	12,669
Airport	2,622	4,060	731	607	417
Solid Waste	25,156	22,356	20,352	20,352	18,858
Transit	2,210	2,030	1,171	2,858	2,018
Drainage	686	659	3,424	564	864
Subtotal business-type activities	<u>58,324</u>	<u>61,297</u>	<u>55,993</u>	<u>52,184</u>	<u>49,327</u>
Total primary government	<u>\$ 121,040</u>	<u>\$ 125,981</u>	<u>\$ 95,919</u>	<u>\$ 97,806</u>	<u>\$ 84,512</u>

City of Tracy
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
General Fund:					
Nonspendable	\$ 40	\$ 40	\$ 470	\$ 1,525	\$ 5,117
Restricted	2,348	-	-	-	-
Committed	16,401	14,479	14,883	14,961	11,716
Assigned	11,277	6,112	15,213	20,997	11,455
Unassigned	3,964	-	-	842	12,483
Total General Fund	\$ 34,030	\$ 20,631	\$ 30,566	\$ 38,325	\$ 40,771
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	195,384	155,058	164,057	153,595	124,932
Committed	-	-	-	-	-
Assigned	38,508	26,193	12,192	5,909	4,438
Unassigned	-	-	-	-	-
Special revenue funds	-	(3,131)	(6,609)	(8,192)	(517)
Capital projects funds	(2,176)	(2,174)	(2,382)	-	-
Debt service funds	-	-	-	-	-
Total all other governmental funds	\$ 231,716	\$ 175,946	\$ 167,258	\$ 151,312	\$ 128,853

Source: City of Tracy, Finance Department

City of Tracy
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
General Fund:					
Nonspendable	\$ 5,873	\$ 6,640	\$ 782	\$ 781	\$ 791
Restricted	-	-	346	333	445
Committed	-	-	-	-	-
Assigned	358	1,152	523	277	22
Unassigned	34,425	29,861	33,420	27,503	25,676
Total General Fund	\$ 40,656	\$ 37,653	\$ 35,071	\$ 28,894	\$ 26,934
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	4	57	-	4,646
Committed	110,191	113,064	97,402	108,381	90,507
Assigned	-	-	-	-	-
Unassigned	5,588	13,360	-	-	15,339
Special revenue funds	-	-	-	-	-
Capital projects funds	(4,431)	(610)	(1,278)	(159)	(1,071)
Debt service funds	-	-	-	-	-
Total all other governmental funds	\$ 111,348	\$ 125,818	\$ 96,181	\$ 108,222	\$ 109,421

Source: City of Tracy, Finance Department

City of Tracy
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
Revenues:					
Taxes	\$ 88,626	\$ 65,927	\$ 65,931	\$ 59,838	\$ 47,540
Licenses, premits and fees	10,015	7,418	8,161	7,792	7,191
Fines and forfeits	1,098	630	880	1,559	510
Use of money and property	483	5,604	6,003	1,462	1,356
Intergovernmental	8,221	12,770	16,733	21,127	27,127
Charges of services	50,130	41,841	34,752	54,269	9,472
Special assessments	4,305	4,060	4,646	3,597	24,886
Contributions from assessment districts	156	3,434	1,697	5,121	3,372
Other	1,353	58	147	1,589	3,460
Total revenues	164,387	141,742	138,950	156,354	124,914
Expenditures:					
Current:					
General government	17,658	15,136	14,544	13,579	13,763
Police	35,935	33,708	30,575	27,078	24,690
Fire	15,933	21,909	21,404	22,251	18,483
Development and engineering	12,413	11,258	11,327	13,549	8,828
Public works	11,997	11,547	13,391	10,156	9,292
Parks and recreation	3,038	3,181	3,245	2,683	2,287
Capital outlay	9,108	29,699	28,802	38,631	28,645
Debt service:					
Principal	555	21,315	405	434	398
Interest and fiscal charges	720	1,565	1,276	1,292	1,308
Total expenditures	107,357	149,318	124,969	129,653	107,694
Excess of revenues over (under) expenditures	57,030	(7,576)	13,981	26,701	17,220
Other financing sources (uses):					
Issuance of debt (including premium)	-	21,737	-	-	-
Contributions	-	3,930	-	-	-
Transfers in	20,489	27,601	36,154	13,040	5,226
Transfers out	(24,562)	(46,971)	(40,004)	(16,731)	(5,226)
Proceeds from sale of property	-	33	8	350	5
Total other financing sources (uses):	(4,073)	6,330	(3,842)	(3,341)	5
Net change in fund balances	\$ 52,957	\$ (1,246)	\$ 10,139	\$ 23,360	\$ 17,225
Debt service as a percentage of non-capital expenditures	1.31%	17.41%	1.56%	1.70%	1.97%

City of Tracy
Changes in Fund Balances, Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenues:					
Taxes	\$ 49,118	\$ 46,915	\$ 43,804	\$ 40,503	\$ 41,393
Licenses, premits and fees	5,236	4,706	4,008	3,564	3,174
Fines and forfeits	673	972	863	568	1,552
Use of money and property	2,936	1,277	1,699	700	1,459
Intergovernmental	20,413	16,235	12,928	16,038	11,992
Charges of services	9,997	9,165	8,894	9,147	8,388
Special assessments	14,977	29,899	7,181	13,406	4,095
Contributions from assessment districts	3,574	3,444	4,346	1,887	5,404
Other	3,501	1,410	1,767	1,124	1,294
Total revenues	110,425	114,023	85,490	86,937	78,751
Expenditures:					
Current:					
General government	14,900	7,748	7,050	6,434	6,854
Police	23,717	22,012	21,592	21,488	21,902
Fire	16,692	16,033	15,869	15,305	15,205
Development and engineering	9,042	7,793	6,467	6,449	6,273
Public works	9,372	9,093	8,471	8,091	7,530
Parks and recreation	3,110	3,019	3,113	3,330	3,599
Capital outlay	41,456	20,582	27,179	23,465	19,829
Debt service:					
Principal	368	328	245	220	195
Interest and fiscal charges	1,322	1,334	1,345	1,352	2,623
Total expenditures	119,979	87,942	91,331	86,134	84,010
Excess of revenues over (under) expenditures	(9,554)	26,081	(5,841)	803	(5,259)
Other financing sources (uses):					
Issuance of debt (including premium)	-	248	-	-	-
Contributions	-	-	-	-	-
Transfers in	6,009	11,723	1,214	20,600	2,699
Transfers out	(8,750)	(11,745)	(1,236)	(20,642)	(2,699)
Proceeds from sale of property	829	420	-	-	-
Total other financing sources (uses):	(1,912)	646	(22)	(42)	-
Net change in fund balances	\$ (11,466)	\$ 26,727	\$ (5,863)	\$ 761	\$ (5,259)
Debt service as a percentage of non-capital expenditures	1.94%	2.34%	2.12%	2.33%	4.22%

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City of Tracy
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property Taxes	Franchise Taxes	Sales and Use Taxes	Transient Taxes	Business License Taxes	Transfer Taxes	Total
2021	\$ 25,735,540	\$ 4,257,868	\$ 56,648,873	\$ 1,702,313	\$ 1,016,050	\$ 2,084,113	\$ 91,444,757
2020	24,082,470	3,864,335	37,038,773	1,447,897	850,991	1,392,908	68,677,373
2019	22,259,306	3,545,578	37,082,569	1,638,102	934,793	1,130,147	66,590,495
2018	20,848,493	3,508,816	30,760,699	1,597,341	847,027	1,311,406	58,873,782
2017	20,392,536	2,829,424	23,290,667	1,507,518	838,037	372,636	49,230,817
2016	19,638,061	2,775,984	24,371,002	1,378,802	814,210	368,922	49,346,981
2015	17,709,090	2,727,886	24,279,575	1,123,087	818,656	362,107	47,020,401
2014	15,699,554	2,593,225	22,721,973	974,314	706,573	271,761	42,967,400
2013	14,946,468	2,499,946	20,553,264	786,827	689,323	362,793	39,838,621
2012	18,527,327	2,442,841	18,422,071	745,975	673,342	282,674	41,094,230

Source: Finance Department, City of Tracy

City of Tracy
Assessed Value of Taxable Property
Last Ten Fiscal Years

Category	Fiscal Years				
	2021	2020	2019	2018	2017
Residential	\$ 9,143,911,871	\$ 8,555,296,590	\$ 8,039,865,942	\$ 7,507,417,694	\$ 7,068,856,191
Commercial	1,030,981,316	955,735,852	947,333,003	929,006,663	885,051,665
Industrial	1,497,816,029	1,317,064,070	1,174,162,150	1,096,123,367	985,768,269
Agricultural	9,954,085	13,112,309	14,680,140	16,512,544	16,157,722
Govt. Owned	390,665	383,006	58,141	57,001	55,884
Institutional	17,778,493	14,022,064	13,108,380	14,530,172	5,720,691
Miscellaneous	1,059,690	1,040,944	1,020,538	1,000,531	904,446
Recreational	13,907,241	13,655,823	13,397,875	13,135,180	12,877,684
Vacant	450,516,491	390,395,541	224,337,103	237,333,513	245,602,494
SBE Nonunitary	13,423,381	11,939,960	11,939,960	11,939,960	11,939,960
Cross Reference	7,908,510	6,625,995	6,538,593	6,436,773	6,326,367
Unsecured	608,053,111	558,315,419	537,094,969	577,931,679	514,650,372
Exempt	-	-	-	(14,741,007)	(14,691,821)
Unknown	305,883	336,600	692,500	-	-
Totals	\$ 12,796,006,766	\$ 11,837,924,173	\$ 10,984,229,294	\$ 10,396,684,070	\$ 9,739,219,924
Total Direct Rate	13.87%	13.87%	14.29%	14.39%	14.56%

*Table updated as of FY21-21

Source: The HdL Company

City of Tracy
Assessed Value of Taxable Property (Continued)
Last Ten Fiscal Years

Category	Fiscal Years				
	2016	2015	2014	2013	2012
Residential	\$ 6,659,567,812	\$ 6,338,819,597	\$ 5,483,285,494	\$ 4,941,891,425	\$ 5,014,246,784
Commercial	813,724,348	809,032,343	780,671,922	759,270,908	762,602,990
Industrial	729,448,654	731,830,268	643,307,116	710,743,366	707,411,399
Agricultural	64,987,156	50,838,834	15,845,815	12,310,276	12,121,912
Govt. Owned	1,096,359	1,213,712	53,723	52,669	51,637
Institutional	9,515,260	9,692,380	8,872,850	8,457,785	8,854,601
Miscellaneous	32,517,596	31,703,360	31,765,357	34,534,323	34,602,445
Recreational	16,769,125	16,557,457	16,461,155	14,215,180	14,887,781
Vacant	298,360,191	130,690,678	132,775,224	114,511,579	114,584,285
SBE Nonuitary	12,164,031	12,164,031	12,164,031	11,041,870	11,041,870
Cross Reference	6,166,763	5,447,560	5,285,640	5,128,442	5,062,316
Unsecured	385,687,795	362,915,054	283,642,728	285,483,775	283,655,648
Exempt	(13,653,324)	(11,108,238)	(10,494,903)	(9,614,948)	(9,157,458)
Unknown	-	-	65,332,242	-	-
Totals	\$ 9,016,351,766	\$ 8,489,797,036	\$ 7,468,968,394	\$ 6,888,026,650	\$ 6,959,966,210
Total Direct Rate	14.90%	15.03%	15.27%	25.02%	24.94%

City of Tracy
Direct and Overlapping Property Tax Rates
(Rate Per \$100 of Taxable Value)
Last Ten Fiscal Years

Agency	Fiscal Year				
	2021	2020	2019	2018	2017
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Banta Elementary	0.00150	0.00210	0.00270	0.00350	0.00510
Jefferson Elementary	0.02610	0.02590	0.02730	0.02640	0.02690
Lammersville Joint Usd 2016A	0.03950	0.04870	0.05500	0.05340	0.00000
San Joaquin Delta College District	0.01830	0.01990	0.02250	0.01800	0.01800
Tracy Unified School District	0.06320	0.06470	0.06420	0.03320	0.06690
Tracy-Lammersville School District	0.01390	0.01510	0.01620	0.01720	0.01850
Total Direct & Overlapping² Tax Rates	1.16250	1.17640	1.18790	1.15170	1.13540
City's Share of 1% Levy Per Prop 13 ³	0.16903	0.16903	0.16903	0.16903	0.16903
Voter Approved City Debt Rate					
Redevelopment Rate ⁴	1.00000				
Total Direct Rate ⁵	0.13701	0.13869	0.14291	0.14394	0.14564

*Table updated as of FY19-20

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed, amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

³City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

⁴Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABXI 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

⁵Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposed of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

City of Tracy
Direct and Overlapping Property Tax Rates (Continued)
(Rate Per \$100 of Taxable Value)
Last Ten Fiscal Years

Agency	Fiscal Year				
	2016	2015	2014	2013	2012
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Banta Elementary	0.00700	0.00870	0.00820	0.00890	0.00860
Jefferson Elementary	0.02710	0.02900	0.02850	0.02410	0.02450
Lammersville Joint Usd 2016A	0.00000	0.00000	0.00000	0.00000	0.00000
San Joaquin Delta College District	0.01980	0.02330	0.01940	0.02020	0.02000
Tracy Unified School District	0.07010	0.02120	0.03270	0.03450	0.03500
Tracy-Lammersville School District	0.02010	0.02130	0.01480	0.01570	0.01600
Total Direct & Overlapping² Tax Rates	1.14410	1.10350	1.10360	1.10340	1.10410
City's Share of 1% Levy Per Prop 13 ³	0.16903	0.16903	0.16903	0.16903	0.16903
Voter Approved City Debt Rate					
Redevelopment Rate ⁴					1.00000
Total Direct Rate ⁵	0.14895	0.15031	0.15266	0.25021	0.24937

*Table updated as of FY19-20

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed, amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

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⁴Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABXI 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

⁵Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposed of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

City of Tracy
Principal Property Tax Payers
Current Fiscal Year and Nine Years Ago

Taxpayer Name	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Prologis	\$ 437,422,955	1	3.42%	\$ 58,139,317	4	0.84%
Amazon Com Services Inc	162,933,210	2	1.31%			
Fedex Ground Package System Inc	136,915,550	3	1.08%			
IPT Tracy DC LP	132,891,830	4	0.85%			
West Valley Realty LLC	102,676,462	5	0.81%			
Leprino Foods Company Corporation	88,926,962	6	0.75%	95,086,796	2	1.37%
Tracy 300 LP	76,014,490	7	0.57%			
Lennar Homes of California Inc	75,034,793	8	0.54%			
Medline Cordes Rach Eat LLC	65,707,561	9	0.54%			
PAC Corporate Center Tracy ET AL	60,417,885	10	0.50%			
LP Mall Partners Tracy				98,777,391	1	1.42%
Catellus Corporate Center Tracy LLC				62,962,009	3	0.90%
US industrial Reit III Containter				53,692,213	5	0.77%
Central Valley LLC				51,159,087	6	0.74%
Inland Container Corpotation				35,714,053	7	0.51%
TCE Tracy LLC				31,442,622	8	0.45%
LBA of PPF Industrial-MacArthur				30,706,845	9	0.44%
US Cold Storage of California				30,480,736	10	0.44%
Top Ten Total	\$ 1,338,941,698		10.46%	\$ 548,161,069		7.88%
Total Taxable Assessed Value	\$12,796,006,766		100%	\$ 6,959,966,210		100%

Source: The HdL Company

City of Tracy
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent of Levy Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Value of City Property Subject to Local Tax Rate
2012	\$ 9,724,002	\$ 9,724,002	100.00%	0.00	\$ 9,724,002	100.00%	\$ 5,770,059,807
2013	9,607,770	9,607,770	100.00%	0.00	9,607,770	100.00%	5,701,107,764
2014	10,175,469	10,175,469	100.00%	0.00	10,175,469	100.00%	6,243,627,285
2015	11,403,560	11,403,560	100.00%	0.00	11,403,560	100.00%	7,209,389,999
2016	12,406,318	12,406,318	100.00%	0.00	12,406,318	100.00%	7,717,337,513
2017	13,134,172	13,134,172	100.00%	0.00	13,134,172	100.00%	9,206,453,046
2018	13,862,573	13,862,573	100.00%	0.00	13,862,573	100.00%	10,411,425,223
2019	14,553,581	14,553,581	100.00%	0.00	14,553,581	100.00%	10,984,229,294
2020	15,247,629	15,247,629	100.00%	0.00	15,247,629	100.00%	11,837,934,173
2021	16,172,399	16,172,399	100.00%	0.00	16,172,399	100.00%	12,796,006,766

Note: San Joaquin County is on the Teeter Plan. The County remits 100% of all taxes assessed and keeps all penalties and interest on all delinquent taxes.

Source:

1. San Joaquin County - Office of the Auditor-Controller
2. Finance Department, City of Tracy

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City of Tracy
Sales Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Measure E Rate	Measure V Rate	Transportation Prop K Rate	Transportation Development Act Rate	County Rate	State Rate	Total Sales Tax Rate
2012	1%	0.50%		0.50%	0.25%	1%	5%	8.25%
2013	1%	0.50%		0.50%	0.25%	1%	5%	8.50%
2014	1%	0.50%		0.50%	0.25%	1%	5.25% (a)	8.50%
2015	1%	0.50%		0.50%	0.25%	1%	5.25%	8.50%
2016	1%	0.50%		0.50%	0.25%	1%	5.25%	8.50%
2017	1%		0.50% (b)	0.50%	0.25%	1%	5.00%	8.25%
2018	1%		0.50%	0.50%	0.25%	1%	5.00%	8.25%
2019	1%		0.50%	0.50%	0.25%	1%	5.00%	8.25%
2020	1%		0.50%	0.50%	0.25%	1%	5.00%	8.25%
2021	1%		0.50%	0.50%	0.25%	1%	5.00%	8.25%

(a) Voters approved Proposition 30, a state-wide quarter cent sales tax with a 4-year sunset effective January 1, 2013

(b) Tracy voters approved Measure V, a half cent sales tax with a 20-year sunset effective April 1, 2017

Source:

Finance Department, City of Tracy

City of Tracy
Taxable Sales by Category
Last Ten Calendar Years

	Calendar Year				
	2020	2019	2018	2017	2016
Apparel Stores	\$ 29,843	\$ 45,863	\$ 48,498	\$ 44,760	\$ 42,756
General Merchandise	211,080	215,649	212,792	210,820	203,460
Food Stores	52,921	44,890	41,342	39,602	39,953
Eating and Drinking Places	156,555	176,257	169,434	162,261	155,560
Building Materials	202,652	190,441	180,713	159,799	140,715
AutoDealers and Supplies	367,471	349,716	369,499	379,058	343,861
Service Stations	131,426	178,037	183,856	159,778	144,048
Other Retail Stores	150,368	156,467	163,611	155,252	160,573
All Other Outlets	2,063,972	1,807,673	1,344,089	1,091,917	601,684
Total	\$ 3,366,288	\$ 3,164,993	\$ 2,713,834	\$ 2,403,247	\$ 1,832,610
City Direct sales tax rate	1%	1%	1%	1%	1%
City Measure E sales tax rate (a)	-	-	-	-	0.5%
City Measure V sales tax (b)	0.5%	0.5%	0.5%	0.5%	-

Note:

(a) Tracy voters approved Measure E, a half cent sales tax with a 5-year sunset effective April 1, 2011

(b) Tracy voters approved Measure V, a half cent sales tax with a 20-year sunset effective April 1, 2017

Source: California State Board of Equalization, The HdL Companies

City of Tracy
Taxable Sales by Category (Continued)
Last Ten Calendar Years

	Calendar Year				
	2015	2014	2013	2012	2011
Apparel Stores	\$ 37,205	\$ 40,152	\$ 40,690	\$ 44,353	\$ 44,201
General Merchandise	194,528	192,657	187,434	181,099	175,484
Food Stores	42,526	56,254	53,794	56,881	48,819
Eating and Drinking Places	143,887	128,827	116,414	106,888	102,047
Building Materials	130,449	71,129	68,049	60,879	53,955
AutoDealers and Supplies	321,977	299,869	277,155	215,269	171,430
Service Stations	160,104	187,653	193,770	186,978	184,707
Other Retail Stores	154,697	75,167	75,202	65,452	57,598
All Other Outlets	524,513	198,209	200,048	168,710	112,575
Total	\$ 1,709,886	\$ 1,387,153	\$ 1,339,394	\$ 1,199,306	\$ 1,056,404
City Direct sales tax rate	1%	1%	1%	1%	1%
City Measure E sales tax rate (a)	0.5%	0.5%	0.5%	0.5%	0.5%
City Measure V sales tax (b)	-	-	-	-	-

Note:

(a) Tracy voters approved Measure E, a half cent sales tax with a 5-year sunset effective April 1, 2011

(b) Tracy voters approved Measure V, a half cent sales tax with a 20-year sunset effective April 1, 2017

Source: California State Board of Equalization, The HdL Companies

City of Tracy
Principal Sales Tax Producers
Current Fiscal Year and Ten Years Ago

2020		2011	
Taxpayer Name	Business Type	Taxpayer Name	Business Type
Amazon Fulfillment Center	Fulfillment Centers	American Truck & Trailer Body Co	Trailers/Auto Parts
Amazon MFA	Fulfillment Centers	Arco AM PM	Service Stations
Arco AM PM	Service Stations	Best Buy	Electronics/Appliance Stores
Best Buy	Electronics/Appliance Stores	Chevron	Service Stations
Bunzl Distribution California	Food Service Equip./Supplies	Costco	Discount Dept Stores
Chevron	Service Stations	Country Nissan	New Motor Vehicle Dealers
Costco	Discount Dept Stores	Crate & Barrel	Fulfillment Centers
Crate & Barrel	Fulfillment Centers	Home Depot	Building Materials
Fisher Scientific	Medical/Biotech	Independent Electric Supply	Plumbing/Electrical Supplies
Glassfab Tempering Services	Trailers/Auto Parts	Macys	Department Stores
Home Depot	Building Materials	Nixon Egli Equipment	Warehse/Farm/Const. Equip.
Independent Electric Supply	Plumbing/Electrical Supplies	Safeway Fuel	Service Stations
Medline Industries	Medical/Biotech	Save Mart	Grocery Stores
Nixon Egli Equipment	Warehse/Farm/Const. Equip.	Shell	Service Stations
Platinum Hyundai	New Motor Vehicle Dealers	SPX Cooling Technologies	Heavy Industrial
Safeway Fuel	Service Stations	Target	Discount Dept Stores
Target	Discount Dept Stores	Tracy Chevrolet	New Motor Vehicle Dealers
Tracy Chevrolet	New Motor Vehicle Dealers	Tracy Chrysler Jeep Dodge	New Motor Vehicle Dealers
Tracy Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers	Tracy Ford	New Motor Vehicle Dealers
Tracy Ford	New Motor Vehicle Dealers	Tracy Honda	New Motor Vehicle Dealers
Tracy Honda	New Motor Vehicle Dealers	Tracy Hyundai	New Motor Vehicle Dealers
Tracy Toyota	New Motor Vehicle Dealers	Tracy Petro	Service Stations
Tracy Truck & Auto Stop	Service Stations	Tracy Toyota	New Motor Vehicle Dealers
Tracy Volkswagon	New Motor Vehicle Dealers	Tracy Truck & Auto Stop	Service Stations
Walmart Supercenter	Discount Dept Stores	Walmart Supercenter	Discount Dept Stores

Sources: The HdL Companies

City of Tracy
Water and Wastewater Rates
Last Ten Fiscal Years

Fiscal Year	Water		Wastewater
	Monthly Base Rate	Per 100 cubic feet	Monthly Base Rate
2012	\$ 20.40	\$ 1.00	\$ 31.00
2013	20.40	1.00	34.00
2014	20.40	1.00	34.00
2015	20.40	1.00	34.00
2016	20.40	1.00	34.00
2017	20.40	1.00	34.00
2018	24.72	1.00	34.00
2019	24.72	1.00	34.00
2020	30.90	1.00	34.00
2021	30.90	1.00	34.00

Notes:

100 cubic feet = 748 gallons

Rates are based on 1 inch meter-the standard household meter size in Tracy.

Utility charges an excess use rate above normal demand.

Source: Finance Department - City of Tracy

City of Tracy
Ratios of Outstanding Debt by Type
Lest Ten Fiscal Years

Governmental Activities						
Fiscal Year	Lease Revenue Bonds (a)	Capital Leases and Loans (a)	Water Revenue Bonds (a)	Water/Sewer Notes Payable (a)		Sewer Revenue Bonds (a)
2012	\$ 23,465,000	\$ 70,293	\$ -	\$ 19,274,382		\$ 28,630,000
2013	23,245,000	-	-	18,392,152		27,645,000
2014	23,000,000	908,546	-	14,489,157		26,630,000
2015	22,726,000	1,021,108	-	13,564,909		25,935,000
2016	22,420,000	131,831	-	12,618,907		25,215,000
2017	22,085,000	68,552	-	11,650,638		24,470,000
2018	21,720,000	-	-	10,659,579		23,695,000
2019	21,315,000	-	-	9,645,194		22,890,000
2020	20,875,000	-	-	8,606,933		22,050,000
2021	20,390,000	-	-	8,078,675		21,175,000

Note: Special Assessment Bonds have no City commitment.

Source: (a) Finance Department, City of Tracy
(b) The HdL Company

City of Tracy
Ratios of Outstanding Debt by Type (Continued)
Least Ten Fiscal Years

Business Activity

Fiscal Year	Airport Notes Payable (a)	Total Primary Government	Per Capita (b)	Population (b)
2012	\$ 72,942	\$ 71,512,617	\$ 852	83,900
2013	53,478	69,335,630	825	84,060
2014	33,149	65,060,852	764	85,146
2015	11,955	63,258,972	742	85,296
2016	-	60,385,738	694	86,985
2017	-	58,274,190	665	87,613
2018	-	56,074,579	617	90,832
2019	-	53,850,194	580	92,800
2020	-	51,531,933	537	95,931
2021	-	49,643,675	503	98,601

Note: Special Assessment Bonds have no City commitment.

Source: (a) Finance Department, City of Tracy
(b) The HdL Company

City of Tracy
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Outstanding General Bond Debt					
Fiscal Year	Lease Revenue Bonds (a)	Tax Allocation Bonds	Total	Percent of Assessed Value	Per Capita
2012	\$ 23,465,000	\$ -	\$ 23,465,000	0.34%	\$ 279
2013	23,245,000	-	23,245,000	0.34%	273
2014	23,000,000	-	23,000,000	0.34%	270
2015	22,725,000	-	22,725,000	0.34%	255
2016	22,420,000	-	22,420,000	0.33%	247
2017	22,085,000	-	22,085,000	0.23%	235
2018	21,720,000	-	21,720,000	0.21%	232
2019	21,315,000	-	21,315,000	0.20%	230
2020	20,875,000	-	20,875,000	0.18%	218
2021	20,390,000	-	20,390,000	0.16%	207

Source: Finance Department, City of Tracy

City of Tracy
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021

2020-2021 Assessed Valuation: \$ 12,796,006,766

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/20	% Applicable (a)	City's Share of Debt 06/30/2021
San Joaquin Delta Community College District	\$ 200,505,000	13.830%	\$ 27,729,842
Lammersville Joint Unified School District	56,000,000	10.754%	6,022,240
Tracy Unified School District	33,705,000	59.991%	20,219,967
Tracy Unified School District School Facilities Improvement District No. 3	105,689,900	91.887%	97,115,278
Banta School District	415,000	16.406%	68,085
Jefferson School District	31,959,382	72.761%	23,253,966
City of Tracy Community Facilities District No. 93-1	2,100,000	100%	2,100,000
City of Tracy Community Facilities District No. 98-1	31,290,000	100%	31,290,000
City of Tracy Community Facilities District No. 98-3	990,000	100%	990,000
City of Tracy Community Facilities District No. 99-1	2,345,000	100%	2,345,000
City of Tracy Community Facilities District No. 99-2	6,015,000	100%	6,015,000
City of Tracy Community Facilities District No. 2000-1	9,295,000	100%	9,295,000
City of Tracy Community Facilities District No. 2006-1	8,015,000	100%	8,015,000
City of Tracy Community Facilities District No. 2016-1 I.A No. 1	65,500,000	100%	65,500,000
City of Tracy Community Facilities District No. 2016-2 I.A No. 1	15,180,000	100%	15,180,000
City of Tracy 1915 Act Bonds	2,010,000	100%	2,010,000
California Statewide Community Development Authority 1915 Act Bonds	8,263,889	100%	8,263,889
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 579,278,171		\$ 325,413,267
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Joaquin County Certificates of Participation	65,595,000	15.029%	\$ 9,858,273
Lammersville Joint Unified School District General Fund Obligations	31,300,000	10.754%	3,366,002
City of Tracy General Fund Obligations	17,635,000	100%	17,635,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:			\$ 30,859,275
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 27,650,000	100%	\$ 27,650,000
TOTAL DIRECT DEBT			\$ 17,635,000
TOTAL OVERLAPPING DEBT:			\$ 366,287,542
COMBINED TOTAL DEBT			\$ 383,922,542 (b)

(a) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total assessed value.

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

Ratios to 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.54%
Total Direct Debt (\$17,635,000).....	0.14%
Combined Total Debt.....	3.00%

Ratios to redevelopment Incremental Valuation (\$1,216,774,856)

Total Overlapping Tax Increment Debt.....	2.27%
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Source: CalMuni - Avenu Insights & Analytics City of Tracy

City of Tracy
Legal Debt Margin information
Last Ten Fiscal Years

	Fiscal Year				
	2021	2020	2019	2018	2017
Assessed Value	\$ 12,796	\$ 11,837	\$ 10,984	\$ 10,336	\$ 10,495
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,199	2,959	2,746	2,584	2,624
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	480	444	412	388	394
Total net debt applicable to limit	49	51	54	56	58
Legal debt margin	\$ 431	\$ 393	\$ 358	\$ 332	\$ 336

Note:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel.) The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Sources: Finance Department, City of Tracy San Joaquin County - Office of the Auditor Controller

City of Tracy
Legal Debt Margin information (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2016	2015	2014	2013	2012
Assessed Value	\$ 8,941	\$ 8,387	\$ 7,341	\$ 6,757	\$ 6,827
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,235	2,097	1,835	1,689	1,707
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	335	315	275	253	256
Total net debt applicable to limit	60	63	65	69	71
Legal debt margin	<u>\$ 275</u>	<u>\$ 252</u>	<u>\$ 210</u>	<u>\$ 184</u>	<u>\$ 185</u>

Note:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel.) The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Sources: Finance Department, City of Tracy San Joaquin County - Office of the Auditor Controller

City of Tracy
Pledged-Revenue Coverage
Last Ten Fiscal Years

	Fiscal Year				
	2021	2020	2019	2018	2017
Water revenue bonds/State Loan					
Water revenue	\$ 23,910,369	\$ 20,475,348	\$ 16,702,467	\$ 16,352,909	\$ 15,433,348
Less: Operating Expenses	(16,388,854)	(16,711,869)	(15,110,318)	(14,246,407)	(13,671,219)
Net available revenue	<u>7,521,515</u>	<u>3,763,479</u>	<u>1,592,149</u>	<u>2,106,502</u>	<u>1,762,129</u>
Debt service:					
Principal	1,038,261	1,014,385	991,059	968,269	946,003
Interest	219,659	243,535	266,861	289,651	311,917
Total Debt Service	<u>1,257,920</u>	<u>1,257,920</u>	<u>1,257,922</u>	<u>1,257,920</u>	<u>1,257,920</u>
Coverage	5.98	2.99	1.27	1.67	1.40
Wastewater revenue bonds:					
Wastewater revenue	\$ 16,904,623	23,835,116	24,825,340	15,196,599	14,434,402
Less: Operating expenses	(14,485,122)	(12,605,193)	(12,340,258)	(12,467,159)	(8,003,091)
Net available revenue	<u>2,419,501</u>	<u>11,229,923</u>	<u>12,485,082</u>	<u>2,729,440</u>	<u>6,431,311</u>
Debt service:					
Principal	875,000	840,000	805,000	775,000	745,000
Interest	1,014,818	1,051,480	1,086,235	1,119,028	1,153,480
Total Debt Service	<u>1,889,818</u>	<u>1,891,480</u>	<u>1,891,235</u>	<u>1,894,028</u>	<u>1,898,480</u>
Coverage	1.28	5.94	6.60 (b)	1.44	3.39
Tax allocation bonds:					
Tax increment	-	-	-	-	-
Debt service:					
Principle	-	-	-	-	-
Interest	-	-	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Coverage	-	-	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
Operating expenses do not include interest or depreciation expenses.

(a) In 2018, there was an increase of Capital Contributions and Grants due to a \$3.2M transfer from Tracy Hills Pump Stations JJTP & Capital Acq.

(b) The City received \$9.7M in grant funds for Proposition 84 Delta Water Quality

Source: City of Tracy. Finance Department

City of Tracy
Pledged-Revenue Coverage (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2016	2015	2014	2013	2012
Water revenue bonds/State Loan					
Water revenue	\$ 15,438,772	\$ 17,675,668	\$ 18,713,676	\$ 15,649,302	\$ 14,559,197
Less: Operating Expenses	(13,380,117)	(13,976,245)	(12,785,056)	(13,103,307)	(12,196,098)
Net available revenue	<u>2,058,655</u>	<u>3,699,423</u>	<u>5,928,620</u>	<u>2,545,995</u>	<u>2,363,099</u>
Debt service:					
Principal	924,249	902,995	882,230	861,943	4,128,612
Interest	33,671	354,925	375,690	395,977	531,639
Total Debt Service	<u>1,132,923</u>	<u>1,390,419</u>	<u>1,257,919</u>	<u>1,347,920</u>	<u>4,660,251</u>
Coverage	1.82	2.66	4.71	1.89	0.51
Wastewater revenue bonds:					
Wastewater revenue	14,092,302	14,558,438	13,030,930	12,025,189	11,713,538
Less: Operating expenses	(7,449,704)	(7,823,215)	(7,211,266)	(6,378,330)	(7,617,428)
Net available revenue	<u>6,642,598</u>	<u>6,735,223</u>	<u>5,819,664</u>	<u>5,646,859</u>	<u>4,096,110</u>
Debt service:					
Principal	720,000	695,000	1,015,000	985,000	950,000
Interest	1,182,670	1,208,468	1,236,956	1,285,258	1,313,920
Total Debt Service	<u>1,902,670</u>	<u>1,903,468</u>	<u>2,251,956</u>	<u>2,270,258</u>	<u>2,263,920</u>
Coverage	3.49	3.54	2.58	2.49	1.81
Tax allocation bonds:					
Tax increment	-	-	-	-	4,359,166
Debt service:					
Principle	-	-	-	-	1,195,000
Interest	-	-	-	-	1,262,289
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,457,289</u>
Coverage	-	-	-	-	1.77

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
Operating expenses do not include interest or depreciation expenses.

(a) In 2018, there was an increase of Capital Contributions and Grants due to a \$3.2M transfer from Tracy Hills Pump Stations JJTP & Capital Acq.

(b) The City received \$9.7M in grant funds for Proposition 84 Delta Water Quality

Source: City of Tracy. Finance Department

City of Tracy
Demographics and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City of Tracy					
	Population (2)	Labor Force (1)	Employment (1)	Unemployment		Census Ratios
				Rate (1)	Number (1)	Employed (1)
2012	83,900	32,900	29,800	9.5%	3,100	N/A
2013	84,060	32,700	29,600	9.5%	3,100	0.116975
2014	85,146	33,100	30,500	8.0%	2,600	0.134925
2015	84,937	41,200	38,100	7.4%	3,050	0.134182
2016	89,208	42,000	38,800	7.5%	3,000	N/A
2017	90,890	42,100	39,200	6.8%	2,900	N/A
2018	92,553	44,700	43,100	3.7%	1,700	N/A
2019	92,800	43,700	41,800	4.4%	1,900	N/A
2020	95,931	43,700	38,800	11.3%	4,900	N/A
2021	98,601	45,800	42,900	6.2%	2,800	N/A

Sources:

1. California Employment Development Department-Labor Market Information
2. Finance Department, City of Tracy
3. The HdL Companies
4. U.S. Census Bureau

City of Tracy
Demographics and Economic Statistics (Continued)
Last Ten Fiscal Years

Fiscal Year	San Joaquin County					
	Unemployed (1)	Population (2)	Labor		Unemployment	
			Force (1)	Employment (1)	Rate (1)	Number (1)
2012	N/A	695,750	300,300	254,800	15.10%	45,500
2013	0.068724	692,997	298,500	253,200	15.20%	45,300
2014	0.112106	701,745	298,800	260,400	12.80%	38,400
2015	0.112256	719,511	309,800	282,600	8.80%	27,200
2016	N/A	733,383	316,900	288,800	8.90%	28,100
2017	N/A	733,709	318,000	293,700	7.60%	24,168
2018	N/A	745,424	332,400	315,700	5.00%	16,700
2019	N/A	752,660	324,500	305,800	5.80%	18,800
2020	N/A	762,148	322,100	283,700	11.90%	38,400
2021	N/A	783,534	333,100	308,200	7.50%	24,900

Sources:

1. California Employment Development Department-Labor Market Information
2. Finance Department, City of Tracy
3. The HdL Companies
4. U.S. Census Bureau

City of Tracy
Principal Employers
Current Fiscal Year and Fourteen Years Ago

Taxpayer Name	2021			2008		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
AMAZON.COM SERVICES LLC	7,325	1	25.74%	-	-	-
FEDEX GROUND PACKAGE SYSTEM, INC	925	2	3.25%	-	-	-
TAYLOR FARMS PACIFIC INC	795	3	2.79%	443	1	2.28%
MEDLINE INDUSTRIES INC	651	4	2.29%	-	-	-
RANDSTAD INHOUSE SERVICES LLC	632	5	2.22%	-	-	-
DHL SUPPLY CHAIN	463	6	1.63%	-	-	-
WALMART #2025	402	7	1.41%	226	8	1.16%
LEPRINO FOODS	349	8	1.23%	340	2	1.75%
COSTCO WHOLESALE #658	240	9	0.84%	117	21	0.60%
RANDSTAD INHOUSE SERVICES LP	234	10	0.82%	-	-	-
CRATE & BARREL	233	11	0.82%	-	-	-
PACIFIC MEDICAL INC	214	12	0.75%	170	16	0.87%
THE HOME DEPOT #5641	211	13	0.74%	241	7	1.24%
THE HOME DEPOT #1020	211	14	0.74%	-	-	-
INGRAM MICRO INC.	200	15	0.70%	-	-	-
RANDSTAD INHOUSE SERVICE LP	194	16	0.68%	-	-	-
INTERNATIONAL PAPER	185	17	0.65%	-	-	-
MACY'S	179	18	0.63%	301	5	1.55%
GLASSFAB TEMPERING	177	19	0.62%	-	-	-
TARGET STORES T738	173	20	0.61%	338	3	1.74%
OLIVE GARDEN #1582	165	21	0.58%	-	-	-
WINCO FOODS #103	144	22	0.51%	-	-	-
ZINUS INC	137	23	0.48%	-	-	-
THE PERMANENTE MEDICAL	128	24	0.45%	-	-	-
AMERICAN CUSTOM MEATS	128	25	0.45%	-	-	-
SYCAMORE VILLAGE APTS	-	-	-	324	4	1.67%
ORCHARD SUPPLY HARDWARE #3000	-	-	-	249	6	1.28%
MI PUEBLO FOOD CENTER #21	-	-	-	224	9	1.15%
SNELLING STAFFING SERVICES	-	-	-	217	10	1.12%
CHESAPEAKE BAY APARTMENTS	-	-	-	216	11	1.11%
GREEN OAKS MOBILE HOME PARK	-	-	-	214	12	1.10%
BARBOSA CABINETS INC	-	-	-	198	13	1.02%
Y R C	-	-	-	196	14	1.01%
TEMPLE INLAND - TIN INC	-	-	-	190	15	0.98%
BROOKDALE TRACY	-	-	-	156	17	0.80%
WATERSTONE APARTMENTS	-	-	-	156	18	0.80%
TRACY PARK APARTMENTS	-	-	-	132	19	0.68%
APL LOGISTICS	-	-	-	124	20	0.64%
MC LANE FOODSERVICE INC	-	-	-	117	22	0.60%
CRATE & BARREL	-	-	-	110	23	0.57%
TRACY HYUNDAI	-	-	-	110	24	0.57%
CMC REBAR	-	-	-	105	25	0.54%
Total Top 25 Employers	14,695		51.64%	5,214		26.81%
Total Citywide Employees	28,459		100.00%	19,445		100.00%

Source: The HdL Companies

City of Tracy
Full-Time and Part-Time City Employees
By Function
Last Ten Fiscal Years

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
City Attorney	4	4	3	4	4	4	4	4	4	5
City Council	5	5	5	5	5	5	5	5	5	5
City Manager's Office		31.5								
City Clerk Office	12									
Cultural Arts Division	13.5									
Economic Development Division	2		2	3	3	3	3	2	2	4
Community Engagement and Public Information Division										
Information Technology	8									
Development Services	35	55.5	66	61	61	39	37	40	38	48
Finance	22	25	30	34	32	26	27	24	23	23
City Treasurer	1	1	1	1	1	1	1	1	1	1
South County Fire Authority	97	83	89	82	81	80	79	78	80	82
Human Resources	10	10	9	10	9	6	6	5	5	6
Parks and Recreation	39.5	15	48	14	13	23	38	35	41	50
Administration										
Parks Planning and Development										
Recreation										
Community Facilities	10.5									
Transit	3		3	3	3	3	2	2	2	2
Airport	2		2	2	2	2	2	2	2	1
Police	151.5	157	144	143	139	133	136	135	135	134
Public Works		96	92	85	84	61	46	46	46	59
Administrative Services	14		9	8	8	7	7	7	7	7
Solid Waste and Recycling	4		4	1	1	1	1	1	1	2
Internal	12									
Aquatics										
Utilities Maintenance	19									
Water	18		31	31	30	35	39	39	39	40
Wastewater	7		43	25	25	26	26	27	26	28
Street, Community Preservation, Concrete and Traffic										
Maintenance	71		5	3	3	3	3	3	3	2
Total	561	483	586	515	504*	458	462	456	460	499

Note 1: Table updated as of FY20-21

Note 2: Amounts prior to 2017 do not include vacant positions.

(a) Figure includes all Part-time employees, non-PERS and PERS.

Source: Finance Department, City of Tracy

City of Tracy
Operating Indicators by Function / Program
Last Ten Fiscal Years

	Fiscal Year				
	2020	2020	2019	2018	2017
General Government					
Building Permits Issued	3,552	3,184	3,050	2,988	2,904
Building Inspections requested	38,937	22,337	20,384	18,028	16,260
Police:					
Arrests	1,156	1,859	2,705	2,768	2,894
Parking citations issued	427	618	1,291	1,022	1,335
Traffic violations	1,968	2,524	4,063	3,320	4,630
Fire:					
Number of emergency calls	9,029	9,014	9,031	8,811	7,351
Inspections	2,187	2,005	3,002	3,374	3,785
Water:					
Water Mains (miles)	472	465	452	440	431
New connections	653	383	295	256	1,173
Maximum Daily Capacity (gallons) (millions of gallons)	57	57	57	57	57
Average daily consumptions (gallons) (millions of gallons)	18	18	15	17	16
Sewer:					
Sanitary Sewer (miles)	465	460	450	440	426
New connections	644	373	285	256	650
Average daily treatment (gallons) (millions of gallons)	10	10	9	8.88	10
Airport:					
Hangar rentals	79	69	68	76	76
Solid waste:					
Refuse collected (tons per day)	301	285	278	266	264
Recyclables collected (tons per day)	89	86	86	81	86
Transit:					
Average daily passengers	174	432	552	546	585
Total fixed route miles	265,926	272,622	344,724	341,126	302,039

Source: City of Tracy Departments

City of Tracy
Operating Indicators by Function / Program (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2016	2015	2014	2013	2012
General Government					
Building Permits Issued	2,736	2,852	1,924	1,435	1,293
Building Inspections requested	17,025	13,824	9,128	6,189	4,568
Police:					
Arrests	2,732	2,502	2,541	2,765	2,896
Parking citations issued	1,685	1,160	1,454	1,472	2,196
Traffic violations	6,341	5,450	3,798	3,519	5,281
Fire:					
Number of emergency calls	6,924	6,811	6,443	6,322	5,951
Inspections	5,164	4,071	3,333	3,114	3,416
Water:					
Water Mains (miles)	426	426	420	410	410
New connections	228	74	45	23	20
Maximum Daily Capacity (gallons) (millions of gallons)	57	57	57	57	57
Average daily consumptions (gallons) (millions of gallons)	13	14	15	15	15
Sewer:					
Sanitary Sewer (miles)	421	421	415	410	410
New connections	227	74	45	22	14
Average daily treatment (gallons) (millions of gallons)	10.0	9.5	9.5	10	9
Airport:					
Hangar rentals	62	76	76	76	76
Solid waste:					
Refuse collected (tons per day)	252	221	211	205	198
Recyclables collected (tons per day)	76	69	66	65	64
Transit:					
Average daily passengers	505	519	444	418	357
Total fixed route miles	358,405	313,380	228,817	237,089	226,808

Source: City of Tracy Departments

City of Tracy
Capital Asset Statistics by Function / Program
Last Ten Fiscal Years

	Fiscal Year				
	2021	2020	2019	2018	2017
Police:					
Number of stations	1	1	1	1	1
Fire:					
Number of stations	6	6	6	6	6
Public works:					
Number of street lights	6,928	6,142	6,141	6,141	6,110
Number of traffic signals	77	76	75	75	85
Parks and recreation:					
Number of parks	77	77	77	77	77
Number of community centers	3	3	3	3	3
Water:					
Water mains (miles)	472	465	450	440	431
Wastewater					
Sanitary sewers (miles)	465	460	452	440	426
Airport:					
Number of hangars	79	69	68	76	76
Transit:					
Number of vehicles	15	15	15	15	15

Source: City of Tracy Departments

City of Tracy
Capital Asset Statistics by Function / Program (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2016	2015	2014	2013	2012
Police:					
Number of stations	1	1	1	1	1
Fire:					
Number of stations	6	7	7	7	7
Public works:					
Number of street lights	6,110	6,004	5,430	5,430	5,430
Number of traffic signals	85	84	84	78	78
Parks and recreation:					
Number of parks	77	76	76	76	76
Number of community centers	3	3	3	3	3
Water:					
Water mains (miles)	426	426	420	410	410
Wastewater					
Sanitary sewers (miles)	421	421	415	410	410
Airport:					
Number of hangars	62	76	76	76	76
Transit:					
Number of vehicles	15	15	15	15	15

Source: City of Tracy Departments

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