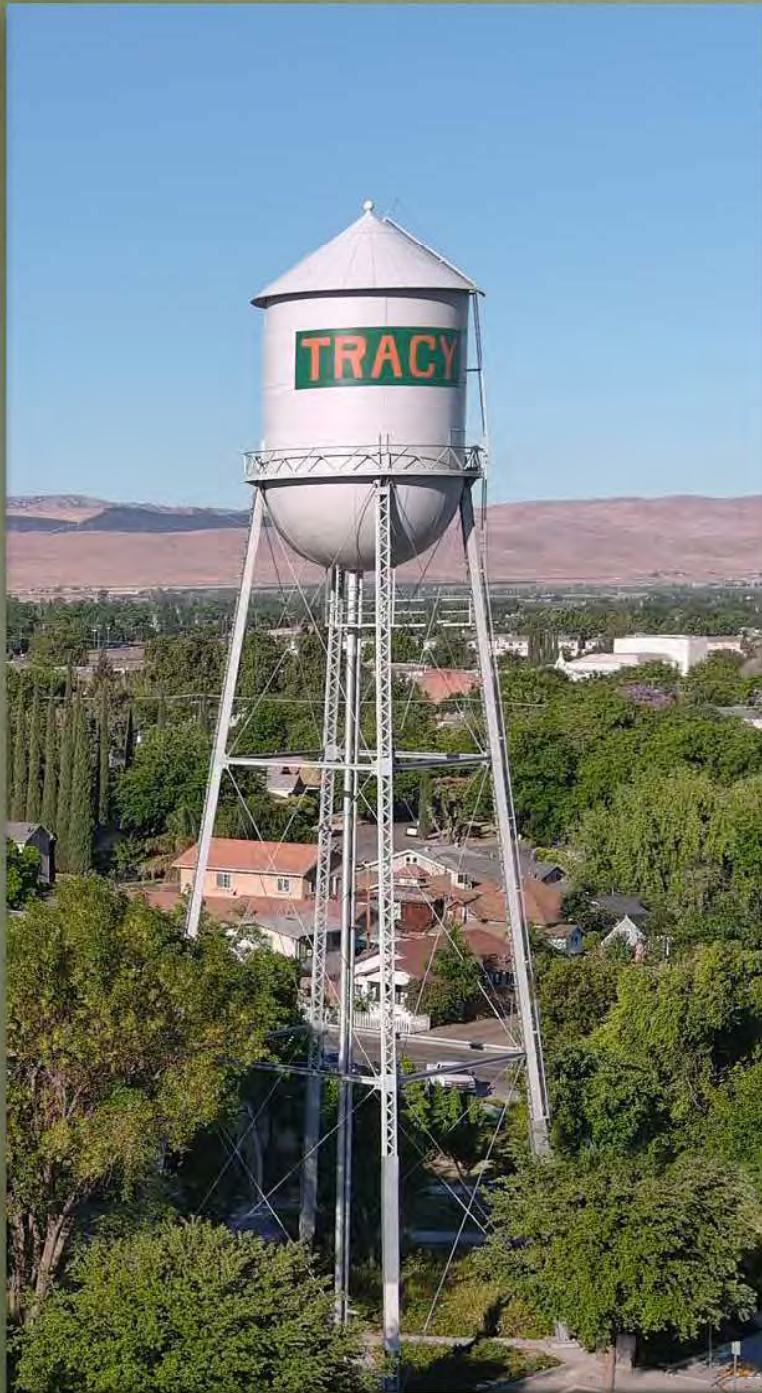




CITY OF  
**TRACY** CALIFORNIA  
Think Inside the Triangle™



# ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

333 Civic Center Plaza | Tracy, California 95376 | 209-831-6800 | [www.CityofTracy.org](http://www.CityofTracy.org)

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**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

of the

**CITY OF TRACY, CALIFORNIA**

For the fiscal year ended  
June 30, 2022

Prepared by the  
Finance Department

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Finance Director

**SARA COWELL**  
Accounting Manager

**ROBERT HARMON, CPA**  
Senior Accountant

**FELICIA GALINDO**  
Budget Officer

**GUADALUPE PENA**  
Senior Accountant

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# Introductory Section



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**City of Tracy**  
**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2022**  
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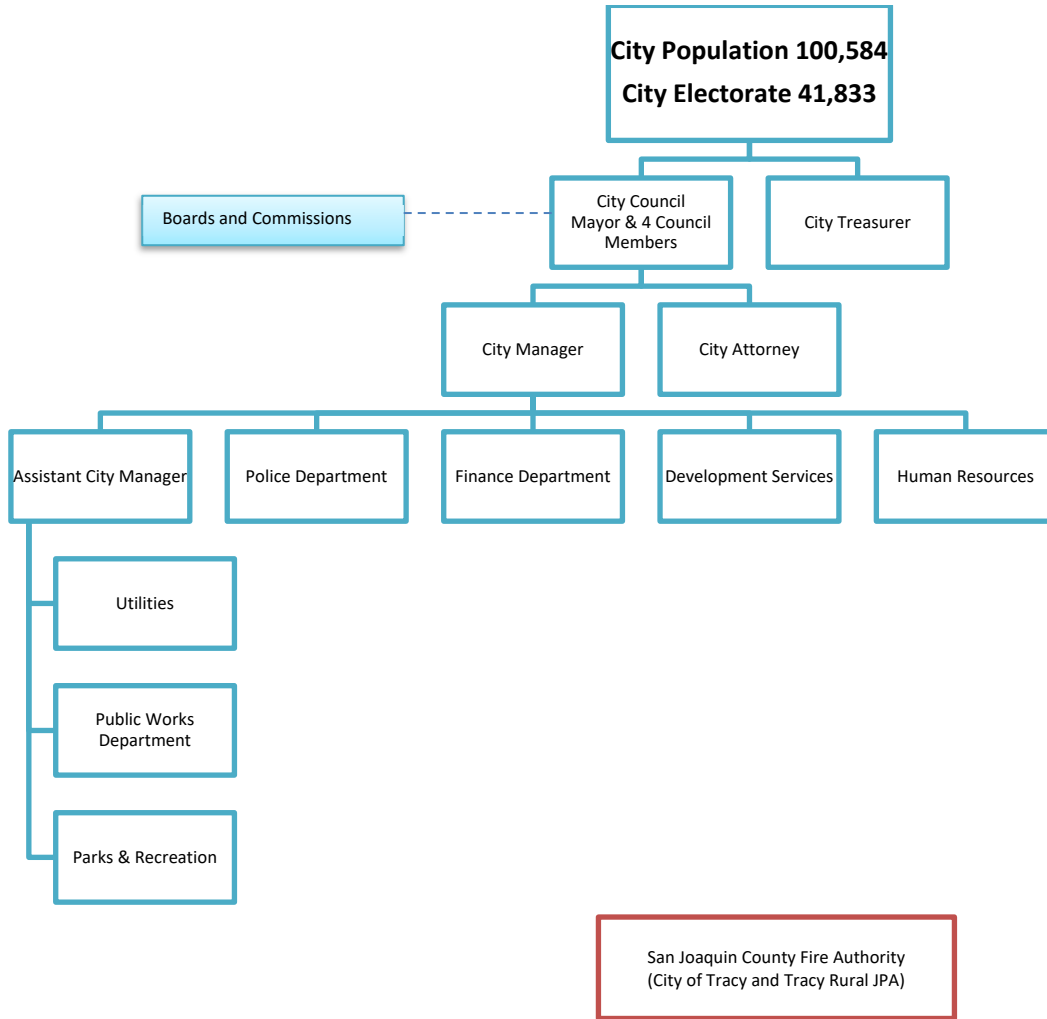
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**CITY OF TRACY  
ORGANIZATIONAL CHART**

**FISCAL YEAR 2021-2022**



**CITY OF TRACY, CALIFORNIA**

**COUNCIL – MANAGER FORM OF GOVERNMENT**

June 30, 2022

**CITY COUNCIL**

**NANCY YOUNG**

Mayor

**VERONICA VARGAS**

Mayor Pro Tem

**DAN ARRIOLA**

Council Member

**ELEASSIA DAVIS**

Council Member

**MATT 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

**BIJAL M. PATEL**

City Attorney

**KRIS BALAJI**

Director of Development Services

**KARIN SCHNAIDER**

Director of Finance

**SEKOU MILLINGTON**

Chief of Police

**KIMBERLY MURDAUGH**

Director of Human Resources

**DONALD SCHOLL**

Director of Public Works

**BRIAN MACDONALD**

Director of Parks & Recreation

**KULDEEP SHARMA**

Director of Utilities



Government Finance Officers Association

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Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Tracy  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morrill*

Executive Director/CEO



City of Tracy  
333 Civic Center Plaza  
Tracy, CA 95376

CITY MANAGER'S OFFICE

MAIN 209.831.6000  
FAX 209.830.6120  
[www.cityoftracy.org](http://www.cityoftracy.org)

February 27, 2023

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, 2022. 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, 2022.

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.

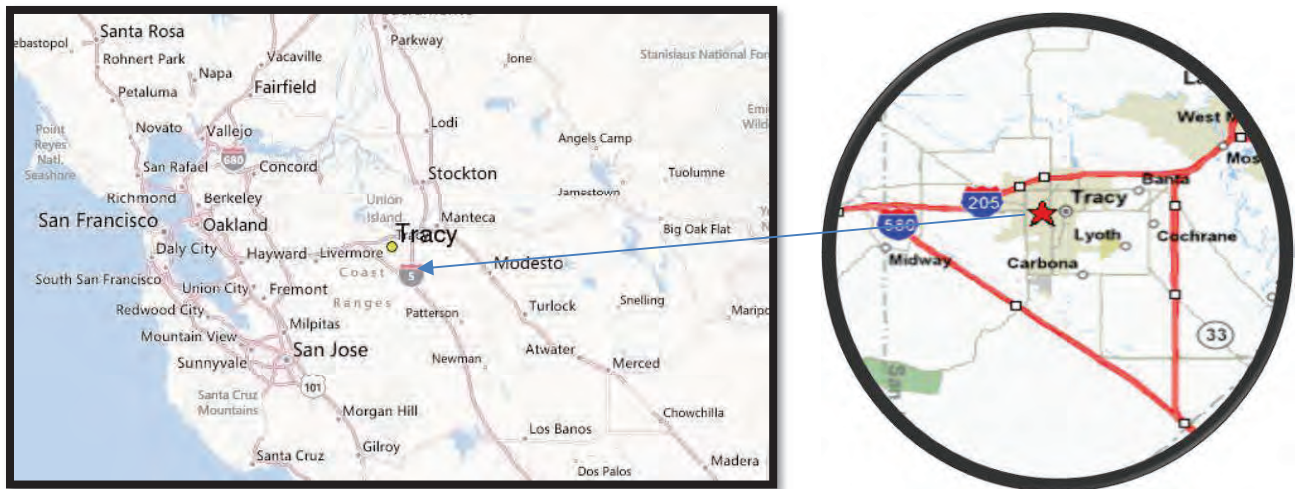
In addition to the financial audit, each year the City is required to undergo an audit of federal grant expenditures. That report is commonly referred to as a Single Audit report and is issued as a separate document and is not included herein. The Single Audit report includes the Schedule of Expenditures 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 95,000 and 29.1 square miles in 2022. 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:** Despite national worries about economic uncertainty, inflation, and rising energy prices, Tracy continues to thrive with a rapidly growing economy and robust development activity. In 2021, the City of Tracy experienced unparalleled growth in residential and industrial development, fueled by housing demands and growth in e-commerce and logistics. For example, Prologis is completing its 800,000 – square foot state of the art e-commerce facility called Big Bird. With Amazon as the tenant, the building reflects cutting edge supply chain technology, robotics, and design features. The City's International Park of Commerce (IPC), an 1,800-acre master planned business park and regional hub 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, Crate and Barrel, FedEx, Medline, Smuckers, Thermo Fisher Scientific and Zinus. New businesses added in 2021 include Ghirardelli and Home Depot. Also under development is a retail/hotel site adjacent to the IPC area that will generate additional tax dollars to support City services. The City's Sales Tax revenues growth are reflective of the investment in e-commerce businesses.

Tracy's economy is diverse with over 3,000 businesses. In addition to many supply chain and e-commerce businesses in its business parks, over half of the businesses are considered small businesses, which are the backbone of our community. The City of Tracy has been fortunate to experience a high number of new businesses since the beginning of the pandemic, which is reflective of our local entrepreneurial spirit and desire to invest in our community. The City also implemented the Retail Incentive Program, designed to encourage the private sector to invest in Tracy. As a result, Tracy's employment reached a record level of 43,900 by April 2022, while the unemployment rate was at a historic low of 3.1%, below that of the Country and state.

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 have allowed the City to emerge as a great place to live, work, and play.

Tracy's premier location and welcoming, business friendly climate has also generated interest from "green" technologies to locate and grow their cutting-edge businesses. These include carbon capture technologies, desalinization plants, green energy power plants, hydrogen fuel suppliers, EV technology companies, and more.

As with the rest of the economy, the City has experienced labor shortages with most of its industries. The City has partnered with multiple training agencies that target the needs of the hardest hit and most in demand occupations. These no-cost agencies/programs include WorkVine209, San Joaquin County WDB, Codestack Academy, Bay Valley Tech, Delta College High School Apprenticeship Program, Volt Institute, and Community Workforce Initiative (CWI) funded by Prologis.

The City also is engaged with regional partners that are focused on many Pro-Business Initiatives to assist our businesses. These groups include iHub San Joaquin, San Joaquin Partnership, Northern San Joaquin Valley CERF initiative, and Team California.

Over the last two fiscal years, the City received approximately \$15 million in stimulus from the American Rescue Plan Act (ARPA). The funds have provided services to the community with the construction of a temporary emergency housing facility, reconstruction of City streets, and aided residents and local business in their fiscal recovery from the pandemic.

**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 2021-22 over FY 2020-21 by \$1.5 million, approximately 5%. While the housing market has begun to slow, Tracy continues to see residential and commercial growth. The City estimates property tax will continue to grow another 3% 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). In fiscal year 2021-22, the Measure V tax proceeds received and recorded were \$13.8 million. It should be noted that California Department of Tax and Fee Administration (CDTFA) is currently auditing one of the City's reported tax collectors, which may result in the City having to refund some Measure V Sales Tax revenue that was potentially errantly reported by the retailer. The City anticipates a resolution to the audit in FY2025-26. Staff will monitor and continue to update the City Council as the audit progresses.

Over the last five 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 are 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, 2022	Pay-Go Funding Timeline*
Aquatic Center	\$55M	\$41.3M	2019-2026
Multi-Gen Rec Center-Phase 1	\$31M	\$3.1M	2019-2023
Legacy Fields-Phase 1E	\$21M	Debt finance	2022 (debt is fifteen-year term)
Nature Park	\$1M	\$0	After 2030
Operations & Maintenance	\$40M	\$0	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.*

Shortly after the adoption of the FY 2021-22 operating and capital budget, 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 has had a significant impact on the City's General Fund revenues; nearly doubling the current Sales Tax revenues for the City. The revenues from the reporting change have grown an average of over \$4.5 million a quarter.

The City's General Fund is expected to maintain a surplus for the next three years. The City Council and staff developed a fiscal sustainability funding policy adopted with the FY2022-23 budget to fund liabilities, invest in infrastructure maintenance and new capital, and developing new or expanded programs to serve the community and businesses in Tracy.

**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. 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, \$5.6 million or 50%.

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. 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 \$9.5 million in total for all project areas, which is a 38% increase over FY 2020-21. For more information on City impact fees and authorized projects, please see the City's website for the annual [AB 1600 report](#).

The City received the second American Rescue Plan Act (ARPA) payment in the amount of \$7.4 million in FY 2021-22. These funds have been used to provide services to the community with the construction of a temporary emergency housing facility, reconstruction of City streets, and aided residents and local business in their fiscal recovery from 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 964 customers, or 3.6%. In FY 2021-22, the City applied and received grant funding in the amount of \$1.2 million from the State Water Board for water and wastewater Customer Arrearages. The funding provided bill credits to approximately 2,000 past due utility customers.

**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 2021-22 Operating and Capital Budget, City staff reviewed the FY 2020-21 budget and estimated the expenditures and revenues anticipated for the next year, FY 2021-22.

Tracy's local economy has recovered 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. Housing prices are beginning to hold as interest rates have risen. 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.

Creating a long-term financial forecast 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-year 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 160 zoning/land use/development-related permits, including 33 Development Review projects requiring Director, Commission or Council action.
- Approved 6 Cannabis Dispensary CUPs.
- Building valuation for construction work completed totaled \$1.2 million.
- Began 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.
- Completed one Specific Plan Amendment (SPA) for Tracy Hills Phase 2.
- Secured funding for a downtown parklet program for continued outside dining opportunities in downtown.

## **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 and began constructing the City's Temporary Emergency Housing Facility Project
- Coordinated the transition of personnel from the City of Tracy to SSJCFA effective January 2, 2022
- Upgraded interview rooms to compliment single platform of evidence collection to evidence.com that is compatible with body worn cameras and cars
- Awarded \$213,000 for Familiar Faces grant to provide funding for an ADA transport van, equipment, training and a consultant to develop the program for cost effective alternatives to police response and expand the City's reach and sustainability related to vulnerable populations within our community
- Awarded \$255,000 from Byrne Discretionary Grant to implement and fund a robust License Plate Reader (LPR) program that includes 46 license plate readers within the City to aid in improving our capacity to identify leads, solve criminal cases, reduce crime and effectively plan, manage and allocate response and investigative resources
- Installed Cradlepoint wireless routers and upgraded patrol vehicle in-car cameras to Axon Fleet 3 system to include license plate readers
- Seized 3,057 marijuana plants, 6,392 lbs. of marijuana for sale, 998 grams of methamphetamine, and \$278,343 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 39,216 building-related inspections; processed 4,515 building permits and issued 3,927 building permits; generated \$11 million in permit review revenue.
- Engaged in legislative advocacy efforts that support the City's fiscal foundation and quality of life.
- Accepted Park 1, Park 2, and Park 3 of Tracy Hills Phase 1A development adding approximately 11 acres of parkland.
- Completed construction of \$130,000 sidewalk, curb/gutter repairs for various streets.
- Awarded \$495,584 in CDBG funding to local non-profits and \$180,173 in HOME funding to support the Tracy Affordable Senior Housing Project.

- Completed construction of Alden and Yasui Park playgrounds.
- Opened a new disc golf course at Dr. Powers Park
- Received a \$5M grant from California Senator Susan Talamantes-Eggman's office that will be applied to the design and construction of the Multi-Generational Recreation Center.
- Awarded construction contract for the Legacy Fields Sports Complex Phase 1E improvements, which include paving all parking lots and renovating 5 baseball fields with added stadium lighting.
- Completed construction on the Legacy Fields Pump Station Improvements.
- Completed the Lolly Hansen Senior Center renovations and reopened to the public
- Following a COVID-19 pause, the community events team hosted 5 block parties averaging 1,00 people per event.
- Completion of the painting all City school yellow crosswalks.
- Replacement of 2,400 water meters across the City.
- 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.*

- Assisted with the completion of a rate study for 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 \$15 million in Federal grants across all City departments in FY2022.
- Increased the number of electronic transaction options for customers, now including credit card auto pay for utilities and AR.
- Hired 99 new employees and promoted 52 City of Tracy employees in calendar year 2022.
- Partnered with the State to participate in the Low-Income Household Water Assistance Program (LIHWAP), to provide funding resources to assist residents in paying their utility bills.
- Completed the roll-out of the new City website content management system.
- Completed the National Community Survey and presented results to Council.

**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, 2022

Restricted	Fire Medical Leave Bank	\$ 813,680
	Medical Leave Bank	2,361,297
Committed	17% Reserve (Emergency)	14,505,000
Assigned	13% Reserve (Economic Stability)	11,092,059
	Prior Year Re-Appropriations	320,865
	Animal Control Trust	22,193
Unassigned		<u>7,761,601</u>
		<u><u>36,876,695</u></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 2021-22 amounted to \$79,082,780 million and \$64,289,152 million 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, 2021. This was the 34<sup>th</sup> 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:  
*Michael Rogers*  
538BGF4250840F...

Michael Rogers  
City Manager

DocuSigned by:  
*Sara Cowell*  
6064DDA2FB354C2...

Sara Cowell  
Director of Finance

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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 the Audit of the Financial Statements

#### *Opinions*

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, 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.

We did not audit the financial statements of the South San Joaquin County Fire Authority (the "Authority"), which represent 100% of the assets, net position, and revenues, respectively, of the of the aggregate discretely presented component unit as of June 30, 2022. 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.

#### *Basis for Opinions*

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

##### *Implementation of New GASB Pronouncements*

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases* during the year. Our opinion is not modified with respect to this matter.

##### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Modified Approach to Reporting Street Pavement Costs, 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, as listed in the accompanying table of contents, 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.

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

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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Financial Statements and Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Fund Financial Statements and Budgetary Comparison Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

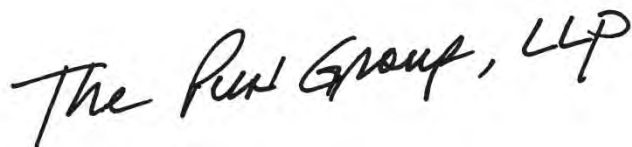
***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023, on our consideration of 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 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 City's internal control over financial reporting and compliance.



Walnut Creek, California  
February 27, 2023

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**City of Tracy**  
**Management Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2022**

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**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, 2022. 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 2021-22 fiscal year by \$1,436 million Net Position. Of this amount, \$137 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 \$100 million, with \$77 million attributable to governmental activities and \$23 million attributable business-type activities.
- As of June 30, 2022, the City's combined governmental funds reported fund balance of \$350.8 million, of which \$350.8 million is committed (\$14.5 million), assigned (\$91.2 million), or available (\$7.5 million) to meet the City's current and future needs.
- As of June 30, 2022, the fund balance for the General Fund was \$36.9 million of which \$-0- is designated as Non-Spendable for items such as deposits, prepaid assets, inter-fund advances, and inventory. Restricted fund balance was \$3.2 million, designated for medical leave bank. Committed fund balance was \$14.5 million, designated for Contingency/Emergency. Assigned fund balance was \$11.4 million, designated for items such as prior reappropriation and fiscal sustainability. Unassigned funds were \$7.8 million as of June 30, 2022.

**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, 2022**

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**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 ABxl 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, 2022**

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**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 39 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, 2022**

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**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 ABx1 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 \$100 million or 7.4%, from \$1,336 million at June 30, 2021 to \$1,436 million at June 30, 2022. Restricted net position accounted for \$238 million restricted for capital projects, debt service and legally segregated taxes, grants, and fees. The unrestricted net position increased by \$83 million, from \$53 million in at June 30, 2021 to \$137 million at June 30, 2022 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 \$54.0 million and Net OPEB Liability of \$7.0 million in accordance with Generally Accepted Accounting Principles.

**City of Tracy**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The following table reflects the Summary of Net Position for the fiscal year ended June 30, 2022 with comparative data for the fiscal year ended June 30, 2021.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Cash and Investments	\$ 354,579	\$ 285,127	\$ 65,195	\$ 50,066	\$ 419,774	\$ 335,193
Other Assets	73,383	54,344	24,739	18,171	98,122	72,515
Capital Assets	681,830	674,737	447,769	441,183	1,129,599	1,115,920
Total Assets	<u>1,109,792</u>	<u>1,014,208</u>	<u>537,703</u>	<u>509,420</u>	<u>1,647,495</u>	<u>1,523,628</u>
Deferred Outflows						
Related to Pension/OPEB	18,476	24,054	2,456	2,757	20,932	26,811
Current Liabilities	47,605	43,483	12,220	8,231	59,825	51,714
Non-Current Liabilities	98,962	121,111	32,764	39,423	131,726	160,534
Total Liabilities	<u>146,567</u>	<u>164,594</u>	<u>44,984</u>	<u>47,654</u>	<u>191,551</u>	<u>212,248</u>
Deferred Inflows						
Related to Leases	2,217	-	3,784	-	6,001	-
Related to Pensions	30,566	1,638	4,260	99	34,826	1,737
Total Deferred Inflows	<u>32,783</u>	<u>1,638</u>	<u>8,044</u>	<u>99</u>	<u>40,827</u>	<u>1,737</u>
Net Investment in Capital						
Assets	640,818	653,646	421,053	412,464	1,061,871	1,066,110
Restricted	237,566	217,130	-	-	237,566	217,130
Unrestricted	70,533	1,254	66,078	51,961	136,611	53,215
Total Net Position	<u>\$ 948,917</u>	<u>\$ 872,030</u>	<u>\$ 487,131</u>	<u>\$ 464,425</u>	<u>\$ 1,436,048</u>	<u>\$ 1,336,455</u>

**City of Tracy**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The City's Government-wide Net Position as of June 30, 2022, comprised of the following:

- Cash and investments combined increased by \$84.6 million or 25.2%, from \$335.2 million at June 30, 2021 to \$419.8 million at June 30, 2022. The \$419.8 million of cash and investments is in the city treasury and investments.
- Receivables decreased by \$3.3 million, from \$57.0 million at June 30, 2021 to \$53.8 million at June 30, 2022. Receivables were comprised of \$37.7 million of current receivables and \$16.1 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 and leases. The grants and loans have varying repayment terms and interest rates.
- Capital assets increased by \$13.7 million or 1.2%, from \$1,116 million at June 30, 2021 to \$1,130 million at June 30, 2022. Net capital assets of \$1,130 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position increased \$20.5 million or 9.4%, from \$217.1 million at June 30, 2021 to \$236.6 million at June 30, 2022. Restricted Net Position is restricted for capital projects \$180.0 million; low-moderate income housing projects \$4.6 million; debt service \$26.7 million; and \$26.2 million may be spent on other projects as specified by funding source restrictions.
- Unrestricted Net Position increased by \$83.4 million or 156.8%, from \$53.2 million at June 30, 2021 to \$136.6 million at June 30, 2022. 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, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The Change in Net Position expressed as the change in revenues and expenses through June 30, 2022 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	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 30,044	\$ 22,823	\$ 72,022	\$ 64,432	\$ 102,066	\$ 87,255
Operating Contributions and Grants	13,576	8,330	1,688	6,988	15,264	15,318
Capital Grants and Contributions	63,193	52,673	12,703	5,801	75,896	58,474
Total Program Revenues	<u>106,813</u>	<u>83,826</u>	<u>86,413</u>	<u>77,221</u>	<u>193,226</u>	<u>161,047</u>
General Revenues:						
Property Taxes	27,241	25,736			27,241	25,736
Other Taxes	84,992	65,709			84,992	65,709
Other General Revenues	5,369	1,700	(1,498)	185	3,871	1,885
Total General Revenues	<u>117,602</u>	<u>93,145</u>	<u>(1,498)</u>	<u>185</u>	<u>116,104</u>	<u>93,330</u>
Total Revenues	<u>224,415</u>	<u>176,971</u>	<u>84,915</u>	<u>77,406</u>	<u>309,330</u>	<u>254,377</u>
<b>Expenses</b>						
General Government	26,685	22,135			26,685	22,135
Police	38,889	38,346			38,889	38,346
Fire	16,807	17,849			16,807	17,849
Development & Engineering	12,322	12,571			12,322	12,571
Public Works	22,081	19,463			22,081	19,463
Parks & Community Services	4,800	3,848			4,800	3,848
Interest on Long-term Debt	990	675			990	675
Water			24,886	21,177	24,886	21,177
Wastewater			23,435	21,238	23,435	21,238
Solid Waste			28,418	25,987	28,418	25,987
Storm Drainage			2,114	2,195	2,114	2,195
Airport			2,228	1,144	2,228	1,144
Transit			6,080	5,352	6,080	5,352
Total Expenses	<u>122,574</u>	<u>114,887</u>	<u>87,161</u>	<u>77,093</u>	<u>209,735</u>	<u>191,980</u>
Changes in net position before transfers	101,841	62,084	(2,246)	313	99,595	62,397
Transfers	(24,954)	(3,609)	24,954	3,609	-	-
Change in Net Position	<u>76,887</u>	<u>58,475</u>	<u>22,708</u>	<u>3,922</u>	<u>99,595</u>	<u>62,397</u>
Net Position, Beginning	872,030	813,985	464,423	460,501	1,336,453	1,274,486
Net Position, Ending	<u>\$ 948,917</u>	<u>\$ 872,460</u>	<u>\$ 487,131</u>	<u>\$ 464,423</u>	<u>\$1,436,048</u>	<u>\$ 1,336,883</u>

**City of Tracy**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

Revenues

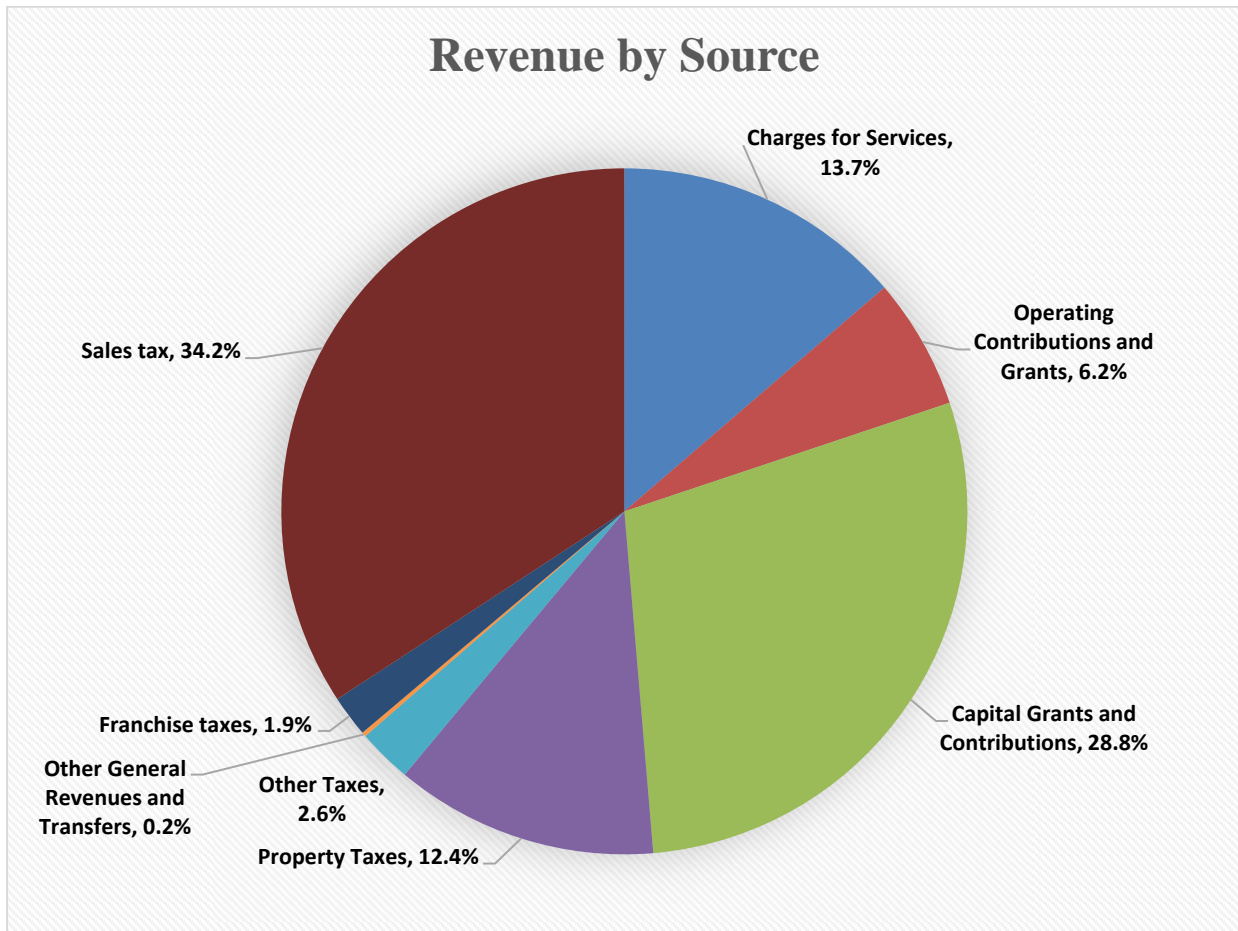
Total revenues increased by \$55.0 million or 21.6%, from \$254.4 million at June 30, 2021 to \$309.3 million at June 30, 2022. Total governmental program revenues increased by \$23.0 million, largely due to charges for services and grants. Total governmental general revenues increased by \$24.5 million related to general sales tax.

Expenses

Total expenses for the City increased by \$17.8 million or 9.3%, from \$191.9 million at June 30, 2021 to \$209.7 million at June 30, 2022. Governmental activities incurred \$122.6 million of expenses while business-type activities incurred \$87.1 million. Of the Governmental Activities, the largest expenses were in Public Safety \$55.7 million; Public Works \$22.1 million; and General Government \$23.0 million.

**Governmental Activities**

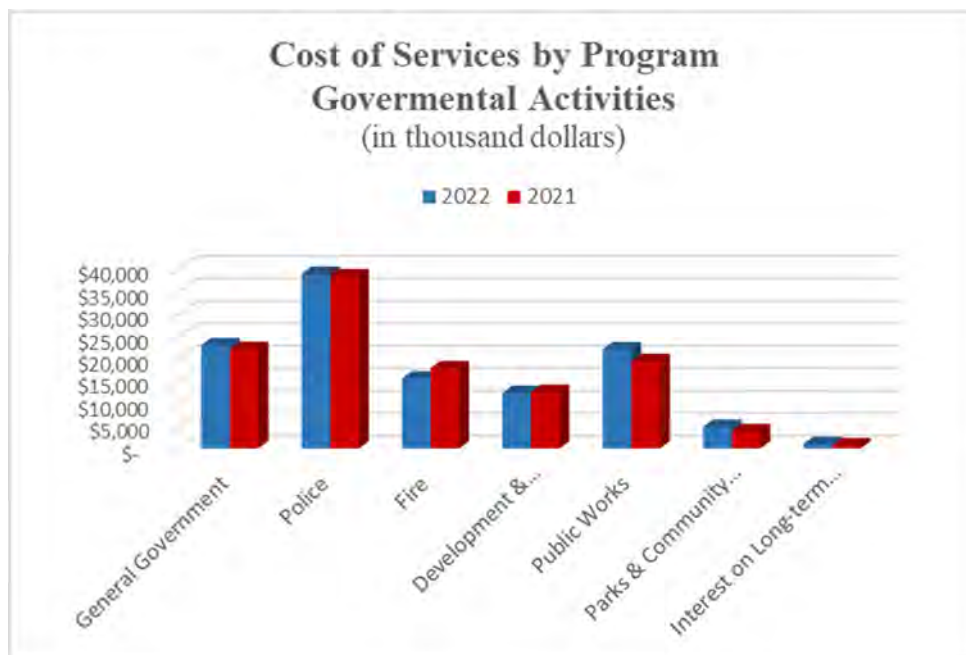
Total resources available during the year to finance governmental operations were \$1,066.6 million consisting of net position at June 30, 2021 of \$872.0 million, program revenues of \$106.8 million and general revenues, net of transfers, in amount of \$87.8 million. Government Activities revenue is 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, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**



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

	<b>Business-type Activities</b>	
	<b>2022</b>	<b>2021</b>
<b>Net Revenue (Expense)</b>		
<b>from Business-type Activities</b>		
Water	\$ 4,517	\$ 3,852
Wastewater	(3,153)	(4,333)
Solid Waste	(2,031)	(1,658)
Drainage	(577)	(352)
Airport	(1,525)	(155)
Transit	2,021	2,775
<b>Total Business-type Activities</b>	<b>\$ (748)</b>	<b>\$ 129</b>

Program revenues of Business-type Activities increased \$9.2 million or 11.9%, from a total of \$77.2 million at June 30, 2021 to a total of \$86.4 million at June 30, 2022. This was a result of increases in charges for services and capital grants received.

**City of Tracy**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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**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 spending 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, 2022, the City's governmental funds reported combined fund balances of \$350.8 million, which is an increase of \$85.0 million or 32.0%, from \$254.3 million at June 30, 2021. Total revenues increased by \$49.7 million or 30.2%, from \$164.4 million at June 30, 2021 to \$214.0 million at June 30, 2022. Of this total, \$131.8 million was in the General Fund. Total expenditures increased by \$15.8 million or 14.7%, from \$107.4 million at June 30, 2021 to \$123.1 million at June 30, 2022. Of this total, \$85.3 million was in the General Fund.

**General Fund**

At June 30, 2022, the General Fund balance of \$36.9 million, was comprised of \$14.5 million committed funds for contingency/emergency reserve, and \$11.4 million in assigned funds. Included in this amount is \$11.1 million for Economic/Budget stability and \$0.3 million for reappropriation to balance FY23, and \$.02 million for Animal Control Trust. Restricted funds were \$3.2 million for medical leave bank. Unassigned funds at June 30, 2022 were \$7.8 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, 2022, the fund balance of the Housing Successor Special Revenue Fund was \$4.6 million.

**Community Development Fees Special Revenue Fund**

The Community Development Fees Special Revenue Fund had revenues of \$16.8 million, transfers in of \$2.1 million and expenditures of \$12.0 million. The ending fund balance increased from \$0.9 million at June 30, 2021 to \$7.9 million at June 30, 2022.

**CARES/ARPA Grant Fund**

The fund balance of the CARES/ARPA Grant Fund increased by \$.5 million over the prior year. Fund balance was \$1million at June 30, 2021 comparable to \$1.5 million at June 30, 2022.

**City of Tracy**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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**FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)**

**General Projects Capital Fund**

The General Projects Fund had revenues of \$4.0 million, transfers in of \$42.2 million, and expenditures of \$4.9 million. The fund balance increased \$41.2 million from \$38.5 million at June 30, 2021 to \$79.7 million at June 30, 2022. Funding for the General Project Fund is transferred from the City's General Fund. Capital project expenses included Alden & Yasui Park Playground Replacement (CIP 78173), Tracy Gateway SP/ EIR (CIP 79421). 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 \$33.0 million and expenditures of \$1.4 million. The fund balance increased \$32.5 million from \$58.3 million at June 30, 2021 to \$90.9 million at June 30, 2022. TIMP Funds cover areas of the City not covered by their own financing plan. Project expenditures included the Waste Water Treatment Expansion (CIP74107), Over cross upgrade I580 and Mountain House Parkway (CIP 73147), AW: Corral Hollow Rd, Linne Rd to Old Schulte (CIP73144). Future projects include the continuing 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 \$487.1 million at June 30, 2022. Enterprise operating revenues were \$72.3 million and operating expenses were \$83.5 million in fiscal year 2022. Operating expenses included \$14.5 million in depreciation expense. Future projects include the Wastewater treatment expansion.

**Water Fund**

The net position of the Water Fund at June 30, 2022 was \$200.9 million, an increase of \$4.1 million over the prior fiscal year. The net position of the Water fund at June 30, 2021 was \$196.8 million. Approximately \$14.9 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$192.4 million. Activities for the year were comprised of \$22.4 million in operating revenues for the current year and \$23.4 million in operating expenses including \$4.7 million in depreciation expense.

**Wastewater Fund**

The net position of the Wastewater Fund at June 30, 2022 was \$189.9 million, an increase of \$20.5 million over the prior fiscal year. The net position of the Wastewater fund at June 30, 2021 was \$169.5 million. Approximately \$34.3 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$175.9 million. Activities for the year were comprised of \$15.2 million in operating revenues for the current year and \$21.2 million in operating expenses including \$5.9 million in depreciation expense.

**Solid Waste Fund**

The net position of the Solid Waste Fund at June 30, 2022 was \$11.7 million, a decrease of \$2.3 million over the prior fiscal year. The net position of the Solid Waste fund at June 30, 2021 was \$14.0 million. The Fund's net position was unrestricted at the end of the fiscal year. Activities for the year were comprised of \$25.8 million in operating revenues for the current year and \$28.4 million in operating expense.

**City of Tracy**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)**

**Drainage Fund**

The net position of the Drainage Fund at June 30, 2022 was \$50.5 million, a decrease of \$.6 million over the prior fiscal year. The net position of the Drainage fund at June 30, 2021 was \$51 million. Approximately \$(0.4) million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$50.9 million. Activities for the year were comprised of \$.7 million in operating revenues for the current year and \$2.1 million in operating expenses including \$1.7 million in depreciation expenses.

**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 2022, the City had \$1,130.0 million, net of depreciation, invested in a broad range of capital assets used in governmental and business type activities, as shown below. 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	
	2022	2021	2022	2021	2022	2021
Non-depreciable assets						
Land	\$ 180,468	\$ 179,311	\$ 19,057	\$ 19,057	\$ 199,525	\$ 198,368
Streets and Roads	325,970	320,140	-	-	325,970	320,140
Construction in-Progress	33,797	33,214	48,343	54,686	82,140	87,900
Total	540,235	532,665	67,400	73,743	607,635	606,408
Depreciable assets						
Buildings and Improvements	146,097	143,616	171,165	169,888	317,262	313,504
Improvements	51,005	49,515	-	-	51,005	49,515
Grading, Curbs & Gutters						
Sidewalks & Driveway Approaches	32,135	32,135	-	-	32,135	32,135
Traffic Signals	31,888	27,150	8,118	3,571	40,006	30,721
Equipment	32,156	35,506	47,814	44,678	79,970	80,184
Infrastructure	12,219	12,219	386,284	368,706	398,503	380,925
Intangible Assets	1,367	973	73,476	72,883	74,843	73,856
Less: accumulated depreciation	(165,504)	(159,042)	(306,488)	(292,286)	(471,992)	(451,328)
Net depreciable assets	141,363	142,072	380,369	367,440	521,732	509,512
Lease right to use assets						
Buildings and Improvements	406	-	-	-	406	-
Less: accumulated amortization	(174)	-	-	-	(174)	-
Net lease right to use assets	232	-	-	-	232	-
Total Capital Assets	\$ 681,830	\$ 674,737	\$ 447,769	\$ 441,183	\$ 1,129,599	\$ 1,115,920

**City of Tracy**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

**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 6 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 2022, the City expended \$5,587,759 to preserve its roads, and the condition index level was 69. The City estimates that it will be required to expend approximately \$5,920,343 in fiscal year 2023 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 increased by \$19.5 million or 90.8%, from \$21.5 million at June 30, 2021 to \$41.0million at June 30, 2022. This was due to the City issuing new Lease Revenue Bonds to finance improvements at Legacy Fields, phase 1E. The City's long debt outstanding decreased by \$2.0 million or (7.0%, from \$28.7 million at June 30, 2021 to \$26.7 million at June 30, 2022, in debt associated with Business-Type Activities.

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

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Leases Payable	\$ 236	\$ 406			\$ 236	\$ 406
2020 Lease Revenue Refunding Bonds 3%-4%	17,040	17,635			17,040	17,635
2020 Lease Revenue Refunding Bonds Premium	3,409	3,455			3,409	
2022 Lease Revenue Bonds	18,275	-			18,275	-
2022 Lease Revenue Refunding Bonds Premium	2,052	-			2,052	
2004 Wastewater Revenue Bonds			20,260	21,175	20,260	21,175
State of California-Department of Health Services Loan			6,457	7,544	6,457	7,544
<b>Total Long-Term Liabilities</b>	<b>\$ 41,012</b>	<b>\$ 21,496</b>	<b>\$ 26,717</b>	<b>\$ 28,719</b>	<b>\$ 67,729</b>	<b>\$ 46,760</b>

**City of Tracy**  
**Management Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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**ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

Throughout fiscal year 2021-22, 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 \$1.5 million, or 6% over fiscal year 2021-2022 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.

During FY2021-22, the City received over \$2.8 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.

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Tracy**  
**Statement of Net Position**  
**June 30, 2022**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Joaquin County Fire Authority
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 354,578,811	\$ 65,194,764	\$ 419,773,575	\$ 4,080,717
Cash and investments with fiscal agents	20,008,617	206	20,008,823	-
Accounts receivable, net	8,898,267	13,445,131	22,343,398	1,064,976
Intergovernmental receivable	15,939,910	8,226,188	24,166,098	-
Interest receivable	1,001,472	197,633	1,199,105	-
Lease receivable - due within one year	193,375	256,315	449,690	-
Deposits	1,000,000	-	1,000,000	-
Prepaid items	65,532	-	65,532	-
Inventories	-	570,994	570,994	-
Due from Fiduciary Funds	4,902,529	-	4,902,529	-
Due from Component Unit	3,575,233	-	3,575,233	-
Internal balances	1,525,648	(1,525,648)	-	-
Total current assets	<u>411,689,394</u>	<u>86,365,583</u>	<u>498,054,977</u>	<u>5,145,693</u>
Noncurrent assets:				
Lease receivable - due in more than one year	2,040,471	3,568,010	5,608,481	-
Loans receivable	14,231,876	-	14,231,876	-
Capital assets:				
Non-depreciable/amortizable	540,234,213	67,399,696	607,633,909	-
Depreciable/amortizable, net	<u>141,595,794</u>	<u>380,369,478</u>	<u>521,965,272</u>	<u>1,121,664</u>
Total capital assets, net	<u>681,830,007</u>	<u>447,769,174</u>	<u>1,129,599,181</u>	<u>1,121,664</u>
Total noncurrent assets	<u>698,102,354</u>	<u>451,337,184</u>	<u>1,149,439,538</u>	<u>1,121,664</u>
<b>Total assets</b>	<u>1,109,791,748</u>	<u>537,702,767</u>	<u>1,647,494,515</u>	<u>6,267,357</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to OPEB	625,168	128,501	753,669	-
Related to pensions	<u>17,851,106</u>	<u>2,327,032</u>	<u>20,178,138</u>	<u>1,028,868</u>
<b>Total deferred outflows of resources</b>	<u>18,476,274</u>	<u>2,455,533</u>	<u>20,931,807</u>	<u>1,028,868</u>

**City of Tracy**  
**Statement of Net Position (Continued)**  
**June 30, 2022**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Joaquin County Fire Authority
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	12,997,024	7,717,462	20,714,486	393,927
Accrued payroll	1,338,568	576,535	1,915,103	816,969
Deposits	13,470,746	83,000	13,553,746	-
Interest payable	117,567	1,257,194	1,374,761	-
Unearned revenue	15,595,248	221,276	15,816,524	-
Due to Primary Government	-	-	-	3,575,233
Sick leave conversion - due within one year	901,484	-	901,484	-
Compensated absences - due within one year	1,562,838	296,692	1,859,530	-
Long-term debt - due within one year	1,621,425	2,068,312	3,689,737	-
<b>Total current liabilities</b>	<b>47,604,900</b>	<b>12,220,471</b>	<b>59,825,371</b>	<b>4,786,129</b>
Noncurrent liabilities:				
Total OPEB liability	5,852,529	1,202,962	7,055,491	-
Net pension liability	47,641,337	6,343,406	53,984,743	-
Sick leave conversion - due in more than one year	3,605,936	-	3,605,936	-
Compensated absences - due in more than one year	2,472,052	569,375	3,041,427	-
Long-term debt - due in more than one year	39,390,641	24,648,212	64,038,853	-
<b>Total noncurrent liabilities</b>	<b>98,962,495</b>	<b>32,763,955</b>	<b>131,726,450</b>	<b>-</b>
<b>Total liabilities</b>	<b>146,567,395</b>	<b>44,984,426</b>	<b>191,551,821</b>	<b>4,786,129</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to leases	2,216,670	3,782,624	5,999,294	-
Related to OPEB	851,154	174,952	1,026,106	-
Related to pensions	29,715,402	4,085,376	33,800,778	-
<b>Total deferred inflows of resources</b>	<b>32,783,226</b>	<b>8,042,952</b>	<b>40,826,178</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	640,817,941	421,052,650	1,061,870,591	-
Restricted:				
Debt service	26,654,572	206	26,654,778	-
Public safety	926,127	-	926,127	-
Streets and roads	14,240,664	-	14,240,664	-
Community development	1,784,358	-	1,784,358	-
Special districts	9,281,178	-	9,281,178	-
Projects	180,043,432	-	180,043,432	-
Housing services	4,636,384	-	4,636,384	-
<b>Total restricted</b>	<b>237,566,715</b>	<b>206</b>	<b>237,566,921</b>	<b>-</b>
Unrestricted (deficit)	70,532,745	66,078,066	136,610,811	2,510,096
<b>Total net position</b>	<b>\$ 948,917,401</b>	<b>\$ 487,130,922</b>	<b>\$ 1,436,048,323</b>	<b>\$ 2,510,096</b>

**City of Tracy**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General government					
Economic development	\$ 1,037,457	\$ 218	\$ 141,580	\$ 1,351,423	\$ 1,493,221
General government	16,186,088	8,760,365	-	173,068	8,933,433
Finance	5,285,544	-	-	-	-
Non-departmental	4,176,020	202,255	2,854,006	82,089	3,138,350
Public safety					
Police	38,889,036	196,001	1,809,255	458,521	2,463,777
Fire	16,806,851	374	-	31,994	32,368
Public ways and facilities					
Development and engineering	12,321,607	17,279,268	-	-	17,279,268
Public works	22,080,727	2,721,400	8,771,363	61,052,926	72,545,689
Community development					
Parks and community services	4,800,263	883,889	-	42,753	926,642
Interest and fiscal charges	990,072	-	-	-	-
Total governmental activities	<u>122,573,665</u>	<u>30,043,770</u>	<u>13,576,204</u>	<u>63,192,774</u>	<u>106,812,748</u>
Business-type activities:					
Water	24,885,875	22,407,181	706,680	6,289,391	29,403,252
Wastewater	23,434,985	14,973,113	495,735	4,813,415	20,282,263
Solid waste	28,417,923	25,757,693	-	628,709	26,386,402
Drainage	2,113,911	730,691	-	805,923	1,536,614
Municipal airport	2,228,230	582,364	-	121,219	703,583
Municipal transit	6,080,368	7,571,420	485,176	44,708	8,101,304
Total business-type activities	<u>87,161,292</u>	<u>72,022,462</u>	<u>1,687,591</u>	<u>12,703,365</u>	<u>86,413,418</u>
<b>Total primary government</b>	<u>\$ 209,734,957</u>	<u>\$ 102,066,232</u>	<u>\$ 15,263,795</u>	<u>\$ 75,896,139</u>	<u>\$ 193,226,166</u>
Component unit:					
South San Joaquin County Fire Authority	\$ 26,311,268	\$ 1,719,634	\$ 25,873,270	\$ 1,228,460	\$ 28,821,364
<b>Total component unit</b>	<u>\$ 26,311,268</u>	<u>\$ 1,719,634</u>	<u>\$ 25,873,270</u>	<u>\$ 1,228,460</u>	<u>\$ 28,821,364</u>

**City of Tracy**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2022**

<b>Functions/Programs</b>	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Joaquin County Fire Authority
<b>Primary government:</b>				
Governmental activities:				
General government				
Economic development	\$ 455,764	\$ -	\$ 455,764	\$ -
General government	(7,252,655)	-	(7,252,655)	-
Finance	(5,285,544)	-	(5,285,544)	-
Non-departmental	(1,037,670)	-	(1,037,670)	-
Public safety				
Police	(36,425,259)	-	(36,425,259)	-
Fire	(16,774,483)	-	(16,774,483)	-
Public ways and facilities				
Development and engineering	4,957,661	-	4,957,661	-
Public works	50,464,962	-	50,464,962	-
Community development				
Parks and community services	(3,873,621)	-	(3,873,621)	-
Interest and fiscal charges	(990,072)	-	(990,072)	-
Total governmental activities	<u>(15,760,917)</u>	<u>-</u>	<u>(15,760,917)</u>	<u>-</u>
Business-type activities:				
Water	-	4,517,377	4,517,377	-
Wastewater	-	(3,152,722)	(3,152,722)	-
Solid waste	-	(2,031,521)	(2,031,521)	-
Drainage operations	-	(577,297)	(577,297)	-
Municipal airport	-	(1,524,647)	(1,524,647)	-
Municipal transit	-	2,020,936	2,020,936	-
Total business-type activities	<u>-</u>	<u>(747,874)</u>	<u>(747,874)</u>	<u>-</u>
<b>Total primary government</b>	<u>(15,760,917)</u>	<u>(747,874)</u>	<u>(16,508,791)</u>	<u>-</u>
Component unit:				
South San Joaquin County Fire Authority	-	-	-	2,510,096
<b>Total component unit</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,510,096</u>
General Revenues and Transfers:				
General revenues:				
Taxes:				
Property taxes	27,240,833	-	27,240,833	-
Sales and use taxes	75,112,095	-	75,112,095	-
Franchise taxes	4,265,613	-	4,265,613	-
Transient occupancy tax	2,263,129	-	2,263,129	-
Business license tax	1,036,747	-	1,036,747	-
Transfer tax	2,314,759	-	2,314,759	-
Total taxes	112,233,176	-	112,233,176	-
Motor vehicle in lieu, unrestricted	113,909	-	113,909	-
Investment income (loss)	(8,948,933)	(1,819,118)	(10,768,051)	-
Other revenue	14,204,005	319,706	14,523,711	-
<b>Transfers</b>	<u>(24,954,213)</u>	<u>24,954,213</u>	<u>-</u>	<u>-</u>
<b>Total general revenues and transfers</b>	<u>92,647,944</u>	<u>23,454,801</u>	<u>116,102,745</u>	<u>-</u>
<b>Change in net position</b>	<u>76,887,027</u>	<u>22,706,927</u>	<u>99,593,954</u>	<u>2,510,096</u>
<b>Net Position:</b>				
Beginning of year	872,030,374	464,423,995	1,336,454,369	-
End of year	<u>\$ 948,917,401</u>	<u>\$ 487,130,922</u>	<u>\$ 1,436,048,323</u>	<u>\$ 2,510,096</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, 2022**

	Major Funds			
	General Fund	Housing Successor Fund	Community Development Fees Fund	CARES/ARPA Fund
<b>ASSETS</b>				
Cash and investments	\$ 21,334,028	\$ 4,741,865	\$ 11,353,424	\$ 13,625,818
Cash and investments with fiscal agents	-	-	-	-
Accounts receivable, net	1,105,801	-	3,902,156	-
Intergovernmental receivable	13,556,139	-	-	-
Interest receivable	298,494	14,125	51,127	-
Lease receivable	2,233,846	-	-	-
Due from other funds	2,618,010	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Loans receivable	-	12,493,567	-	-
Due from Fiduciary Funds	-	-	-	-
Due from Component Unit	3,575,233	-	-	-
<b>Total assets</b>	<b>\$ 44,721,551</b>	<b>\$ 17,249,557</b>	<b>\$ 15,306,707</b>	<b>\$ 13,625,818</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,855,981	\$ 118,157	\$ 1,411,391	\$ 777,868
Accrued payroll	743,662	-	312,910	12,081
Due to other funds	-	-	-	-
Deposits payable	304,576	-	2,127,731	-
Unearned revenues	694,616	-	3,568,963	11,331,669
<b>Total liabilities</b>	<b>5,598,835</b>	<b>118,157</b>	<b>7,420,995</b>	<b>12,121,618</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	29,351	12,495,016	-	-
Related to leases	2,216,670	-	-	-
<b>Total deferred inflows of resources</b>	<b>2,246,021</b>	<b>12,495,016</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	3,174,977	4,636,384	7,885,712	1,504,200
Committed	14,505,000	-	-	-
Assigned	11,435,117	-	-	-
Unassigned (deficit)	7,761,601	-	-	-
<b>Total fund balances</b>	<b>36,876,695</b>	<b>4,636,384</b>	<b>7,885,712</b>	<b>1,504,200</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 44,721,551</b>	<b>\$ 17,249,557</b>	<b>\$ 15,306,707</b>	<b>\$ 13,625,818</b>

**City of Tracy**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2022**

	Major Funds			
	General Capital Projects Fund	Tracy Infrastructure Master Plans Fund	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 80,183,510	\$ 92,976,626	\$ 117,582,778	\$ 341,798,049
Cash and investments with fiscal agents	-	-	20,008,617	20,008,617
Accounts receivable, net	3,695,416	-	194,894	8,898,267
Intergovernmental receivable	-	-	2,383,771	15,939,910
Interest receivable	-	274,002	326,154	963,902
Lease receivable	-	-	-	2,233,846
Due from other funds	-	-	-	2,618,010
Prepaid items	-	-	-	-
Deposits	-	-	1,000,000	1,000,000
Loans receivable	-	-	1,738,309	14,231,876
Due from Fiduciary Funds	-	-	4,902,529	4,902,529
Due from Component Unit	-	-	-	3,575,233
<b>Total assets</b>	<b>\$ 83,878,926</b>	<b>\$ 93,250,628</b>	<b>\$ 148,137,052</b>	<b>\$ 416,170,239</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,448,804	\$ 2,381,536	\$ 697,839	\$ 12,691,576
Accrued payroll	6,122	-	108,843	1,183,618
Due to other funds	-	-	1,092,362	1,092,362
Deposits payable	681,713	-	10,349,968	13,463,988
Unearned revenues	-	-	-	15,595,248
<b>Total liabilities</b>	<b>4,136,639</b>	<b>2,381,536</b>	<b>12,249,012</b>	<b>44,026,792</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	6,640,838	19,165,205
Related to leases	-	-	-	2,216,670
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>6,640,838</b>	<b>21,381,875</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	-	90,869,092	129,496,350	237,566,715
Committed	-	-	-	14,505,000
Assigned	79,742,287	-	-	91,177,404
Unassigned (deficit)	-	-	(249,148)	7,512,453
<b>Total fund balances</b>	<b>79,742,287</b>	<b>90,869,092</b>	<b>129,247,202</b>	<b>350,761,572</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 83,878,926</b>	<b>\$ 93,250,628</b>	<b>\$ 148,137,052</b>	<b>\$ 416,170,239</b>

**City of Tracy**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2022**

<b>Total Fund Balances - Total Governmental Funds</b>	<u>\$ 350,761,572</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>19,165,205</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	681,830,007
Less: capital assets reported in Internal Service Funds	<u>(10,657,810)</u>
Total capital assets	<u>671,172,197</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	(901,484)
Sick leave conversion - due in more than one year	(3,605,936)
Compensated absences - due within one year	(1,562,838)
Compensated absences - due in more than one year	(2,472,052)
Long-term debt - due within one year	(1,621,425)
Long-term debt - due in more than one year	(39,390,641)
Less: amount reported in Internal Service Funds:	
Compensated absences - due within one year	89,131
Compensated absences - due in more than one year	<u>251,559</u>
Total long-term liabilities	<u>(49,213,686)</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>(117,567)</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	(5,852,529)
Net pension liability	(47,641,337)
Less: amount reported in Internal Service Funds:	
Total OPEB liability	362,653
Net pension liability	<u>1,917,152</u>
Total OPEB/pension liability	<u>(51,214,061)</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	625,168
Deferred outflows of resources related to pensions	17,851,106
Less: amount reported in Internal Service Funds:	
Deferred outflows of resources related to OPEB	(38,738)
Deferred outflows of resources related to pensions	<u>(703,292)</u>
Total deferred outflows of resources	<u>17,734,244</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	(851,154)
Deferred inflows of resources related to pensions	(29,715,402)
Less: amount reported in Internal Service Funds:	
Deferred inflows of resources related to OPEB	52,742
Deferred inflows of resources related to pensions	<u>1,234,712</u>
Total deferred inflows of resources	<u>(29,279,102)</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>19,908,599</u>
<b>Net Position of Governmental Activities</b>	<u>\$ 948,917,401</u>

See accompanying Notes to the Basic Financial Statements.

**City of Tracy**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	Major Funds			
	General Fund	Housing Successor Fund	Community Development Fees Fund	CARES/ARPA Fund
<b>REVENUES:</b>				
Taxes	\$ 107,384,147	\$ -	\$ -	\$ -
Licenses, permits and fees	4,149,346	-	9,770,405	-
Fines and penalties	168,400	-	-	-
Investment income (loss)	(2,281,888)	(16,730)	(447,737)	34,516
Intergovernmental	2,360,007	-	-	2,854,006
Charges for current services	12,485,210	-	7,485,271	-
Special assessments	468,439	-	-	-
Other revenue	7,097,109	16,018	23,966	-
<b>Total revenues</b>	<b>131,830,770</b>	<b>(712)</b>	<b>16,831,905</b>	<b>2,888,522</b>
<b>EXPENDITURES:</b>				
Current:				
General government				
Economic development	741,589	-	-	-
General government	8,549,313	-	-	14,796
Finance	5,285,544	-	-	-
Non-departmental	1,904,536	-	819,077	831,346
Public safety				
Police	39,796,986	-	-	85,780
Fire	16,402,214	-	-	45,851
Public ways and facilities				
Development and engineering	212,389	-	11,121,085	16,870
Public works	8,216,190	-	-	-
Community development				
Parks and community services	4,041,955	-	-	-
Capital outlay	13,558	901,766	-	1,890,330
Debt service:				
Principal	158,533	-	11,313	-
Interest and fiscal charges	720	-	55	-
<b>Total expenditures</b>	<b>85,323,527</b>	<b>901,766</b>	<b>11,951,530</b>	<b>2,884,973</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>46,507,243</b>	<b>(902,478)</b>	<b>4,880,375</b>	<b>3,549</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from issuance of long-term debt	-	-	-	-
Premium on bond issuance	-	-	-	-
Transfers in	70,147	634,910	2,109,068	472,799
Transfers out	(43,730,949)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(43,660,802)</b>	<b>634,910</b>	<b>2,109,068</b>	<b>472,799</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,846,441</b>	<b>(267,568)</b>	<b>6,989,443</b>	<b>476,348</b>
<b>FUND BALANCES:</b>				
Beginning of year	34,030,254	4,903,952	896,269	1,027,852
End of year	<u>\$ 36,876,695</u>	<u>\$ 4,636,384</u>	<u>\$ 7,885,712</u>	<u>\$ 1,504,200</u>

**City of Tracy**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	Major Funds			
	General Capital Projects Fund	Tracy Infrastructure Master Plans Fund	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 2,780,862	\$ 110,165,009
Licenses, permits and fees	-	-	164,568	14,084,319
Fines and penalties	-	-	86,143	254,543
Investment income (loss)	287,969	(2,237,354)	(3,419,667)	(8,080,891)
Intergovernmental	-	-	6,248,422	11,462,435
Charges for current services	-	35,268,383	14,674,946	69,913,810
Special assessments	-	-	4,647,754	5,116,193
Other revenue	3,695,416	-	289,571	11,122,080
<b>Total revenues</b>	<b>3,983,385</b>	<b>33,031,029</b>	<b>25,472,599</b>	<b>214,037,498</b>
<b>EXPENDITURES:</b>				
Current:				
General government				
Economic development	-	-	295,868	1,037,457
General government	-	-	-	8,564,109
Finance	-	-	-	5,285,544
Non-departmental	-	-	621,061	4,176,020
Public safety				
Police	-	-	210,865	40,093,631
Fire	-	-	-	16,448,065
Public ways and facilities				
Development and engineering	-	-	1,062,600	12,412,944
Public works	-	-	5,128,957	13,345,147
Community development				
Parks and community services	-	-	-	4,041,955
Capital outlay	4,906,096	1,424,355	6,801,259	15,937,364
Debt service:				
Principal	-	-	595,000	764,846
Interest and fiscal charges	-	-	1,039,367	1,040,142
<b>Total expenditures</b>	<b>4,906,096</b>	<b>1,424,355</b>	<b>15,754,977</b>	<b>123,147,224</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(922,711)</b>	<b>31,606,674</b>	<b>9,717,622</b>	<b>90,890,274</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from issuance of long-term debt	-	-	18,275,000	18,275,000
Premium on bond issuance	-	-	2,051,917	2,051,917
Transfers in	42,157,239	10,276,042	62,486,118	118,206,323
Transfers out	-	(9,338,756)	(91,338,837)	(144,408,542)
<b>Total other financing sources (uses)</b>	<b>42,157,239</b>	<b>937,286</b>	<b>(8,525,802)</b>	<b>(5,875,302)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>41,234,528</b>	<b>32,543,960</b>	<b>1,191,820</b>	<b>85,014,972</b>
<b>FUND BALANCES:</b>				
Beginning of year	38,507,759	58,325,132	128,055,382	265,746,600
End of year	<u>\$ 79,742,287</u>	<u>\$ 90,869,092</u>	<u>\$ 129,247,202</u>	<u>\$ 350,761,572</u>

**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, 2022**

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**Net Change in Fund Balances - Total Governmental Funds** \$ 85,014,972

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, the cost of those assets was allocated over their estimated useful lives as depreciation and amortization expenses. This is the amount of capital assets recorded in the current period (net of \$2,566,125 added in internal service funds) (\$2,141,072 of the governmental fund capital outlay balance were for repairs and maintenance expenditures).	13,796,292
In the Government-Wide Statement of Activities, donated assets are reported as a capital contribution.	7,400,467
Depreciation and amortization expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation and amortization expense, net of internal service funds of \$1,618,446, was not reported as expenditures in the Governmental Funds.	(8,657,241)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net position (net of \$1,897,433 in net capital asset retirements in internal service funds).	(4,902,255)
Issuance of long-term liabilities provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position.	
Bonds payable	(18,275,000)
Premium on bonds payable	(2,051,917)
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	764,846
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.	4,001
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.	(580,584)
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 \$22,163 in internal service funds.	589,297
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.	(261,361)
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 \$92,509 in internal service funds	(5,642,871)
Changes in net pension liabilities, net of \$1,502,938 in internal service funds	39,195,111
Changes in pension related deferred inflows of resources, net of \$1,222,088 in internal service funds	(27,963,829)
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 \$22,621 in internal service funds	134,905
Changes in total OPEB liabilities, net of \$154,100 in internal service funds	353,207
Changes in OPEB related deferred inflows of resources, net of \$14,551 in internal service funds	271,589
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.	(2,348,671)

**Change in Net Position of Governmental Activities** \$ 76,887,027

See accompanying Notes to the Basic Financial Statements.



## **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, 2022**

	Major Funds			
	Water Fund	Wastewater Fund	Solid Waste Fund	Drainage Fund
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 16,651,355	\$ 37,490,846	\$ 10,694,950	\$ 357,613
Cash and investments with fiscal agents	-	206	-	-
Accounts receivable, net	4,701,571	3,124,508	5,332,950	114,327
Intergovernmental receivable	-	-	-	-
Interest receivable	51,539	110,579	33,923	1,065
Lease receivable - due within one year	-	162,567	-	-
Prepaid items	-	-	-	-
Inventories	570,994	-	-	-
Total current assets	<u>21,975,459</u>	<u>40,888,706</u>	<u>16,061,823</u>	<u>473,005</u>
Noncurrent assets:				
Lease receivable - due in more than one year	-	1,625,899	-	-
Advances from other funds	-	1,500,000	-	-
Capital assets:				
Non-depreciable	1,672,953	51,029,386	-	13,252,602
Depreciable, net	190,761,035	124,841,259	-	37,690,767
Total capital assets, net	<u>192,433,988</u>	<u>175,870,645</u>	<u>-</u>	<u>50,943,369</u>
Total noncurrent assets	<u>192,433,988</u>	<u>178,996,544</u>	<u>-</u>	<u>50,943,369</u>
<b>Total assets</b>	<u>214,409,447</u>	<u>219,885,250</u>	<u>16,061,823</u>	<u>51,416,374</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Related to OPEB	47,858	55,998	13,340	3,090
Related to pensions	867,722	1,014,278	241,282	55,406
<b>Total deferred outflow of resources</b>	<u>915,580</u>	<u>1,070,276</u>	<u>254,622</u>	<u>58,496</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	968,602	3,130,041	3,072,848	3,062
Accrued payroll	210,297	261,152	55,834	12,230
Due to other funds	-	-	-	-
Interest payable	-	83,000	-	-
Deposits payable	549,350	500	-	653,633
Unearned revenue	-	-	160,737	-
Compensated absences - due within one year	109,529	128,417	30,924	7,293
Long-term debt - due within one year	1,113,312	955,000	-	-
Total current liabilities	<u>2,951,090</u>	<u>4,558,110</u>	<u>3,320,343</u>	<u>676,218</u>
Noncurrent liabilities:				
Advances from other funds	1,500,000	-	-	-
Net OPEB liability	448,024	524,223	124,882	28,928
Net pension liability	2,365,379	2,764,887	657,727	151,033
Compensated absences - due in more than one year	218,638	243,916	55,675	20,906
Long term debt - due in more than one year	5,343,212	19,305,000	-	-
Total noncurrent liabilities	<u>9,875,253</u>	<u>22,838,026</u>	<u>838,284</u>	<u>200,867</u>
<b>Total liabilities</b>	<u>12,826,343</u>	<u>27,396,136</u>	<u>4,158,627</u>	<u>877,085</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to leases	-	1,763,466	-	-
Related to OPEB	65,158	76,240	18,162	4,207
Related to pensions	1,523,387	1,780,684	423,599	97,271
<b>Total deferred inflows of resources</b>	<u>1,588,545</u>	<u>3,620,390</u>	<u>441,761</u>	<u>101,478</u>
<b>NET POSITION</b>				
Net investment in capital assets	185,977,464	155,610,645	-	50,943,369
Restricted	-	206	-	-
Unrestricted (deficit)	14,932,675	34,328,149	11,716,057	(447,062)
<b>Total net position</b>	<u>\$ 200,910,139</u>	<u>\$ 189,939,000</u>	<u>\$ 11,716,057</u>	<u>\$ 50,496,307</u>

See accompanying Notes to the Basic Financial Statements.

**City of Tracy**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2022**

	Non-major Funds	Total	Governmental Activities Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ -	\$ 65,194,764	\$ 12,780,762
Cash and investments with fiscal agents	-	206	-
Accounts receivable, net	171,775	13,445,131	-
Intergovernmental receivable	8,226,188	8,226,188	-
Interest receivable	527	197,633	37,570
Lease receivable - due within one year	93,748	256,315	-
Prepaid items	-	-	65,532
Inventories	-	570,994	-
Total current assets	<u>8,492,238</u>	<u>87,891,231</u>	<u>12,883,864</u>
Noncurrent assets:			
Lease receivable - due in more than one year	1,942,111	3,568,010	-
Advances from other funds	-	1,500,000	-
Capital assets:			
Non-depreciable	1,444,755	67,399,696	118,147
Depreciable, net	<u>27,076,417</u>	<u>380,369,478</u>	<u>10,539,663</u>
Total capital assets, net	<u>28,521,172</u>	<u>447,769,174</u>	<u>10,657,810</u>
Total noncurrent assets	<u>30,463,283</u>	<u>452,837,184</u>	<u>10,657,810</u>
<b>Total assets</b>	<u>38,955,521</u>	<u>540,728,415</u>	<u>23,541,674</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Related to OPEB	8,215	128,501	38,738
Related to pensions	<u>148,344</u>	<u>2,327,032</u>	<u>703,292</u>
<b>Total deferred outflow of resources</b>	<u>156,559</u>	<u>2,455,533</u>	<u>742,030</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	542,909	7,717,462	305,448
Accrued payroll	37,022	576,535	154,950
Due to other funds	1,525,648	1,525,648	-
Interest payable	-	83,000	-
Deposits payable	53,711	1,257,194	6,758
Unearned revenue	60,539	221,276	-
Compensated absences - due within one year	20,529	296,692	89,131
Long-term debt - due within one year	-	<u>2,068,312</u>	-
Total current liabilities	<u>2,240,358</u>	<u>13,746,119</u>	<u>556,287</u>
Noncurrent liabilities:			
Advances from other funds	-	1,500,000	-
Net OPEB liability	76,905	1,202,962	362,653
Net pension liability	404,380	6,343,406	1,917,152
Compensated absences - due in more than one year	30,240	569,375	251,559
Long term debt - due in more than one year	-	<u>24,648,212</u>	-
Total noncurrent liabilities	<u>511,525</u>	<u>34,263,955</u>	<u>2,531,364</u>
<b>Total liabilities</b>	<u>2,751,883</u>	<u>48,010,074</u>	<u>3,087,651</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to leases	2,019,158	3,782,624	-
Related to OPEB	11,185	174,952	52,742
Related to pensions	<u>260,435</u>	<u>4,085,376</u>	<u>1,234,712</u>
<b>Total deferred inflows of resources</b>	<u>2,290,778</u>	<u>8,042,952</u>	<u>1,287,454</u>
<b>NET POSITION</b>			
Net investment in capital assets	28,521,172	421,052,650	10,657,810
Restricted	-	206	-
Unrestricted (deficit)	<u>5,548,247</u>	<u>66,078,066</u>	<u>9,250,789</u>
<b>Total net position</b>	<u>\$ 34,069,419</u>	<u>\$ 487,130,922</u>	<u>\$ 19,908,599</u>

See accompanying Notes to the Basic Financial Statements.

**City of Tracy**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Major Funds			
	Water Fund	Wastewater Fund	Solid Waste Fund	Drainage Fund
<b>OPERATING REVENUES:</b>				
Sales and charges for services	\$ 22,407,181	\$ 14,973,113	\$ 25,757,693	\$ 730,691
Other operating revenue	3,094	188,108	-	-
<b>Total operating revenues</b>	<b>22,410,275</b>	<b>15,161,221</b>	<b>25,757,693</b>	<b>730,691</b>
<b>OPERATING EXPENSES:</b>				
Purchase of water	5,893,138	-	-	-
Maintenance and operation	10,846,108	13,381,342	26,431,145	343,764
Administration	2,013,598	1,955,795	1,986,778	55,040
Insurance costs and claims	-	-	-	-
Depreciation	4,655,818	5,888,177	-	1,715,107
<b>Total operating expenses</b>	<b>23,408,662</b>	<b>21,225,314</b>	<b>28,417,923</b>	<b>2,113,911</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(998,387)</b>	<b>(6,064,093)</b>	<b>(2,660,230)</b>	<b>(1,383,220)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Operating grants	706,680	495,735	-	-
Capital grants	-	-	628,709	17,749
Investment income (loss)	(449,911)	(1,088,780)	(312,596)	(9,357)
Interest expense	(186,671)	(979,083)	-	-
Gain (loss) on sale of capital assets	(1,290,542)	(1,230,588)	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(1,220,444)</b>	<b>(2,802,716)</b>	<b>316,113</b>	<b>8,392</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(2,218,831)</b>	<b>(8,866,809)</b>	<b>(2,344,117)</b>	<b>(1,374,828)</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	6,289,391	4,813,415	-	788,174
Transfers in	30,214	24,528,062	-	423
<b>Total capital contributions and transfers</b>	<b>6,319,605</b>	<b>29,341,477</b>	<b>-</b>	<b>788,597</b>
<b>Changes in net position</b>	<b>4,100,774</b>	<b>20,474,668</b>	<b>(2,344,117)</b>	<b>(586,231)</b>
<b>NET POSITION:</b>				
Beginning of year	196,809,365	169,464,332	14,060,174	51,082,538
End of year	<u>\$ 200,910,139</u>	<u>\$ 189,939,000</u>	<u>\$ 11,716,057</u>	<u>\$ 50,496,307</u>

**City of Tracy**  
**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Non-major Funds	Total	Governmental Activities Internal Service Funds
<b>OPERATING REVENUES:</b>			
Sales and charges for services	\$ 8,153,784	\$ 72,022,462	\$ 13,092,240
Other operating revenue	128,504	319,706	3,502,681
<b>Total operating revenues</b>	<b>8,282,288</b>	<b>72,342,168</b>	<b>16,594,921</b>
<b>OPERATING EXPENSES:</b>			
Purchase of water	-	5,893,138	-
Maintenance and operation	5,574,890	56,577,249	8,924,011
Administration	497,093	6,508,304	1,084,051
Insurance costs and claims	-	-	6,427,150
Depreciation	2,239,719	14,498,821	1,618,446
<b>Total operating expenses</b>	<b>8,311,702</b>	<b>83,477,512</b>	<b>18,053,658</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(29,414)</b>	<b>(11,135,344)</b>	<b>(1,458,737)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Operating grants	485,176	1,687,591	-
Capital grants	165,927	812,385	-
Investment income (loss)	41,526	(1,819,118)	(346,469)
Interest expense	-	(1,165,754)	-
Gain (loss) on sale of capital assets	3,104	(2,518,026)	(1,873,560)
<b>Total nonoperating revenues (expenses)</b>	<b>695,733</b>	<b>(3,002,922)</b>	<b>(2,220,029)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>666,319</b>	<b>(14,138,266)</b>	<b>(3,678,766)</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	-	11,890,980	82,089
Transfers in	395,514	24,954,213	1,248,006
<b>Total capital contributions and transfers</b>	<b>395,514</b>	<b>36,845,193</b>	<b>1,330,095</b>
<b>Changes in net position</b>	<b>1,061,833</b>	<b>22,706,927</b>	<b>(2,348,671)</b>
<b>NET POSITION:</b>			
Beginning of year	33,007,586	464,423,995	22,257,270
End of year	<u>\$ 34,069,419</u>	<u>\$ 487,130,922</u>	<u>\$ 19,908,599</u>

**City of Tracy**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Major Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 22,617,526	\$ 15,206,401	\$ 25,624,806	\$ 701,530
Cash payments to suppliers for goods and services	(18,750,088)	(12,962,068)	(27,178,175)	(407,165)
Cash payments to employees for services	79,979	(238,856)	135,979	13,876
Other operating revenues and expenses	3,094	188,108	-	-
<b>Net cash provided by (used in) operating activities</b>	<u>3,950,511</u>	<u>2,193,585</u>	<u>(1,417,390)</u>	<u>308,241</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating grants	706,680	495,735	-	-
Borrowing from other funds	-	506,600	-	-
Repayment to other funds	(506,600)	-	-	-
Transfers from other funds	30,214	24,528,062	-	423
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>230,294</u>	<u>25,530,397</u>	<u>-</u>	<u>423</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Capital grants	-	-	628,709	17,749
Capital contributions from developers and others	6,289,391	4,813,415	-	788,174
Acquisition of capital assets	(2,064,238)	(18,758,314)	-	(979,033)
Proceeds from the sale of assets	(1,290,542)	-	-	-
Principal payment of long-term debt	(1,087,711)	(915,000)	-	-
Interest paid on debt	(186,671)	(979,083)	-	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>1,660,229</u>	<u>(15,838,982)</u>	<u>628,709</u>	<u>(173,110)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest from investments	(478,798)	(1,133,347)	(321,829)	(9,956)
<b>Net cash provided by investing activities</b>	<u>(478,798)</u>	<u>(1,133,347)</u>	<u>(321,829)</u>	<u>(9,956)</u>
<b>Net change in cash and cash equivalents</b>	5,362,236	10,751,653	(1,110,510)	125,598
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	11,289,119	26,739,399	11,805,460	232,015
End of year	<u>\$ 16,651,355</u>	<u>\$ 37,491,052</u>	<u>\$ 10,694,950</u>	<u>\$ 357,613</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:</b>				
Cash and cash investments	\$ 16,651,355	\$ 37,490,846	\$ 10,694,950	\$ 357,613
Restricted cash and investments	-	206	-	-
<b>Total cash and cash equivalents</b>	<u>\$ 16,651,355</u>	<u>\$ 37,491,052</u>	<u>\$ 10,694,950</u>	<u>\$ 357,613</u>

(Continued)

**City of Tracy**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Major Funds			
	Water Fund	Wastewater Fund	Solid Waste Fund	Drainage Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (998,387)	\$ (6,064,093)	\$ (2,660,230)	\$ (1,383,220)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:				
Depreciation	4,655,818	5,888,177	-	1,715,107
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:				
Accounts receivable, net	367,107	258,288	(263,934)	6,175
Intergovernmental receivable	-	-	-	-
Lease receivable	-	163,108	-	-
Prepaid items	-	-	-	-
Deferred outflows - OPEB related	(39,444)	(47,146)	(11,377)	(2,569)
Deferred outflows - pension related	134,318	240,432	9,228	7,222
Accounts payable	2,756	2,375,069	1,239,748	(8,361)
Accrued payroll	34,557	61,561	12,785	766
Deposits payable	(156,762)	-	-	(35,336)
Unearned revenue	-	-	131,047	-
Compensated absences	(252)	(91,980)	11,619	5,150
Net OPEB liability	339,145	409,672	99,472	22,178
Net pension liability	(1,941,058)	(2,627,440)	(418,882)	(118,119)
Deferred inflows - lease related	-	(188,108)	-	-
Deferred inflows - OPEB related	45,220	55,263	13,509	2,970
Deferred inflows - pension related	1,507,493	1,760,782	419,625	96,278
Total adjustments	<u>4,948,898</u>	<u>8,257,678</u>	<u>1,242,840</u>	<u>1,691,461</u>
<b>Net cash provided by (used in) operating activities</b>	<u><u>\$ 3,950,511</u></u>	<u><u>\$ 2,193,585</u></u>	<u><u>\$ (1,417,390)</u></u>	<u><u>\$ 308,241</u></u>

(Continued)

**City of Tracy**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Non-major Funds	Total	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 6,147,151	\$ 70,297,414	\$ 13,160,240
Cash payments to suppliers for goods and services	(5,327,635)	(64,625,131)	(16,470,913)
Cash payments to employees for services	(484,838)	(493,860)	(38,786)
Other operating revenues and expenses	128,504	319,706	3,502,681
<b>Net cash provided by (used in) operating activities</b>	<b>463,182</b>	<b>5,498,129</b>	<b>153,222</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating grants	485,176	1,687,591	-
Borrowing from other funds	-	506,600	-
Repayment to other funds	(1,039,721)	(1,546,321)	-
Transfers from other funds	395,514	24,954,213	1,248,006
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(159,031)</b>	<b>25,602,083</b>	<b>1,248,006</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital grants	165,927	812,385	-
Capital contributions from developers and others	-	11,890,980	82,089
Acquisition of capital assets	(511,077)	(22,312,662)	(2,542,252)
Proceeds from the sale of assets	-	(1,290,542)	-
Principal payment of long-term debt	-	(2,002,711)	-
Interest paid on debt	-	(1,165,754)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(345,150)</b>	<b>(14,068,304)</b>	<b>(2,460,163)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest from investments	40,999	(1,902,931)	(356,128)
<b>Net cash provided by investing activities</b>	<b>40,999</b>	<b>(1,902,931)</b>	<b>(356,128)</b>
<b>Net change in cash and cash equivalents</b>	<b>-</b>	<b>15,128,977</b>	<b>(1,415,063)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	-	50,065,993	14,195,825
End of year	<u>\$ -</u>	<u>\$ 65,194,970</u>	<u>\$ 12,780,762</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:</b>			
Cash and cash investments	\$ -	\$ 65,194,764	\$ 12,780,762
Restricted cash and investments	-	206	-
<b>Total cash and cash equivalents</b>	<u>\$ -</u>	<u>\$ 65,194,970</u>	<u>\$ 12,780,762</u>

(Continued)



**City of Tracy**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Non-major Funds	Total	Governmental Activities Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (29,414)	\$(11,135,344)	\$ (1,458,737)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	2,239,719	14,498,821	1,618,446
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	6,238,496	6,606,132	68,000
Intergovernmental receivable	(8,226,188)	(8,226,188)	-
Lease receivable	109,228	272,336	-
Prepaid items	-	-	(65,532)
Deferred outflows - OPEB related	(4,843)	(105,379)	(22,621)
Deferred outflows - pension related	15,783	406,983	92,509
Accounts payable	247,255	3,856,467	29,831
Accrued payroll	10,230	119,899	25,688
Deposits payable	(1,072)	(193,170)	-
Unearned revenue	(1,168)	129,879	-
Compensated absences	(2,228)	(77,691)	(22,163)
Net OPEB liability	33,272	903,739	154,100
Net pension liability	(300,985)	(5,406,484)	(1,502,938)
Deferred inflows - lease related	(125,929)	(314,037)	-
Deferred inflows - OPEB related	3,195	120,157	14,551
Deferred inflows - pension related	257,831	4,042,009	1,222,088
Total adjustments	492,596	16,633,473	1,611,959
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 463,182</b>	<b>\$ 5,498,129</b>	<b>\$ 153,222</b>

(Concluded)

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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, 2022**

	<u>Custodial Funds</u>	<u>Successor Agency Private Purpose Trust Fund</u>
<b>ASSETS</b>		
Cash and investments	\$ 6,617,351	\$ 5,943,373
Cash and investments with fiscal agent	45,386,329	712
<b>Total assets</b>	<u>52,003,680</u>	<u>5,944,085</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding	-	1,743,710
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>1,743,710</u>
<b>LIABILITIES</b>		
Accounts payable	6,410	-
Interest payable	-	531,167
Deposits payable	298,184	-
Due to City	-	4,902,529
Long-term debt - due within one year	-	1,660,000
Long-term debt - due in more than one year	-	28,066,226
<b>Total liabilities</b>	<u>304,594</u>	<u>35,159,922</u>
<b>NET POSITION (DEFICIT)</b>		
Held for:		
Individuals, organizations, and other governments	51,699,086	-
Dissolution of RDA	-	(27,472,127)
<b>Total net position (deficit)</b>	<u>\$ 51,699,086</u>	<u>\$ (27,472,127)</u>

**City of Tracy**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	Custodial Funds	Successor Agency Private Purpose Trust Fund
<b>ADDITIONS:</b>		
Fee collections for other governments	\$ -	\$ 304,686
Special assessments for other governments	15,615,215	-
Investment income (loss)	(1,668)	(22,178)
RDA property tax trust fund distribution	-	2,965,206
Proceeds from debt issuance	21,348,629	-
<b>Total additions</b>	<b>36,962,176</b>	<b>3,247,714</b>
<b>DEDUCTIONS:</b>		
Administration	255,967	-
Payments on conduit bonds - principal	8,065,000	-
Payments on conduit bonds - interest	6,771,433	-
Project payments	27,685,370	13,451
Transfers to City	-	289,571
Interest expense	-	1,091,039
<b>Total deductions</b>	<b>42,840,370</b>	<b>1,394,061</b>
<b>Change in net position</b>	<b>(5,878,194)</b>	<b>1,853,653</b>
<b>NET POSITION (DEFICIT):</b>		
Beginning of year	57,577,280	(29,325,780)
End of year	<b>\$ 51,699,086</b>	<b>\$ (27,472,127)</b>

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**City of Tracy**  
**Index of Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**City of Tracy**  
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**City of Tracy**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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

The basic financial statements of the City of Tracy, California (the “City”) have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting standards in the United States. The more significant of the City’s accounting policies are described below.

**A. Financial Reporting Entity**

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 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, 2022**

---

**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 20.

**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, 2022**

---

**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, 2022**

---

**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, 2022**

---

**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, 2022**

---

**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 Custodial 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, 2022**

---

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

**C. Deferred Outflows and Inflows of Resources**

The Statement of Net Position and Balance Sheet – Governmental Funds reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

*Deferred Outflows of Resources* represent a consumption of net assets 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 assets 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, 2022**

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**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 financial statements, 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, 2022**

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

***I. Leases***

Lessee

The City has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$25,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor

The City is a lessor for leases of special purpose facilities, office and commercial space, and land. The City recognizes leases receivable and deferred inflows of resources in the financial statements.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

**I. Leases (Continued)**

Lessor (Continued)

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**J. Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure assets, and the right to use leased equipment and buildings, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost (except for intangible right-to-use lease assets) 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.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

**J. Capital Assets (Continued)**

The City has assigned the useful lives and capitalization thresholds listed below to capital assets:

<u>Asset Type</u>	<u>Useful Lives</u>	<u>Capitalization Threshold</u>
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 2022, the City expended \$5,587,759 to preserve its roads. The City estimates that it will be required to expend approximately \$5,920,343 in fiscal year 2023 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.

**K. 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.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

**K. Long-Term Debt (Continued)**

**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.

**L. 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 and sick leave conversion. 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, 2022**

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

**M. 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 14). 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, 2020
Measurement date	June 30, 2021
Measurement period	July 1, 2020 to June 30, 2021

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.

**N. 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 15). 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, 2021
Measurement period	July 1, 2020 to June 30, 2021

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

**O. 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, 2022, 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, 2022**

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

**O. 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 \$14,505,000 at June 30, 2022, 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, 2022**

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

**O. 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 \$11,092,059 at June 30, 2022, 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.

**P. 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 amortization, 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.

**Q. 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, 2022**

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

**R. 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, 2022**

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

**S. Use of Accounting Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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.

**T. Implementation of New GASB Pronouncements for the Year Ended June 30, 2022**

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, 2022. 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. 87*

In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a significant effect on the City's financial statements for the year ended 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 did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2022.

*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 consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2022.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

**T. Implementation of New GASB Pronouncements for the Year Ended June 30, 2022 (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 did not have a material effect on the City’s financial statements for the fiscal year ending June 30, 2022.

*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.

**U. 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. 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.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

**U. Upcoming Government Accounting Standards Implementations (Continued)**

*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.

**Note 2 – Cash and Investments**

Cash and investments are presented in the accompanying financial statements at June 30, 2022 as follows:

	<b>Government-Wide Statement of Net Position</b>			<b>Component Unit</b>	<b>Fiduciary Funds</b>	
	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>		<b>Statement of</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>			<b>Net Position</b>	
Cash and investments	\$ 354,578,811	\$ 65,194,764	\$ 419,773,575	\$ 4,080,717	\$ 12,560,724	\$ 436,415,016
Cash and investments with fiscal agent	20,008,617	206	20,008,823	-	45,387,041	65,395,864
<b>Total cash and investments</b>	<b>\$ 374,587,428</b>	<b>\$ 65,194,970</b>	<b>\$ 439,782,398</b>	<b>\$ 4,080,717</b>	<b>\$ 57,947,765</b>	<b>\$ 501,810,880</b>

Cash and investments at June 30, 2022, consisted of the following:

<b>Cash:</b>	
Cash on hand	\$ 3,345
Deposits with financial institution	57,643,001
<b>Total cash</b>	<b>57,646,346</b>
<b>Investments:</b>	
Investments	378,768,670
Investments held by bond trustee	65,395,864
<b>Total investments</b>	<b>444,164,534</b>
<b>Total cash and investments</b>	<b>\$ 501,810,880</b>

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.



**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

**A. Demand Deposits**

The carrying amounts of the City’s demand deposits were \$57,643,001 at June 30, 2022. Bank balances were \$53,180,789 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.

**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.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

**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.

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, 2022, the City's investments had the following recurring fair value measurements:

Investments measured by fair value level:	June 30, 2022	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 115,027,509	\$ -	\$ 115,027,509	\$ -
Municipal Bonds	87,808,825	-	87,808,825	-
Asset-Back Securities	83,124,432	-	83,124,432	-
Medium Term Corporate Notes	2,083,136	-	2,083,136	-
Federal Agency Obligations	2,101,256	-	2,101,256	-
Negotiable CDs	10,175,112	-	10,175,112	-
Commercial Paper	3,495,534	-	3,495,534	-
<b>Total investments by fair value level</b>	<b>303,815,804</b>	<b>\$ -</b>	<b>\$ 303,815,804</b>	<b>\$ -</b>
<b>Investments not subject to the fair value hierarchy:</b>				
Local Agency Investment Fund	68,679,942			
California Asset Management Program (CAMP)	4,040,993			
Money Market Funds - Held by City	2,231,931			
Money Market Funds - Held by Trustee	65,395,864			
<b>Total investments not subject to the fair value hierarchy</b>	<b>140,348,730</b>			
<b>Total investments</b>	<b>\$ 444,164,534</b>			

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, 2022**

**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.

<b>Investment Type</b>	<b>12 Months or less</b>	<b>13 to 24 Months</b>	<b>25 to 36 Months</b>	<b>37 to 48 Months</b>	<b>49 to 60 Months</b>	<b>Total</b>
<b><i>Held by City:</i></b>						
U.S. Treasury Notes	\$ 28,213,547	\$ 22,355,891	\$ 11,558,202	\$ 20,235,992	\$ 32,663,877	\$ 115,027,509
Federal Agency Obligations	18,919,252	55,453,035	8,384,893	5,051,645	-	87,808,825
Medium Term Corporate Notes	18,116,592	45,322,088	14,343,209	4,243,730	1,098,813	83,124,432
Municipal Bond	978,487	70,312	896,325	138,012	-	2,083,136
Negotiable CD	149,298	813,678	391,338	746,942	-	2,101,256
Asset-Backed Securities	-	1,286,095	4,357,583	2,667,822	1,863,612	10,175,112
Supranational	-	-	3,495,534	-	-	3,495,534
Local Agency Investment Fund	68,679,942	-	-	-	-	68,679,942
California Asset Management Program	4,040,993	-	-	-	-	4,040,993
Money Market Funds	2,231,931	-	-	-	-	2,231,931
<b><i>Held by Trustees:</i></b>						
Money Market Funds	65,395,864	-	-	-	-	65,395,864
<b>Total investments</b>	<b>\$ 206,725,906</b>	<b>\$ 125,301,099</b>	<b>\$ 43,427,084</b>	<b>\$ 33,084,143</b>	<b>\$ 35,626,302</b>	<b>\$ 444,164,534</b>

**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, 2022, 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, 2022**

**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/AAAm	BBB+/BBB	Total
<i>Held by City:</i>					
Federal Agency Obligations	\$ 70,876,562	\$ -	\$ -	\$ -	\$ 70,876,562
Medium Term Corporate Notes	12,313,692	64,732,037	-	6,078,703	83,124,432
Municipal Bonds	1,204,617	813,519	-	-	2,018,136
Negotiable CDs	-	298,541	-	142,985	441,526
Asset-Backed Securities	-	-	5,158,809	-	5,158,809
Supranationals	-	-	3,495,534	-	3,495,534
Money Market Funds	-	-	1,922,250	-	1,922,250
California Asset Management Program	-	-	4,040,993	-	4,040,993
<i>Held by Trustee:</i>					
Money Market Funds	-	-	65,395,864	-	65,395,864
<b>Total Rated Investments</b>	<b>\$ 84,394,871</b>	<b>\$ 65,844,097</b>	<b>\$ 80,013,450</b>	<b>\$ 6,221,688</b>	<b>236,474,106</b>
<i>Not rated:</i>					
Federal Agency Obligations					16,932,263
Municipal Bonds					65,000
Negotiable CDs					1,659,730
Asset-Backed Securities					5,016,303
California Local Agency Investment Fund					68,679,942
Money Market Funds					309,681
<i>Exempt from credit rating disclosure:</i>					
U.S. Treasury Notes					115,027,509
<b>Total investments</b>					<b>\$ 444,164,534</b>

**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, 2022, 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	\$ 38,189,934

**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, 2022**

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**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, 2022, 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, 2022 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, 2022, the City had \$68,679,942 invested in LAIF, which had invested 1.88% 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, 2022, 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, 2022.

**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, 2022 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, 2022 the amortized cost approximates the City's cost.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**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 21, 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, 2022, these loans totaled:

Housing Successor Loans:	
Commercial Rehabilitation Program	\$ 90,510
Mountain View Townhomes	1,056,615
Eden Housing Inc.	2,612,093
Habitat for Humanity	59,364
Down Payment Assistance Program	827,007
Tracy Place Associates	5,011,742
DHI Tracy Garden Associates, LP	2,836,236
Tracy Mall Partners, LP	1,738,309
Total Loans Receivable	\$ 14,231,876

**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 \$90,510 at June 30, 2022.

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, 2022, principal and accrued interest totaled \$1,056,615.

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, 2022, principal and accrued interest totaled \$2,612,093.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**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, 2022 is \$59,364.

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, 2022, principal and accrued interest totaled \$827,007.

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, 2022, the developer owes \$5,011,742, 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, 2022 is \$2,836,236.

***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 was paid in full as of June 30, 2022.

***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, 2022**

**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 2022 did not exceed the threshold, therefore only \$87,381 of the annual repayment was forgiven. The cumulative shortage of sales tax collections was \$423,918 as of June 30, 2022 and the balance of the loan is \$1,738,309 at that date.

**Note 4 – Lease Receivable**

**A. Governmental Activities**

The portion of the City's property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 1 to 30 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2022, the City recognized \$207,572 in lease revenue and \$27,704 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2022 is as follows:

	Balance			Balance June 30, 2022	Classification	
	July 1, 2021	Additions	Deletions		Due within One Year	Due in More Than One Year
Leases receivable	\$ 2,424,242	\$ -	\$ (190,396)	\$ 2,233,846	\$ 193,375	\$ 2,040,471
<b>Total</b>	<b>\$ 2,424,242</b>	<b>\$ -</b>	<b>\$ (190,396)</b>	<b>\$ 2,233,846</b>	<b>\$ 193,375</b>	<b>\$ 2,040,471</b>

As of June 30, 2022, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 193,375	\$ 28,140	\$ 221,515
2024	194,343	25,887	220,230
2025	195,353	23,616	218,969
2026	198,436	21,305	219,741
2027	165,816	19,060	184,876
2028-2032	556,390	69,405	625,795
2033-2037	257,453	47,027	304,480
2038-2042	250,347	31,117	281,464
2043-2047	134,410	15,590	150,000
2048-2052	87,923	2,075	89,998
<b>Total</b>	<b>\$ 2,233,846</b>	<b>\$ 283,222</b>	<b>\$ 2,517,068</b>



**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 4 – Lease Receivable (Continued)**

**A. Governmental Activities (Continued)**

As of June 30, 2022, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30,	Amortization Schedule
2023	\$ 207,572
2024	207,572
2025	207,572
2026	207,572
2027	169,563
2028-2032	608,868
2033-2037	208,822
2038-2042	234,460
2043-2047	116,236
2048-2052	48,433
<b>Total</b>	<b>\$ 2,216,670</b>

**B. Business-Type Activities**

The portion of the City’s property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 2 to 30 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2022, the City recognized \$317,037 in lease revenue and \$72,745 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2022 is as follows:

	Balance			Classification		
	July 1, 2021	Additions	Deletions	June 30, 2022	Due within One Year	Due in More Than One Year
Leases receivable	\$ 4,099,660	\$ -	\$ (275,335)	\$ 3,824,325	\$ 256,315	\$ 3,568,010
<b>Total</b>	<b>\$ 4,099,660</b>	<b>\$ -</b>	<b>\$ (275,335)</b>	<b>\$ 3,824,325</b>	<b>\$ 256,315</b>	<b>\$ 3,568,010</b>

As of June 30, 2022, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 256,315	\$ 76,454	\$ 332,769
2024	242,143	73,571	315,714
2025	178,542	70,735	249,277
2026	114,646	68,194	182,840
2027	117,187	65,654	182,841
2028-2032	626,053	288,149	914,202
2033-2037	698,561	215,642	914,203
2038-2042	779,467	134,735	914,202
2043-2047	369,678	64,524	434,202
2048-2052	271,911	33,262	305,173
2053-2057	169,822	5,158	174,980
<b>Total</b>	<b>\$ 3,824,325</b>	<b>\$ 1,096,078</b>	<b>\$ 4,920,403</b>

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 4 – Lease Receivable (Continued)**

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

As of June 30, 2022, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

<u>Year Ending June 30,</u>	<u>Amortization Schedule</u>
2023	\$ 300,247
2024	283,459
2025	173,059
2026	140,267
2027	140,267
2028-2032	841,600
2033-2037	561,067
2038-2042	701,333
2043-2047	319,929
2048-2052	214,389
2053-2057	107,007
<b>Total</b>	<u><u>\$ 3,782,624</u></u>

**Note 5 – 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, 2022, there were nine loans outstanding in the amount of \$2,926,957, 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, 2022 was \$706,293 and the unused balance of the capitalization contribution was \$293,707. The total deposits receivable balance as of June 30, 2022 was \$1,000,000.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Interfund Receivables, Payables, and Transfers**

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

Amounts due to and due from other funds at June 30, 2022, were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Business Improvement District Special Revenue Fund	\$ 69,670	Overdrawn Cash
General Fund	Community Development Block Grant Special Revenue Fund	1,022,692	Overdrawn Cash
General Fund	Municipal Airport Enterprise Fund	228,038	Overdrawn Cash
General Fund	Municipal Transit Enterprise Fund	1,297,610	Overdrawn Cash
	<b>Total</b>	<b>\$ 2,618,010</b>	

**B. Long-Term Advances**

At June 30, 2022 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	\$ 1,500,000
	<b>Total</b>	<b>\$ 1,500,000</b>

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 additional years to fiscal year 2023. At June 30, 2022, the outstanding principal balance of the advance was \$1,500,000. Interest is accrued and paid annually through a cash transfer.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Interfund Receivables, Payables, and Transfers (Continued)**

**C. Transfers**

Interfund transfers during the year ended June 30, 2022, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Capital Projects Fund	General Fund	\$ 39,882,678	Capital projects
Community Development Fees Special Revenue Fund	General Fund	2,109,068	Capital projects
Municipal Airport Enterprise Fund	General Fund	156,045	Capital projects
Equipment Replacement Internal Service Fund	General Fund	365,802	Capital contribution
Landscaping District Special Revenue Fund	General Fund	95,950	Engineering costs
Lease Revenue Bonds Debt Service Fund	General Fund	1,121,406	Debt service
	<b>Subtotal</b>	<u>43,730,949</u>	
State Gas Tax Street Special Revenue Fund	TEA Grant Special Revenue Fund	623,472	Capital projects
CARES/ARPA Grants Special Revenue Fund	TEA Grant Special Revenue Fund	18,234	Capital projects
Housing Successor Agency Special Revenue Fund	TEA Grant Special Revenue Fund	311,006	Capital projects
	<b>Subtotal</b>	<u>952,712</u>	
CARES/ARPA Grants Special Revenue Fund	Community Development Block Grant Fund	454,565	Capital projects
TEA Grant Special Revenue Fund	Community Development Block Grant Fund	3,487	Capital projects
Housing Successor Agency Special Revenue Fund	Community Development Block Grant Fund	323,904	Capital projects
	<b>Subtotal</b>	<u>781,956</u>	
CORE Capital Projects Fund	I-205 Area Improvements Capital Projects Fund	9,030,565	Consolidating funds
CORE Capital Projects Fund	Industrial Specific Plan South Capital Projects Fund	1,265,366	Consolidating funds
CORE Capital Projects Fund	Infill Projects Capital Projects Fund	5,567,165	Consolidating funds
CORE Capital Projects Fund	North East Industrial #1 Project Capital Projects Fund	11,545,388	Consolidating funds
CORE Capital Projects Fund	North East Industrial #2 Project Capital Projects Fund	35,844	Consolidating funds
CORE Capital Projects Fund	Plan "C" Capital Projects Fund	19,491,801	Consolidating funds
CORE Capital Projects Fund	Presidio Plan Area Capital Projects Fund	5,561,639	Consolidating funds
CORE Capital Projects Fund	South MacArthur Plan Area Capital Projects Fund	1,954,930	Consolidating funds
	<b>Subtotal</b>	<u>54,452,698</u>	
Infill Projects Capital Projects Fund	CORE Capital Projects Fund	111,740	Consolidating funds
Industrial Specific Plan South Capital Projects Fund	CORE Capital Projects Fund	1,058,625	Consolidating funds
General Capital Projects Fund	CORE Capital Projects Fund	1,889,758	Consolidating funds
North East Industrial #2 Project Capital Projects Fund	CORE Capital Projects Fund	4,678,830	Consolidating funds
Program Management Capital Projects Fund	CORE Capital Projects Fund	169,341	Consolidating funds
	<b>Subtotal</b>	<u>7,908,294</u>	
Tracy Infrastructure Master Plans Capital Projects Fund	South MacArthur Plan Area Capital Projects Fund	9,776,671	Consolidating funds
Tracy Infrastructure Master Plans Capital Projects Fund	CORE Capital Projects Fund	164,052	Consolidating funds
Tracy Infrastructure Master Plans Capital Projects Fund	Regional Transportation Impact Capital Projects Fund	335,319	Capital projects
	<b>Subtotal</b>	<u>10,276,042</u>	
Wastewater Enterprise Fund	Ellis Area Capital Projects Fund	2,900,000	Capital projects
Wastewater Enterprise Fund	I-205 Area Improvements Capital Projects Fund	3,050,000	Capital projects
Wastewater Enterprise Fund	Industrial Specific Plan South Capital Projects Fund	200,180	Capital projects
Wastewater Enterprise Fund	North East Industrial #2 Project Capital Projects Fund	4,700,000	Capital projects
Wastewater Enterprise Fund	Plan "C" Capital Projects Fund	5,250,000	Capital projects
Wastewater Enterprise Fund	Tracy Infrastructure Master Plans Capital Projects Fund	8,427,882	Capital projects
	<b>Subtotal</b>	<u>24,528,062</u>	
Equipment Acquisition Internal Service Fund	COPS Grant Special Revenue Fund	1,544	Capital contributions
Equipment Acquisition Internal Service Fund	Tracy Infrastructure Master Plans Capital Projects Fund	880,660	Capital projects
	<b>Subtotal</b>	<u>882,204</u>	
Urban Management Plan Facilities Capital Projects Fund	Infill Projects Capital Projects Fund	170,572	Capital projects
General Capital Projects Fund	I-205 Area Improvements Capital Projects Fund	384,800	Capital projects
General Fund	CFD Services 2018-1 Special Revenue Fund	70,147	Administrative cost
Municipal Airport Enterprise Fund	Redevelopment Obligations Capital Projects Fund	239,298	Capital contribution
Water Enterprise Fund	Tracy Infrastructure Master Plans Capital Projects Fund	30,214	Capital contribution
Drainage Enterprise Fund	Industrial Specific Project Capital Projects Fund	423	Capital contribution
Municipal Transit Enterprise Fund	Proposition K Transportation Special Revenue Fund	171	Capital contribution
	<b>Total</b>	<u>\$ 144,408,542</u>	

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 7 – Due from Component Unit and Due from Fiduciary Funds**

Due from fiduciary funds as of June 30, 2022, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Lease Revenue Bonds	Successor Agency Private Purpose	
Debt Service Fund	Trust Fund	\$ 4,902,529

**A. 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, 2022 was \$4,902,529.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 8 – Capital Assets**

**A. Governmental Activities**

The summary of changes in governmental activities capital assets for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021, as restated	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 179,310,520	\$ 1,157,000	\$ -	\$ -	\$ 180,467,520
Roads accounted for using the modified approach	320,140,413	4,269,858	-	1,559,418	325,969,689
Construction in progress	33,214,200	13,914,439	(4,871,512)	(8,460,123)	33,797,004
Total capital assets not being depreciated	<u>532,665,133</u>	<u>19,341,297</u>	<u>(4,871,512)</u>	<u>(6,900,705)</u>	<u>540,234,213</u>
Capital assets being depreciated:					
Buildings and improvements	143,615,609	-	-	2,481,827	146,097,436
Improvements	49,514,797	883,877	-	606,045	51,004,719
Grading, curb & gutter, sidewalk and driveway approaches	32,135,175	-	-	-	32,135,175
Traffic signals and street lights	27,149,923	1,089,732	-	3,648,781	31,888,436
Equipment	35,506,111	2,217,969	(5,567,726)	-	32,156,354
Infrastructure and drainage	12,218,531	-	-	-	12,218,531
Intangibles	973,315	230,009	-	164,052	1,367,376
Total capital assets being depreciated	<u>301,113,461</u>	<u>4,421,587</u>	<u>(5,567,726)</u>	<u>6,900,705</u>	<u>306,868,027</u>
Less accumulated depreciation for:					
Buildings and improvements	(61,013,076)	(4,662,669)	-	-	(65,675,745)
Improvements	(38,775,598)	(1,430,149)	-	-	(40,205,747)
Grading, curb & gutter, sidewalk and driveway approaches	(16,458,437)	(706,517)	-	-	(17,164,954)
Traffic signals and street lights	(16,380,276)	(944,157)	-	-	(17,324,433)
Equipment	(21,052,640)	(2,043,816)	3,639,550	-	(19,456,906)
Infrastructure and drainage	(4,734,214)	(237,175)	-	-	(4,971,389)
Intangibles	(627,813)	(77,222)	-	-	(705,035)
Total accumulated depreciation	<u>(159,042,054)</u>	<u>(10,101,705)</u>	<u>3,639,550</u>	<u>-</u>	<u>(165,504,209)</u>
Net capital assets being depreciated	<u>142,071,407</u>	<u>(5,680,118)</u>	<u>(1,928,176)</u>	<u>6,900,705</u>	<u>141,363,818</u>
Leased assets being amortized					
Buildings and improvements	405,958	-	-	-	405,958
Total leased assets being amortized	<u>405,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>405,958</u>
Less accumulated amortization for:					
Buildings and improvements	-	(173,982)	-	-	(173,982)
Total accumulated amortization	<u>-</u>	<u>(173,982)</u>	<u>-</u>	<u>-</u>	<u>(173,982)</u>
Net leased assets being amortized	<u>405,958</u>	<u>(173,982)</u>	<u>-</u>	<u>-</u>	<u>231,976</u>
Governmental activities capital assets, net	<u>\$ 675,142,498</u>	<u>\$ 13,487,197</u>	<u>\$ (6,799,688)</u>	<u>\$ -</u>	<u>\$ 681,830,007</u>

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 8 – Capital Assets (Continued)**

**A. Governmental Activities (Continued)**

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

General government	\$	781,852
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		1,618,446
<b>Total depreciation and amortization expense</b>	<b>\$</b>	<b>10,275,687</b>

**B. Business-Type Activities**

The summary of changes in business-type activities capital assets for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 19,056,776	\$ -	\$ -	\$ -	\$ 19,056,776
Construction in progress	54,686,285	15,262,878	(2,521,130)	(19,085,113)	48,342,920
Total capital assets not being depreciated	<u>73,743,061</u>	<u>15,262,878</u>	<u>(2,521,130)</u>	<u>(19,085,113)</u>	<u>67,399,696</u>
Capital assets being depreciated:					
Buildings	169,887,887	-	-	1,277,660	171,165,547
Improvements	3,570,581	-	-	4,547,405	8,117,986
Equipment	44,678,269	244,411	(296,826)	3,188,404	47,814,258
Infrastructure	368,706,341	8,099,019	-	9,478,432	386,283,792
Intangibles	72,882,813	-	-	593,212	73,476,025
Total capital assets being depreciated	<u>659,725,891</u>	<u>8,343,430</u>	<u>(296,826)</u>	<u>19,085,113</u>	<u>686,857,608</u>
Less accumulated depreciation for:					
Buildings	(100,409,112)	(4,673,018)	-	-	(105,082,130)
Improvements	(2,443,238)	(669,166)	-	-	(3,112,404)
Equipment	(23,470,274)	(1,839,874)	296,826	-	(25,013,322)
Infrastructure	(165,930,815)	(7,296,173)	-	-	(173,226,988)
Intangibles	(32,696)	(20,590)	-	-	(53,286)
Total accumulated depreciation	<u>(292,286,135)</u>	<u>(14,498,821)</u>	<u>296,826</u>	<u>-</u>	<u>(306,488,130)</u>
Net capital assets being depreciated	<u>367,439,756</u>	<u>(6,155,391)</u>	<u>-</u>	<u>19,085,113</u>	<u>380,369,478</u>
Business-Type activities capital assets, net	<u>\$ 441,182,817</u>	<u>\$ 9,107,487</u>	<u>\$ (2,521,130)</u>	<u>\$ -</u>	<u>\$ 447,769,174</u>

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

Water	\$	4,655,818
Sewer		5,888,177
Drainage operations		1,715,107
Municipal Airport		1,125,380
Municipal Transit		1,114,339
<b>Total depreciation and amortization expense</b>	<b>\$</b>	<b>14,498,821</b>

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 8 – Capital Assets (Continued)**

**C. Component Unit**

The summary of changes in component unit capital assets for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2022
Capital assets being depreciated:					
Machinery and equipment	\$ -	\$ -	\$ -	\$ 1,701,081	\$ 1,701,081
Vehicles	-	-	-	2,659,590	2,659,590
Total capital assets being depreciated	-	-	-	4,360,671	4,360,671
Less accumulated depreciation	-	(106,796)	-	(3,132,211)	(3,239,007)
Component unit capital assets, net	\$ -	\$ (106,796)	\$ -	\$ 1,228,460	\$ 1,121,664

Depreciation expense for the component unit for the year ended June 30, 2022 was \$106,796.

**Note 9 – Long-Term Liabilities**

**A. Summary**

	Final Maturity	Interest Rate	Annual Principal Installments	Original Issue Amounts	Outstanding at June 30, 2022
<b>Governmental Activities</b>					
Direct Borrowing:					
Lease Payable	2024	0.26%	\$176,425-\$59,688	\$ 405,958	\$ 236,112
Public Borrowing:					
Lease Revenue Refunding Bonds, Series 2020	2039	3.00% - 4.00%	\$555,000-\$1,295,000	\$ 18,190,000	\$ 17,040,000
Lease Revenue Bonds, Series 2022	2038	5.00%	\$810,000-\$1,615,000	18,275,000	18,275,000
Total Governmental Activities				<u>\$ 36,870,958</u>	<u>\$ 35,315,000</u>
<b>Business-Type Activities</b>					
Direct Borrowing:					
State of California Department of Public Health	2028	2.34%	\$394,960-\$1,221,886	\$ 20,000,000	\$ 6,456,524
Public Borrowing:					
Certificates of Participation, Series 2004 (Wastewater Treatment Plant Upgrade)	2037	2.00% - 4.75%	\$575,000-\$1,050,000	30,955,000	20,260,000
Total Business-Type Activities				<u>\$ 50,955,000</u>	<u>\$ 26,716,524</u>
<b>Successor Agency</b>					
Public Borrowing:					
Tax Allocation Refunding Bonds, Series 2016	2034	3.00% - 4.00%	\$380,000-\$2,730,000	\$ 33,720,000	\$ 26,070,000
Total Successor Agency				<u>\$ 33,720,000</u>	<u>\$ 26,070,000</u>



**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Long-Term Liabilities (Continued)**

**B. Governmental Activities**

A summary of changes in the long-term liabilities of the governmental activities for the year ended June 30, 2022, is as follows:

	Balance		Debt Retired	Balance June 30, 2022	Classification	
	June 30, 2021, as restated	Debt Issued			Due within One Year	Due in More Than One Year
<b>Governmental Activities:</b>						
Direct borrowings:						
Lease payable	\$ 405,958	\$ -	\$ (169,846)	\$ 236,112	\$ 176,425	\$ 59,687
Public borrowings:						
Lease revenue bonds:						
2020 Lease Revenue Refunding Bonds	17,635,000	-	(595,000)	17,040,000	635,000	16,405,000
plus: bond premium	3,455,106	-	(46,069)	3,409,037	-	3,409,037
2022 Lease Revenue Bonds	-	18,275,000	-	18,275,000	810,000	17,465,000
plus: bond premium	-	2,051,917	-	2,051,917	-	2,051,917
Total lease revenue bonds	21,090,106	20,326,917	(641,069)	40,775,954	1,445,000	39,330,954
<b>Total</b>	<b>\$ 21,496,064</b>	<b>\$ 20,326,917</b>	<b>\$ (810,915)</b>	<b>\$ 41,012,066</b>	<b>\$ 1,621,425</b>	<b>\$ 39,390,641</b>

**Lease Payable**

The City has entered into leases for building space and equipment use. The terms of the agreements range from 2 to 3 years. The calculated interest rates used was 0.263%.

The annual debt service requirements on the lease payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 176,425	\$ 410	\$ 176,835
2024	59,687	33	59,720
<b>Total</b>	<b>\$ 236,112</b>	<b>\$ 443</b>	<b>\$ 236,555</b>

**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.

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.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Long-Term Liabilities (Continued)**

**B. Governmental Activities (Continued)**

**2020 Lease Revenue Refunding Bonds (Continued)**

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

Year Ending June 30,	Principal	Interest	Total
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	790,000	555,400	1,345,400
2028-2032	4,735,000	2,245,700	6,980,700
2033-2037	6,230,000	1,154,800	7,384,800
2038-2039	2,525,000	102,300	2,627,300
<b>Total</b>	<b>\$ 17,040,000</b>	<b>\$ 6,571,400</b>	<b>\$ 23,611,400</b>

**2022 Lease Revenue Bonds**

On May 1, 2022, the City, under the Tracy Public Financing Authority (TPFA), issued \$18,275,000 of 2022 Lease Revenue Bonds. The proceeds from the bonds are being used to finance the acquisition and constructions of public capital improvements of the City, primarily consisting of Phase 1E of the Legacy Fields Sports Complex. The TPFA has pledged revenue pursuant to leases between the City and the TPFA for Phase 1 of the Legacy Fields Sports Complex, consisting of 72 acres of land containing 10 baseball fields, 8 soccer fields, restrooms and concessions, and paved parking lots and landscaping.

Interest payments are due semi-annually each November 1 and May 1 at the rate of 5%. Principal is due annually each November 1 through 2037. Yields range from 1.79% to 3.650%. The 2022 Bonds maturing on or before November 1, 2032 are not subject to annual redemption prior to maturity. The 2022 Bonds maturing on or after November 1, 2033 are subject to optional redemption prior to maturity on or after May 1, 2032 at the option of the TPFA, as a whole or in part on any date at a redemption price equal to 100% of the principal amount of 2022 Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium. In the event of default, the TPFA 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
2023	\$ 810,000	\$ 847,813	\$ 1,657,813
2024	800,000	853,250	1,653,250
2025	845,000	812,125	1,657,125
2026	885,000	768,875	1,653,875
2027	930,000	723,500	1,653,500
2028-2032	5,425,000	2,850,125	8,275,125
2033-2037	6,965,000	1,308,875	8,273,875
2038	1,615,000	40,375	1,655,375
<b>Total</b>	<b>\$ 18,275,000</b>	<b>\$ 8,204,938</b>	<b>\$ 26,479,938</b>

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Long-Term Liabilities (Continued)**

**C. Business-Type Activities**

A summary of changes in the long-term liabilities of the business-type activities for the year ended June 30, 2022, is as follows:

	Balance July 1, 2021	Debt Issued	Debt Retired	Balance June 30, 2022	Classification	
					Due within One Year	Due in More Than One Year
<b>Business-Type Activities:</b>						
Direct borrowings:						
Loans payable:						
State of California						
Department of Public Health	\$ 7,544,235	\$ -	\$ (1,087,711)	\$ 6,456,524	\$ 1,113,312	\$ 5,343,212
Total loans payable	7,544,235	-	(1,087,711)	6,456,524	1,113,312	5,343,212
Public borrowings:						
Certificates of Participation:						
Wastewater, Series 2004	21,175,000	-	(915,000)	20,260,000	955,000	19,305,000
Total certificates of participation	21,175,000	-	(915,000)	20,260,000	955,000	19,305,000
<b>Total</b>	<b>\$ 28,719,235</b>	<b>\$ -</b>	<b>\$ (2,002,711)</b>	<b>\$ 26,716,524</b>	<b>\$ 2,068,312</b>	<b>\$ 24,648,212</b>

**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
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	1,221,886	36,033	1,257,919
2028	621,686	7,274	628,960
<b>Total</b>	<b>\$ 6,456,524</b>	<b>\$ 462,033</b>	<b>\$ 6,918,557</b>

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Long-Term Liabilities (Continued)**

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

**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 2022 net revenues amounted to \$4,945,126 which represented coverage of 262% over the \$1,890,418 of debt service. The pledge of net revenues ends upon repayment of the City’s repayment of the remaining balance of \$30,330,191 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
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	-	816,600	816,600
2028-2032	6,025,000	3,375,063	9,400,063
2033-2037	11,230,000	2,400,413	13,630,413
<b>Total</b>	<b>\$ 20,260,000</b>	<b>\$ 10,070,191</b>	<b>\$ 30,330,191</b>

**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, 2022, is as follows:

	Balance July 1, 2021	Debt Issued	Debt Retired	Balance June 30, 2022	Classification	
					Due within One Year	Due in More Than One Year
<b>Fiduciary Activities:</b>						
Public borrowings:						
Tax allocation refunding bonds:						
Series 2016	\$ 27,650,000	\$ -	\$ (1,580,000)	\$ 26,070,000	\$ 1,660,000	\$ 24,410,000
Add: unamortized bond premiums	3,960,912	-	(304,686)	3,656,226	-	3,656,226
Total tax allocation refunding bonds	31,610,912	-	(1,884,686)	29,726,226	1,660,000	28,066,226
<b>Total</b>	<b>\$ 31,610,912</b>	<b>\$ -</b>	<b>\$ (1,884,686)</b>	<b>\$ 29,726,226</b>	<b>\$ 1,660,000</b>	<b>\$ 28,066,226</b>

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 9 – Long-Term Liabilities (Continued)**

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

**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
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	2,000,000	789,300	2,789,300
2028-2032	11,555,000	2,306,375	13,861,375
2033-2034	5,385,000	162,675	5,547,675
<b>Total</b>	<b>\$ 26,070,000</b>	<b>\$ 7,349,300</b>	<b>\$ 33,419,300</b>

**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 \$33,419,300 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 2022 calculated by the County Auditor-Controller was \$9,015,014, and the total received by the Successor Agency for fiscal year 2022 debt service was \$2,628,720, which the Agency used to pay the \$2,815,300 of fiscal year debt service.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – 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, 2022, is as follows:

Description	Fiscal Year		Underlying Assessment District Bonds	Outstanding June 30, 2022
	Issue Year	Maturity Year		
1996A Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	1997	2027		\$ 430,000
2002 Special Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	2003	2033		1,575,000
2003-01 Assessment District Limited Obligation Improvement Bonds (Berg Avenue)	2003	2029		405,000
2005A TOP JPA Revenue Bonds (Senior Lien) (98-1 Plan C)	2006	2029		27,625,000
2005B TOP JPA Revenue Bonds (Junior Lien) (98-3 Plan C)	2006	2036		765,000
2005C TOP JPA Revenue Bonds	2006	2036		8,935,000
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	4,780,000	
Total 2011A TOP JPA Revenue Bonds			5,880,000	
2014A Tracy Public Financing Authority Revenue Bonds:				
99-1 Community Facilities District - Northeast Industrial Area	2014	2025	1,800,000	
2014-1 Reassessment Bonds	2014	2023	220,000	
Total 2014A Tracy Public Financing Authority Revenue Bonds			2,020,000	
2018 Series Tracy Hills Special Tax Bonds Community Facilities District No. 2016-1	2019	2048		32,385,000
2019 Series Tracy Hills Phase I Special Tax Bonds Community Facilities District No. 2016-1	2020	2050		14,765,000
2019 Series ECFD Special Tax Bonds Community Facilities District No. 2016-2	2020	2050		15,130,000
2019 Series NEI Phase II Special Tax Refunding Bonds Community Facilities District No. 2006-01	2020	2037		7,755,000
2021 Series ECFD Special Tax Bonds Community Facilities District No. 2016-2	2021	2051		13,055,000
2022 Series Hillview Special Tax Bonds Community Facilities District No. 2021-1	2022	2053		6,830,000
<b>Total</b>			<b>\$ 137,555,000</b>	

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 11 – 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, 2022 is as follows:

	Balance			Balance June 30, 2022	Classification	
	July 1, 2021	Additions	Deletions		Due within One Year	Due in More Than One Year
Sick Leave Conversion	\$ 3,926,836	\$ 1,228,748	\$ (648,164)	\$ 4,507,420	\$ 901,484	\$ 3,605,936
<b>Total</b>	<b>\$ 3,926,836</b>	<b>\$ 1,228,748</b>	<b>\$ (648,164)</b>	<b>\$ 4,507,420</b>	<b>\$ 901,484</b>	<b>\$ 3,605,936</b>

Sick leave conversion are liquidated by the fund that has recorded the liability only when matured. The long-term portion of the governmental activities sick leave conversion is liquidated primarily by the General Fund.

**Note 12 – Compensated Absences**

**A. Governmental Activities**

A summary of changes in the compensated absences balances for the governmental activities for the year ended June 30, 2022 is as follows:

	Balance			Balance June 30, 2022	Classification	
	July 1, 2021	Additions	Deletions		Due within One Year	Due in More Than One Year
Compensated absences	\$ 4,646,350	\$ 4,282,127	\$ (4,893,587)	\$ 4,034,890	\$ 1,562,838	\$ 2,472,052
<b>Total</b>	<b>\$ 4,646,350</b>	<b>\$ 4,282,127</b>	<b>\$ (4,893,587)</b>	<b>\$ 4,034,890</b>	<b>\$ 1,562,838</b>	<b>\$ 2,472,052</b>

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, 2022 is as follows:

	Balance			Balance June 30, 2022	Classification	
	July 1, 2021	Additions	Deletions		Due within One Year	Due in More Than One Year
Compensated absences	\$ 943,758	\$ 936,672	\$ (1,014,363)	\$ 866,067	\$ 296,692	\$ 569,375
<b>Total</b>	<b>\$ 943,758</b>	<b>\$ 936,672</b>	<b>\$ (1,014,363)</b>	<b>\$ 866,067</b>	<b>\$ 296,692</b>	<b>\$ 569,375</b>

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

Water Fund	\$ 328,167
Sewer Fund	372,333
Solid Waste Fund	86,599
Drainage Operations Fund	28,199
Municipal Airport Fund	18,098
Municipal Transit Fund	32,671
<b>Total</b>	<b>\$ 866,067</b>

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 13 – 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, 2022, is as follows:

Total Assets	\$ 150,837,823
Total Liabilities	\$ 118,663,929
Net Position	\$ 32,173,894
Operating Revenues	\$ 66,885,024
Operating Expenses	\$ 47,584,363
Nonoperating Revenues (Expenses)	\$ (7,973,544)
Change in Net Position	\$ 11,327,117

**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, 2022**

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**Note 13 – 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, 2022, the City contributed \$6,425,900 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, 2022**

**Note 14 – Pension Plans**

**A. Summary**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred outflows of resources:</b>			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 5,020,091	1,767,483	\$ 6,787,574
CalPERS Safety	7,549,380	-	7,549,380
Total pension contribution made after measurement date	<u>12,569,471</u>	<u>1,767,483</u>	<u>14,336,954</u>
Difference between expected and actual experience			
CalPERS Miscellaneous	1,589,251	559,549	2,148,800
CalPERS Safety	3,692,384	-	3,692,384
Total difference between expected and actual experience	<u>5,281,635</u>	<u>559,549</u>	<u>5,841,184</u>
Total deferred outflows of resources			
CalPERS Miscellaneous	6,609,342	2,327,032	8,936,374
CalPERS Safety	11,241,764	-	11,241,764
Total deferred outflows of resources	<u>\$ 17,851,106</u>	<u>\$ 2,327,032</u>	<u>\$ 20,178,138</u>
<b>Net pension liability:</b>			
CalPERS Miscellaneous	18,016,835	6,343,406	\$ 24,360,241
CalPERS Safety	29,624,502	-	29,624,502
Total net pension liability	<u>\$ 47,641,337</u>	<u>\$ 6,343,406</u>	<u>\$ 53,984,743</u>
<b>Deferred inflows of resources:</b>			
Difference between expected and actual experience			
CalPERS Miscellaneous	\$ 447,398	\$ 157,523	\$ 604,921
CalPERS Safety	1,766	-	1,766
Total difference between expected and actual experience	<u>449,164</u>	<u>157,523</u>	<u>606,687</u>
Actual earnings on pension plan investments in excess of projected earnings:			
CalPERS Miscellaneous	11,156,073	3,927,853	15,083,926
CalPERS Safety	17,970,224	-	17,970,224
Total actual earnings on pension plan investments in excess of	<u>29,126,297</u>	<u>3,927,853</u>	<u>33,054,150</u>
Changes of assumptions			
CalPERS Safety	139,941	-	139,941
Total difference between expected and actual experience	<u>139,941</u>	<u>-</u>	<u>139,941</u>
Total deferred inflows of resources			
CalPERS Miscellaneous	11,603,471	4,085,376	15,688,847
CalPERS Safety	18,111,931	-	18,111,931
Total deferred inflows of resources	<u>\$ 29,715,402</u>	<u>\$ 4,085,376</u>	<u>\$ 33,800,778</u>
<b>Pension expenses:</b>			
CalPERS Miscellaneous	\$ 1,568,905	\$ 552,384	\$ 2,121,289
CalPERS Safety	5,481,403	-	5,481,403
Total net pension expenses	<u>\$ 7,050,308</u>	<u>\$ 552,384</u>	<u>\$ 7,602,692</u>

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – Pension Plans (Continued)**

**B. City**

**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, 2021, the measurement date, the following employees were covered by the benefit terms for the Plan:

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>	<u>Total</u>
Active employees	323	172	495
Transferred and terminated employees	271	56	327
Retired employees and beneficiaries	358	179	537
<b>Total</b>	<b>952</b>	<b>407</b>	<b>1359</b>

**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:

	<u>Miscellaneous</u>		
	<u>Classic Tier I</u>	<u>Classic Tier II</u>	<u>PEPRA</u>
	<u>October 9, 2011</u>	<u>October 9, 2011</u>	<u>January 1, 2013</u>
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	9.560%	9.560%	9.560%
Required UAL contribution		\$4,226,040	

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – Pension Plans (Continued)**

**B. City (Continued)**

**Benefits Provided (Continued)**

	<b>Safety - Police</b>		
	<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	21.890%	21.890%	21.890%
Required UAL contribution (Police and Fire)	\$4,122,136		

	<b>Safety - Fire</b>	
	<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%

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, 2022**

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**Note 14 – Pension Plans (Continued)**

**B. City (Continued)**

**Contributions (Continued)**

For the year ended June 30, 2022, the plan’s contributions made for the Plan was as follows:

	Miscellaneous Plan	Safety Plan
Contributions - employer	\$ 6,787,574	\$ 7,549,380

**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, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2020 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
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, 2020 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.

**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.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – Pension Plans (Continued)**

**B. City (Continued)**

**Discount Rate (Continued)**

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10<sup>1</sup></u>	<u>Real Return Years 11 +<sup>2</sup></u>
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	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%

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

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

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

**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:

	<u>Plan's Aggregate Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1%</u>	<u>Current Discount</u>	<u>Discount Rate + 1%</u>
	<u>(6.15%)</u>	<u>Rate (7.15%)</u>	<u>(8.15%)</u>
Miscellaneous Plan	\$ 49,213,757	\$ 24,360,241	\$ 3,792,272
Safety Plan	\$ 63,157,170	\$ 29,624,502	\$ 2,292,309

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – Pension Plans (Continued)**

**B. City (Continued)**

**Changes in the Net Pension Liability**

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

<b>Miscellaneous Plan</b>			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2020 (Valuation Date)	\$ 177,707,299	\$ 131,301,729	\$ 46,405,570
Changes in the year:			
Service cost	4,423,657	-	4,423,657
Interest on the total pension liabilities	12,514,107	-	12,514,107
Changes in assumptions	-	-	-
Differences between expected and actual experience	(813,515)	-	(813,515)
Benefit payments, including refunds of members contributions	(8,166,291)	(8,166,291)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	6,067,470	(6,067,470)
Contributions - employee	-	2,122,136	(2,122,136)
Net investment income	-	30,111,134	(30,111,134)
Administrative expenses	-	(131,162)	131,162
Net changes	<u>7,957,958</u>	<u>30,003,287</u>	<u>(22,045,329)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$ 185,665,257</u>	<u>\$ 161,305,016</u>	<u>\$ 24,360,241</u>

<b>Safety Plan</b>			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2020 (Valuation Date)	\$ 211,430,889	\$ 157,747,183	\$ 53,683,706
Changes in the year:			
Service cost	6,319,026	-	6,319,026
Interest on the total pension liabilities	15,086,876	-	15,086,876
Changes in assumptions	-	-	-
Differences between expected and actual experience	470,585	-	470,585
Benefit payments, including refunds of members contributions	(8,111,466)	(8,111,466)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	7,379,587	(7,379,587)
Contributions - employee	-	2,523,099	(2,523,099)
Net investment income	-	36,190,585	(36,190,585)
Administrative expenses	-	(157,580)	157,580
Net changes	<u>13,765,021</u>	<u>37,824,225</u>	<u>(24,059,204)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$ 225,195,910</u>	<u>\$ 195,571,408</u>	<u>\$ 29,624,502</u>

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – Pension Plans (Continued)**

**B. City (Continued)**

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

For the year ended June 30, 2022, the City recognized pension expense in the amount of \$2,121,289 and \$5,481,403 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 2020-21 measurement period is 3.9 years, which was obtained by dividing the total service years of 3,689 (the sum of remaining service lifetimes of the active employees) by 946 (the total number of participants: active, inactive, and retired). For the Safety Plan, the EARSL for the Miscellaneous Plan for the 2020-21 measurement period is 4.7 years, which was obtained by dividing the total service years of 1,858 (the sum of remaining service lifetimes of the active employees) by 392 (the total number of participants: active, inactive, and retired).

At June 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Miscellaneous Plan</b>		
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 6,787,574	\$ -
Difference between projected and actual earning on pension plan investments	-	(15,083,926)
Changes in assumptions	-	-
Differences between expected and actual experience	2,148,800	(604,921)
Total	\$ 8,936,374	\$ (15,688,847)
<b>Safety Plan</b>		
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 7,549,380	\$ -
Difference between projected and actual earning on pension plan investments	-	(17,970,224)
Changes in assumptions	-	(139,941)
Differences between expected and actual experience	3,692,384	(1,766)
Total	\$ 11,241,764	\$ (18,111,931)



**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 14 – Pension Plans (Continued)**

**B. City (Continued)**

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

	<b>Total</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 14,336,954	\$ -
Difference between projected and actual earning on pension plan investments	-	(33,054,150)
Changes in assumptions	-	(139,941)
Differences between expected and actual experience	5,841,184	(606,687)
Total	\$ 20,178,138	\$ (33,800,778)

For the General Information about Pension, for the Miscellaneous and Safety Plans, \$6,787,574 and \$7,549,380, respectively, was reported as deferred outflows of resources related to pensions resulting from the 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, 2023. 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	
2023	\$ (2,764,783)	\$ (3,215,028)	\$ (5,979,811)
2024	(2,819,485)	(2,730,784)	(5,550,269)
2025	(3,809,975)	(3,571,869)	(7,381,844)
2026	(4,145,804)	(4,901,866)	(9,047,670)
2027	-	-	-
Thereafter	-	-	-
	\$ (13,540,047)	\$ (14,419,547)	\$ (27,959,594)

**Pension Plan Fiduciary Net Position**

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

**C. Component Unit**

As part of the reorganization noted in Note 20, employees of the City have been transferred to the Authority as employees. As this is the first year, the Authority Pension Liability has not yet been calculated as part of CalPERS annual valuations. No pension liability has been reported as of June 30, 2022.

Deferred outflows is the amount of contributions paid by the Authority to CalPERS since January 1, 2022 that will impact the valuation to be prepared for the year ended June 30, 2023.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 15 – Other Postemployment Benefits**

**A. Summary**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Deferred outflows of resources:</b>			
Employer contributions made			
subsequent to the measurement date	\$ 205,452	\$ 42,231	\$ 247,683
Difference between expected and actual experience	142,716	29,333	172,049
Changes in assumptions	277,000	56,937	333,937
<b>Total deferred outflows of resources</b>	<u>\$ 625,168</u>	<u>\$ 128,501</u>	<u>\$ 753,669</u>
<b>Total OPEB liability:</b>			
Total OPEB liability	<u>\$ 5,852,529</u>	<u>\$ 1,202,962</u>	<u>\$ 7,055,491</u>
<b>Total OPEB liability</b>	<u>\$ 5,852,529</u>	<u>\$ 1,202,962</u>	<u>\$ 7,055,491</u>
<b>Deferred inflows of Resources:</b>			
Difference between expected and actual experience	\$ 242,107	\$ 49,765	\$ 291,872
Change in assumption	609,047	125,187	734,234
<b>Total deferred inflows of resources</b>	<u>\$ 851,154</u>	<u>\$ 174,952</u>	<u>\$ 1,026,106</u>
<b>Total OPEB Expense</b>	<u>\$ 458,322</u>	<u>\$ 94,207</u>	<u>\$ 552,529</u>

**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.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 15 – Other Postemployment Benefits (Continued)**

**B. General Information about OPEB (Continued)**

Plan Description (Continued)

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, 2022, those costs for 86 retirees totaled \$648,564 and the total liability amount in the medical leave bank is \$4,507,420.

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.

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, 2021. 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, 2022 was \$7,055,491.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 15 – Other Postemployment Benefits (Continued)**

**B. General Information about OPEB (Continued)**

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	2.18%
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.

Change in Assumption

The City's discount rate used to measure the total OPEB liability decreased from 2.66% to 2.18% for the measurement period ended June 30, 2021.

Discount Rate

The discount rate used to measure the total OPEB liability 2.18%. 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.

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

Change in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Balance at June 30, 2020	\$ 6,350,859
Changes recognized for the measurement period:	
Service cost	450,489
Interest on the total OPEB liability	178,125
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	287,043
Benefit payments	(211,025)
Net changes during July 1, 2020 to June 30, 2021	704,632
Balance at June 30, 2021 (Measurement Date)	\$ 7,055,491

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 15 – Other Postemployment Benefits (Continued)**

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

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.18 percent) or 1-percentage- point higher (3.18 percent) than the current discount rate:

<b>Plan's Total OPEB Liability</b>		
Discount Rate - 1% (1.18%)	Current Discount Rate (2.18%)	Discount Rate + 1% (3.18%)
\$ 7,693,570	\$ 7,055,491	\$ 6,471,102

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

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

<b>Plan's Total OPEB Liability</b>		
Healthcare Cost		
-1%	Trend Rates	1%
\$ 6,390,052	\$ 7,055,491	\$ 7,854,566

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

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$552,529. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Employer contributions made subsequent to the measurement date	\$ 247,683	\$ -
Difference between expected and actual experience	172,049	(291,872)
Changes of assumptions	333,937	(734,234)
Total	\$ 753,669	\$ (1,026,106)

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.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 15 – Other Postemployment Benefits (Continued)**

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

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

For the fiscal year ended June 30, 2022, \$247,683 was reported as deferred outflows of resources related to OPEB resulting from the City’s contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ended June 30	<b>Deferred Outflows/ (Inflows) of Resources</b>
2023	\$ (76,085)
2024	(76,085)
2025	(76,085)
2026	(76,085)
2027	(76,085)
Thereafter	(139,695)
	<u>\$ (520,120)</u>

**Note 16 – 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, 2022**

**Note 17 – Other Required Disclosures**

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

At June 30, 2022, 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:

<b>Fund</b>	<b>Fund Type</b>	<b>Deficit</b>
Business Improvement District Fund	Special Revenue Fund	69,670
Community Development Block Grant Fund	Special Revenue Fund	77,027
Capital Projects Deposit	Capital Projects Fund	102,451
Central Garage Fund	Internal Service Fund	502,424
Central Services Fund	Internal Service Fund	855,809
Successor Agency Private Purpose Trust Fund	Fiduciary Fund	27,472,127

The Special Revenue Funds, 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, 2022, expenditures exceeded appropriations in the following funds by function:

<b>Fund</b>	<b>Function</b>	<b>Excess Expenditures over Appropriations</b>
General Fund	Economic development	\$ 469,589
General Fund	General government	521,688
General Fund	Finance	280,544
General Fund	Non-departmental	1,473,536
General Fund	Police	570,680
General Fund	Fire	31,214
General Fund	Development and engineering	389
General Fund	Public works	845,190
Housing Successor Special Revenue Fund	Capital Outlay	441,766
Community Development Fees Special Revenue Fund	Development and engineering	1,032,085
General Capital Projects Fund	Capital Outlay	1,572,296
Tracy Infrastructure Master Plans Capital Projects Fund	Capital Outlay	339,828
Asset Forfeiture Special Revenue Fund	Police	48,265
Asset Forfeiture Special Revenue Fund	Capital Outlay	162
Transportation Development Special Revenue Fund	Capital outlay	548,018
Proposition K Street Special Revenue Fund	Development and engineering	3,134
State Gas Tax Street Special Revenue Fund	Non-departmental	449
State Gas Tax Street Special Revenue Fund	Capital Outlay	2,364,977
Community Development Block Grant Special Revenue Fund	Economic development	240
Landscaping District Special Revenue Fund	Non-departmental	306
Landscaping District Special Revenue Fund	Public works	1,935,540
COPS Grant Special Revenue Fund	Police	271
CFD Services 2016-2 Special Revenue Fund	Public works	1,882
CFD Services 2018-1 Special Revenue Fund	Non-departmental	30,977
CFD Services 2018-1 Special Revenue Fund	Public works	180

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 18 – Fund Balance Classification**

The City classifies fund balances, as shown on the *Balance Sheet – Governmental Funds*, as follows as of June 30, 2022:

	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
<b>Restricted</b>								
Housing	\$ -	\$ 4,636,384	\$ -	\$ -	\$ -	\$ 90,869,092	\$ -	\$ 95,505,476
Special area projects	-	-	7,885,712	-	-	-	82,753,125	90,638,837
Public safety	-	-	-	1,504,200	-	-	132,144	1,636,344
Debt service	-	-	-	-	-	-	21,752,043	21,752,043
Community development	-	-	-	-	-	-	206,073	206,073
Asset forfeiture	-	-	-	-	-	-	793,983	793,983
Streets and roads	-	-	-	-	-	-	14,240,664	14,240,664
Landscaping district	-	-	-	-	-	-	5,470,745	5,470,745
Cable TV	-	-	-	-	-	-	578,285	578,285
Drainage	-	-	-	-	-	-	2,569,288	2,569,288
Tracy GROW	-	-	-	-	-	-	1,000,000	1,000,000
Fire medical leave bank	813,680	-	-	-	-	-	-	813,680
Medical leave bank	2,361,297	-	-	-	-	-	-	2,361,297
<b>Total restricted</b>	<b>3,174,977</b>	<b>4,636,384</b>	<b>7,885,712</b>	<b>1,504,200</b>	<b>-</b>	<b>90,869,092</b>	<b>129,496,350</b>	<b>237,566,715</b>
<b>Committed</b>								
Contingency/emergency	14,505,000	-	-	-	-	-	-	14,505,000
<b>Total committed</b>	<b>14,505,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,505,000</b>
<b>Assigned</b>								
Animal control trust	22,193	-	-	-	-	-	-	22,193
Economic/budget stability	11,092,059	-	-	-	-	-	-	11,092,059
Prior year reappropriations	320,865	-	-	-	-	-	-	320,865
Capital projects	-	-	-	-	79,742,287	-	-	79,742,287
<b>Total assigned</b>	<b>11,435,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,742,287</b>	<b>-</b>	<b>-</b>	<b>91,177,404</b>
<b>Unassigned</b>	<b>7,761,601</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(249,148)</b>	<b>7,512,453</b>
<b>Total fund balances</b>	<b>\$ 36,876,695</b>	<b>\$ 4,636,384</b>	<b>\$ 7,885,712</b>	<b>\$ 1,504,200</b>	<b>\$ 79,742,287</b>	<b>\$ 90,869,092</b>	<b>\$ 129,247,202</b>	<b>\$ 350,761,572</b>

**Note 19 – Net Investment in Capital Assets**

Net Investment in Capital Assets at June 30 consisted of the following:

	Governmental Activities	Business-type Activities	Total
Total capital assets, net	\$ 681,830,007	\$ 447,769,174	\$ 1,129,599,181
Less related debt:			
Lease payable	(236,112)	-	(236,112)
Lease revenue bonds	(40,775,954)	-	(40,775,954)
Loans payable	-	(6,456,524)	(6,456,524)
Certificates of participation	-	(20,260,000)	(20,260,000)
Net investment in capital assets	<b>\$ 640,817,941</b>	<b>\$ 421,052,650</b>	<b>\$ 1,061,870,591</b>



**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 20 – South San Joaquin County 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.

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 SCFA and dissolve SCFA on June 30, 2018.

On January 1, 2022, the City transferred operating assets and employees to the control of SSJCFA. The employees of the City who were providing services under the contract with South San Joaquin County Fire have been transferred to SSJCFA and as of January 1, 2022 are now employees of the Authority. All benefit accruals started accruing from January 1, 2022. Additionally, the employees are covered by CalPERS pension which will start accruing at January 1, 2022.

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 2022, the SSJCFA incurred costs of \$27.1 million, of which \$16.4 million was paid by the City and \$9.5 million was paid by the District. The City’s balance Due from the Component Unit as of June 30, 2022, was \$3,375,233.

**Note 21 – 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.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 21 – Community Development Agency Dissolution (Continued)**

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.

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.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 21 – Community Development Agency Dissolution (Continued)**

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.

**Note 22 – 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, 2022, 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.

**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, 2022 was \$13,017,279. 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.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 22 – Commitments and Contingencies (Continued)**

**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 \$4,136,089 to the Corporation during the year ended June 30, 2022.

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 \$2,383,541 to the Corporation during the year ended June 30, 2022.

**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, 2022 were as follows:

	<b>Balance</b>
General Fund	\$ 614,338
TEA Grant Special Revenue Fund	46,292
Community Development Fees Special Revenue Fund	990,868
General Projects Capital Projects Fund	902,000
Tracy Infrastructure Master Plan Capital Projects Fund	1,264,641
Non-Major Governmental Funds	21,167,103
	\$ 24,985,243

**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.

**City of Tracy**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 22 – Commitments and Contingencies (Continued)**

***H. Housing Successor Excess Surplus (Continued)***

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 2023.

***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.

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**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, 2022**

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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, 2022**

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The City's preservation costs are budgeted to be \$5,920,343 in fiscal year 2023. 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	9,020,417
2023	69	5,920,343	

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 \$9,020,417 for street preservation for fiscal year 2022.

**City of Tracy**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Information**  
**For the Year Ended June 30, 2022**

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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, Grow Tracy, and the FEMA Grant 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 (Continued)**  
**For the Year Ended June 30, 2022**

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**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 70,846,000	\$ 99,056,000	\$ 107,384,147	\$ 8,328,147
Licenses, permits and fees	4,022,000	4,022,000	4,149,346	127,346
Fines and penalties	135,000	59,000	168,400	109,400
Investment income (loss)	599,000	599,000	(2,281,888)	(2,880,888)
Intergovernmental	1,029,000	1,569,000	2,360,007	791,007
Charges for current services	9,252,000	9,438,000	12,485,210	3,047,210
Special assessments	472,000	472,000	468,439	(3,561)
Contributions	147,000	147,000	-	(147,000)
Other revenue	238,000	238,000	7,097,109	6,859,109
<b>Total revenues</b>	<b>86,740,000</b>	<b>115,600,000</b>	<b>131,830,770</b>	<b>16,230,770</b>
<b>EXPENDITURES:</b>				
Current:				
General government				
Economic development	237,000	272,000	741,589	(469,589)
General government	8,935,625	8,027,625	8,549,313	(521,688)
Finance	4,885,000	5,005,000	5,285,544	(280,544)
Non-departmental	434,000	431,000	1,904,536	(1,473,536)
Public safety				
Police	34,140,341	39,226,306	39,796,986	(570,680)
Fire	15,251,000	16,371,000	16,402,214	(31,214)
Public ways and facilities				
Development and engineering	139,000	212,000	212,389	(389)
Public works	6,590,000	7,371,000	8,216,190	(845,190)
Community development				
Parks and community services	4,060,000	4,098,000	4,041,955	56,045
Capital outlay	4,000	63,000	13,558	49,442
Debt service:				-
Principal	-	-	720	(720)
Interest and fiscal charges	-	-	158,533	(158,533)
<b>Total expenditures</b>	<b>74,675,966</b>	<b>81,076,931</b>	<b>85,323,527</b>	<b>(4,246,596)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>12,064,034</b>	<b>34,523,069</b>	<b>46,507,243</b>	<b>11,984,174</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	60,000	60,000	70,147	10,147
Transfers out	(15,774,001)	(18,331,001)	(43,730,949)	(25,399,948)
<b>Total other financing sources (uses)</b>	<b>(15,714,001)</b>	<b>(18,271,001)</b>	<b>(43,660,802)</b>	<b>(25,389,801)</b>
<b>Net change in fund balance</b>	<b>\$ (3,649,967)</b>	<b>\$ 16,252,068</b>	<b>2,846,441</b>	<b>\$ (13,405,627)</b>
<b>FUND BALANCE:</b>				
Beginning of year			34,030,254	
End of year			<u>\$ 36,876,695</u>	

**City of Tracy**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budgetary Comparison Schedules – Housing Successor Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ -	\$ (16,730)	\$ (16,730)
Other revenue	55,000	55,000	16,018	(38,982)
<b>Total revenues</b>	<u>55,000</u>	<u>55,000</u>	<u>(712)</u>	<u>(55,712)</u>
<b>EXPENDITURES:</b>				
Capital outlay	190,000	460,000	901,766	(441,766)
<b>Total expenditures</b>	<u>190,000</u>	<u>460,000</u>	<u>901,766</u>	<u>(441,766)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(135,000)</u>	<u>(405,000)</u>	<u>(902,478)</u>	<u>(497,478)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	634,910	634,910
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>634,910</u>	<u>634,910</u>
<b>Net change in fund balance</b>	<u>\$ (135,000)</u>	<u>\$ (405,000)</u>	<u>(267,568)</u>	<u>\$ 137,432</u>
<b>FUND BALANCE:</b>				
Beginning of year			4,903,952	
End of year			<u>\$ 4,636,384</u>	

**City of Tracy**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budgetary Comparison Schedules – Community Development Fees Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 2,668,000	\$ 4,255,000	\$ 9,770,405	\$ 5,515,405
Investment income (loss)	-	-	(447,737)	(447,737)
Intergovernmental	43,000	-	-	-
Charges for current services	2,734,000	3,758,000	7,485,271	3,727,271
Other revenue	-	-	23,966	23,966
<b>Total revenues</b>	<u>5,445,000</u>	<u>8,013,000</u>	<u>16,831,905</u>	<u>8,818,905</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Non-departmental	820,000	820,000	819,077	923
Public ways and facilities				
Development and engineering	11,734,000	10,089,000	11,121,085	(1,032,085)
Capital outlay	5,000	-	-	-
Debt service:				
Principal	-	-	11,313	(11,313)
Interest and fiscal charges	-	-	55	(55)
<b>Total expenditures</b>	<u>12,559,000</u>	<u>10,909,000</u>	<u>11,951,530</u>	<u>(1,042,530)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(7,114,000)</u>	<u>(2,896,000)</u>	<u>4,880,375</u>	<u>7,776,375</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,109,000	2,109,000	2,109,068	68
<b>Total other financing sources (uses)</b>	<u>2,109,000</u>	<u>2,109,000</u>	<u>2,109,068</u>	<u>68</u>
<b>Net change in fund balance</b>	<u>\$ (5,005,000)</u>	<u>\$ (787,000)</u>	6,989,443	<u>\$ 7,776,443</u>
<b>FUND BALANCE:</b>				
Beginning of year			896,269	
End of year			<u>\$ 7,885,712</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, 2022**

**Miscellaneous Plan**

<b>Total Pension Liability</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14 <sup>1</sup></b>
Service cost	\$ 4,423,657	\$ 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	12,514,107	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	(813,515)	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	(8,166,291)	(7,115,731)	(6,479,285)	(6,628,099)	(5,445,878)	(4,956,786)	(4,804,924)	(4,447,727)
<b>Net change in total pension liability</b>	<b>7,957,958</b>	<b>12,850,145</b>	<b>10,365,300</b>	<b>7,686,572</b>	<b>16,401,681</b>	<b>4,279,709</b>	<b>1,265,058</b>	<b>7,332,910</b>
<b>Total pension liability - beginning</b>	<b>177,707,299</b>	<b>164,857,154</b>	<b>154,491,854</b>	<b>146,805,282</b>	<b>130,403,601</b>	<b>126,123,892</b>	<b>124,858,834</b>	<b>117,525,924</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 185,665,257</b>	<b>\$ 177,707,299</b>	<b>\$ 164,857,154</b>	<b>\$ 154,491,854</b>	<b>\$ 146,805,282</b>	<b>\$ 130,403,601</b>	<b>\$ 126,123,892</b>	<b>\$ 124,858,834</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	6,067,470	5,671,613	4,774,139	4,065,966	3,873,007	3,466,879	2,793,345	2,699,952
Contributions - employee	2,122,136	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)	30,111,134	6,301,674	7,724,741	9,323,836	10,997,746	487,393	2,132,844	14,281,310
Benefit payments	(8,166,291)	(7,115,731)	(6,479,285)	(6,628,099)	(5,445,878)	(4,956,786)	(4,804,924)	(4,447,727)
Other	(131,162)	(175,606)	(83,023)	(459,215)	(144,490)	(59,400)	(101,304)	-
<b>Net change in plan fiduciary net position</b>	<b>30,003,287</b>	<b>6,736,618</b>	<b>7,844,232</b>	<b>8,023,288</b>	<b>10,833,002</b>	<b>399,947</b>	<b>1,366,298</b>	<b>13,907,601</b>
<b>Plan fiduciary net position - beginning</b>	<b>131,301,729</b>	<b>124,565,111</b>	<b>116,720,879</b>	<b>108,697,591</b>	<b>97,864,589</b>	<b>97,464,642</b>	<b>96,098,344</b>	<b>82,190,743</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 161,305,016</b>	<b>\$ 131,301,729</b>	<b>\$ 124,565,111</b>	<b>\$ 116,720,879</b>	<b>\$ 108,697,591</b>	<b>\$ 97,864,589</b>	<b>\$ 97,464,642</b>	<b>\$ 96,098,344</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 24,360,241</b>	<b>\$ 46,405,570</b>	<b>\$ 40,292,043</b>	<b>\$ 37,770,975</b>	<b>\$ 38,107,691</b>	<b>\$ 32,539,012</b>	<b>\$ 28,659,250</b>	<b>\$ 28,760,490</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>								
	86.88%	73.89%	75.56%	75.55%	74.04%	75.05%	77.28%	76.97%
Covered payroll	\$ 27,962,432	\$ 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	87.12%	169.15%	166.94%	175.18%	187.88%	175.76%	158.81%	158.64%

**Notes to Schedule:**

<sup>1</sup> 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, 2022**

<b>Safety Plan</b>							
<b>Total Pension Liability</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
Service cost	\$ 6,319,026	\$ 5,954,133	\$ 5,341,283	\$ 5,100,415	\$ 4,863,739	\$ 4,239,783	\$ 4,491,843
Interest on total pension liability	15,086,876	14,167,518	13,132,663	12,156,431	11,508,306	10,762,768	10,281,540
Differences between expected and actual experience	470,585	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	(8,111,466)	(7,721,638)	(7,378,049)	(6,949,949)	(6,358,409)	(5,917,646)	(5,470,177)
<b>Net change in total pension liability</b>	<b>13,765,021</b>	<b>15,643,008</b>	<b>14,536,215</b>	<b>9,535,378</b>	<b>21,102,678</b>	<b>6,422,018</b>	<b>2,964,816</b>
<b>Total pension liability - beginning</b>	<b>211,430,889</b>	<b>195,787,881</b>	<b>181,251,666</b>	<b>171,716,288</b>	<b>150,613,610</b>	<b>144,191,592</b>	<b>141,226,776</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 225,195,910</b>	<b>\$ 211,430,889</b>	<b>\$ 195,787,881</b>	<b>\$ 181,251,666</b>	<b>\$ 171,716,288</b>	<b>\$ 150,613,610</b>	<b>\$ 144,191,592</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	7,379,587	6,693,746	5,822,621	5,132,782	4,604,350	4,433,276	4,171,390
Contributions - employee	2,523,099	2,355,865	2,104,947	1,985,924	1,590,493	1,421,949	1,380,651
Investment income (net of administrative expenses)	36,190,585	7,445,354	9,222,427	10,913,236	12,957,627	584,528	2,531,449
Benefit payments	(8,111,466)	(7,721,638)	(7,378,049)	(6,949,949)	(6,358,409)	(5,917,646)	(5,470,177)
Other	(157,580)	(210,313)	(99,235)	(615,373)	(171,890)	(70,678)	(130,531)
<b>Net change in plan fiduciary net position</b>	<b>37,824,225</b>	<b>8,563,014</b>	<b>9,672,711</b>	<b>10,466,620</b>	<b>12,622,171</b>	<b>451,429</b>	<b>2,482,782</b>
<b>Plan fiduciary net position - beginning</b>	<b>157,747,183</b>	<b>149,184,169</b>	<b>139,511,458</b>	<b>129,044,838</b>	<b>116,422,667</b>	<b>115,971,238</b>	<b>113,488,456</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 195,571,408</b>	<b>\$ 157,747,183</b>	<b>\$ 149,184,169</b>	<b>\$ 139,511,458</b>	<b>\$ 129,044,838</b>	<b>\$ 116,422,667</b>	<b>\$ 115,971,238</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 29,624,502</b>	<b>\$ 53,683,706</b>	<b>\$ 46,603,712</b>	<b>\$ 41,740,208</b>	<b>\$ 42,671,450</b>	<b>\$ 34,190,943</b>	<b>\$ 28,220,354</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>							
	86.85%	74.61%	76.20%	76.97%	75.15%	77.30%	80.43%
Covered payroll	\$ 19,470,677	\$ 17,559,035	\$ 17,559,035	\$ 16,322,896	\$ 15,501,462	\$ 15,245,537	\$15,927,959
Net pension liability as a percentage of covered payroll	152.15%	305.73%	265.41%	255.72%	275.27%	224.27%	177.17%

**Notes to Schedule:**

<sup>1</sup> Historical 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, 2022**

<b>Miscellaneous Plan</b>							
Fiscal Year:	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Contractually determined contribution (actuarially determined)	\$ 6,787,574	\$ 6,067,472	\$ 5,566,882	\$ 4,749,293	\$ 4,050,711	\$ 3,873,007	\$ 3,499,868
Contributions in relation to the actuarially determined contributions	(6,787,574)	(6,067,472)	(5,566,882)	(4,749,293)	(4,050,711)	(3,873,007)	(3,499,868)
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 28,939,453	\$ 27,962,432	\$ 27,601,313	\$ 25,887,652	\$ 23,989,506	\$ 20,465,522	\$ 19,352,925
Contributions as a percentage of covered payroll	23.45%	21.70%	20.17%	18.35%	16.89%	18.92%	18.08%

**Notes to Schedule**

**Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2022:**

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2022 were derived from the June 30, 2019 funding report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2019 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2019 Funding Valuation Report.
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.750%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of 2016 published by the Society of Actuaries.
Mortality	

<sup>1</sup> Historical information is presented only for the periods for which GASB 68 is applicable.

**City of Tracy**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Contributions – Pension (Continued)**  
**For the Year Ended June 30, 2022**

<b>Safety Plan</b>								
Fiscal Year:	<u>2021-22</u>	<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>2014-15<sup>1</sup></u>
Contractually determined								
contribution (actuarially determined)	\$ 7,549,380	\$ 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	(7,549,380)	(7,379,603)	(6,437,044)	(5,643,974)	(5,148,037)	(4,604,350)	(4,477,450)	(3,522,006)
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 15,292,362	\$ 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	49.37%	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 for the fiscal year ended June 30, 2022:**

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2022 were derived from the June 30, 2019 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2019 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2019 Funding Valuation Report.
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.750%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

<sup>1</sup> Historical information is presented only for the periods for which GASB 68 is applicable.

**City of Tracy**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2022**

<b>Fiscal year ending:</b>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Measurement date:	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017<sup>1</sup></u>
<b>Total OPEB liability</b>					
Service cost	\$ 450,489	\$ 443,619	\$ 417,193	\$ 318,114	\$ 343,641
Interest	178,125	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	287,043	(388,970)	101,040	(391,232)	(334,977)
Benefit payments, including refunds of member contributions	(211,025)	(209,370)	(195,363)	(174,114)	(138,947)
<b>Net change in total OPEB liability</b>	<b>704,632</b>	<b>(315,713)</b>	<b>515,688</b>	<b>219,362</b>	<b>23,650</b>
<b>Total OPEB liability - beginning</b>	<b>6,350,859</b>	<b>6,666,572</b>	<b>6,150,884</b>	<b>5,931,522</b>	<b>5,907,872</b>
<b>Total OPEB liability - ending (a)</b>	<b><u>\$ 7,055,491</u></b>	<b><u>\$ 6,350,859</u></b>	<b><u>\$ 6,666,572</u></b>	<b><u>\$ 6,150,884</u></b>	<b><u>\$ 5,931,522</u></b>
<b>OPEB fiduciary net position</b>					
Contributions - employer	\$ 211,025	\$ 209,370	\$ 195,363	\$ 174,114	\$ 138,947
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(211,025)	(209,370)	(195,363)	(174,114)	(138,947)
Administrative expense	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<b><u>\$ 7,055,491</u></b>	<b><u>\$ 6,350,859</u></b>	<b><u>\$ 6,666,572</u></b>	<b><u>\$ 6,150,884</u></b>	<b><u>\$ 5,931,522</u></b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered-employee payroll</b>	<b>\$ 40,530,944</b>	<b>\$ 38,076,958</b>	<b>\$ 36,576,729</b>	<b>\$ 34,460,922</b>	<b>\$ 23,997,600</b>
<b>Plan net OPEB liability as a percentage of covered-employee payroll</b>	<b>17.41%</b>	<b>16.68%</b>	<b>18.23%</b>	<b>17.85%</b>	<b>24.72%</b>

<sup>1</sup> 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, 2022**

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17 <sup>1</sup>
Actuarially determined contribution <sup>2</sup>	\$ -	\$ -	\$ -	\$ -	\$ 764,705	\$ 138,947
Contractually determined contribution <sup>2</sup>	247,683	211,025	209,370	195,363	-	-
Contributions in relation to the actuarially determined or contractually required contribution	(247,683)	(211,025)	(211,025)	(195,363)	(174,114)	(138,947)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,655)</b>	<b>\$ -</b>	<b>\$ 590,591</b>	<b>\$ -</b>
Covered payroll	\$ 41,746,872	\$ 40,530,944	\$ 38,076,958	\$ 36,576,729	\$ 34,460,922	\$ 23,997,600
Contributions as a percentage of covered payroll	0.59%	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	6/30/2021
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

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

<sup>2</sup> 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, series 2008 and 2022.

### **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.

***CORE Fees Fund*** - This fund is used to account for CORE fees collected by the City and which are to be used for various purposes.

***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, 2022**

Special Revenue

	TEA Grant	Business Improvement District	Asset Forfeiture	Transportation Development	Proposition K Transportation	State Gas Tax Street
<b>ASSETS</b>						
Cash and investments	\$ 37,157	\$ -	\$ 816,481	\$ 50,610	\$ 6,352,582	\$ 6,620,318
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	24,009	-
Intergovernmental receivable	329,240	-	-	96,222	581,448	343,557
Interest receivable	97	-	2,432	151	18,923	23,097
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 366,494</b>	<b>\$ -</b>	<b>\$ 818,913</b>	<b>\$ 146,983</b>	<b>\$ 6,976,962</b>	<b>\$ 6,986,972</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 117	\$ -	\$ 24,930	\$ -	\$ 10,095	\$ 195,221
Accrued payroll	-	-	-	-	245	31,069
Due to other funds	-	69,670	-	-	-	-
Deposits payable	-	-	-	-	-	-
<b>Total liabilities</b>	<b>117</b>	<b>69,670</b>	<b>24,930</b>	<b>-</b>	<b>10,340</b>	<b>226,290</b>
<b>Deferred inflows of resources:</b>						
Unavailable revenue	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>						
Restricted	366,377	-	793,983	146,983	6,966,622	6,760,682
Unassigned (deficit)	-	(69,670)	-	-	-	-
<b>Total fund balances</b>	<b>366,377</b>	<b>(69,670)</b>	<b>793,983</b>	<b>146,983</b>	<b>6,966,622</b>	<b>6,760,682</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 366,494</b>	<b>\$ -</b>	<b>\$ 818,913</b>	<b>\$ 146,983</b>	<b>\$ 6,976,962</b>	<b>\$ 6,986,972</b>

(Continued)

**City of Tracy**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2022**

Special Revenue

	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy	COPS Grant
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 5,609,471	\$ 205,461	\$ 536,864	\$ -	\$ 71,212
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	40,185	-	-
Intergovernmental receivable	960,244	-	-	-	-	73,060
Interest receivable	-	16,714	612	1,599	-	-
Deposits	-	-	-	-	1,000,000	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 960,244</u>	<u>\$ 5,626,185</u>	<u>\$ 206,073</u>	<u>\$ 578,648</u>	<u>\$ 1,000,000</u>	<u>\$ 144,272</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 12,000	\$ 112,102	\$ -	\$ 363	\$ -	\$ -
Accrued payroll	2,579	43,338	-	-	-	12,128
Due to other funds	1,022,692	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
<b>Total liabilities</b>	<u>1,037,271</u>	<u>155,440</u>	<u>-</u>	<u>363</u>	<u>-</u>	<u>12,128</u>
<b>Deferred inflows of resources:</b>						
Unavailable revenue	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>						
Restricted	-	5,470,745	206,073	578,285	1,000,000	132,144
Unassigned (deficit)	(77,027)	-	-	-	-	-
<b>Total fund balances</b>	<u>(77,027)</u>	<u>5,470,745</u>	<u>206,073</u>	<u>578,285</u>	<u>1,000,000</u>	<u>132,144</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 960,244</u>	<u>\$ 5,626,185</u>	<u>\$ 206,073</u>	<u>\$ 578,648</u>	<u>\$ 1,000,000</u>	<u>\$ 144,272</u>

(Continued)

**City of Tracy**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2022**

	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
<b>ASSETS</b>						
Cash and investments	\$ 2,857	\$ 1,336,834	\$ 815,424	\$ 2,561,657	\$ 1,766,426	\$ -
Cash and investments with fiscal agents	-	-	-	-	20,008,617	-
Accounts receivable, net	-	-	6,799	-	-	-
Intergovernmental receivable	-	-	-	-	-	-
Interest receivable	-	3,982	2,429	7,631	-	-
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	4,902,529	-
<b>Total assets</b>	<b>\$ 2,857</b>	<b>\$ 1,340,816</b>	<b>\$ 824,652</b>	<b>\$ 2,569,288</b>	<b>\$ 26,677,572</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 2,654	\$ 22,289	\$ -	\$ 23,000	\$ -
Accrued payroll	-	7,187	1,924	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	-	790,269	100,000	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>800,110</b>	<b>124,213</b>	<b>-</b>	<b>23,000</b>	<b>-</b>
<b>Deferred inflows of resources:</b>						
Unavailable revenue	-	-	-	-	4,902,529	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,902,529</b>	<b>-</b>
<b>Fund Balances:</b>						
Restricted	2,857	540,706	700,439	2,569,288	21,752,043	-
Unassigned (deficit)	-	-	-	-	-	-
<b>Total fund balances</b>	<b>2,857</b>	<b>540,706</b>	<b>700,439</b>	<b>2,569,288</b>	<b>21,752,043</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,857</b>	<b>\$ 1,340,816</b>	<b>\$ 824,652</b>	<b>\$ 2,569,288</b>	<b>\$ 26,677,572</b>	<b>\$ -</b>

(Continued)

**City of Tracy**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2022**

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
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 88,188	\$ -	\$ 9,872,777	\$ 3,938,793	\$ -
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	123,901	-	-
Intergovernmental receivable	-	-	-	-	-	-
Interest receivable	-	263	-	29,409	11,733	-
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 88,451</b>	<b>\$ -</b>	<b>\$ 10,026,087</b>	<b>\$ 3,950,526</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 214,165	\$ -	\$ -
Accrued payroll	-	-	-	7,297	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	-	-	-	4,481,664	4,052,977	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,703,126</b>	<b>4,052,977</b>	<b>-</b>
<b>Deferred inflows of resources:</b>						
Unavailable revenue	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>						
Restricted	-	88,451	-	5,322,961	-	-
Unassigned (deficit)	-	-	-	-	(102,451)	-
<b>Total fund balances</b>	<b>-</b>	<b>88,451</b>	<b>-</b>	<b>5,322,961</b>	<b>(102,451)</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ -</b>	<b>\$ 88,451</b>	<b>\$ -</b>	<b>\$ 10,026,087</b>	<b>\$ 3,950,526</b>	<b>\$ -</b>

(Continued)

**City of Tracy**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2022**

Capital Projects

	Industrial Specific Plan South	Presidio Plan Area	Redevelopment Obligations	Tracy Gateway Area	Plan "C"	Residential Specific Plan Project
<b>ASSETS</b>						
Cash and investments	\$ -	\$ -	\$ 1,065,059	\$ 2,046,009	\$ -	\$ 2,817,639
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-
Interest receivable	-	-	3,173	6,095	-	8,393
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	1,738,309
Due from Fiduciary Funds	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,068,232</b>	<b>\$ 2,052,104</b>	<b>\$ -</b>	<b>\$ 4,564,341</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 3,462	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	-	-	3,000	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>3,462</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>						
Unavailable revenue	-	-	-	-	-	1,738,309
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,738,309</b>
<b>Fund Balances:</b>						
Restricted	-	-	1,065,232	2,048,642	-	2,826,032
Unassigned (deficit)	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>1,065,232</b>	<b>2,048,642</b>	<b>-</b>	<b>2,826,032</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,068,232</b>	<b>\$ 2,052,104</b>	<b>\$ -</b>	<b>\$ 4,564,341</b>

(Continued)

**City of Tracy**  
**Combining Balance Sheet (Continued)**  
**Non-Major Governmental Funds**  
**June 30, 2022**

	Capital Projects			
	Ellis Area	CORE Capital Projects	Regional Transportation Impact	Total Non-Major Funds
<b>ASSETS</b>				
Cash and investments	\$ 13,003,996	\$ 45,148,865	\$ 12,818,098	\$ 117,582,778
Cash and investments with fiscal agents	-	-	-	20,008,617
Accounts receivable, net	-	-	-	194,894
Intergovernmental receivable	-	-	-	2,383,771
Interest receivable	38,735	150,686	-	326,154
Deposits	-	-	-	1,000,000
Loans receivable	-	-	-	1,738,309
Due from Fiduciary Funds	-	-	-	4,902,529
<b>Total assets</b>	<b>\$ 13,042,731</b>	<b>\$ 45,299,551</b>	<b>\$ 12,818,098</b>	<b>\$ 148,137,052</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,458	\$ 26,192	\$ 49,791	\$ 697,839
Accrued payroll	-	3,076	-	108,843
Due to other funds	-	-	-	1,092,362
Deposits payable	682,172	-	239,886	10,349,968
<b>Total liabilities</b>	<b>683,630</b>	<b>29,268</b>	<b>289,677</b>	<b>12,249,012</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	6,640,838
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,640,838</b>
<b>Fund Balances:</b>				
Restricted	12,359,101	45,270,283	12,528,421	129,496,350
Unassigned (deficit)	-	-	-	(249,148)
<b>Total fund balances</b>	<b>12,359,101</b>	<b>45,270,283</b>	<b>12,528,421</b>	<b>129,247,202</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 13,042,731</b>	<b>\$ 45,299,551</b>	<b>\$ 12,818,098</b>	<b>\$ 148,137,052</b>

(Concluded)

**City of Tracy**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue					
	TEA Grant	Business Improvement District	Asset Forfeiture	Transportation Development	Proposition K Transportation	State Gas Tax Street
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 349,058	\$ 2,431,804	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	86,143	-	-	-
Investment income (loss)	(1,725)	-	(22,502)	(2,971)	(167,607)	(206,902)
Intergovernmental	952,712	-	-	-	24,007	4,259,070
Charges for current services	-	-	-	-	-	-
Special assessments	-	135,461	-	-	-	-
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>950,987</b>	<b>135,461</b>	<b>63,641</b>	<b>346,087</b>	<b>2,288,204</b>	<b>4,052,168</b>
<b>EXPENDITURES:</b>						
Current:						
General government						
Economic development	-	206,628	-	-	-	-
Non-departmental	-	-	-	5,329	-	119,449
Public safety						
Police	-	-	27,594	-	-	-
Public ways and facilities						
Development and engineering	-	-	-	-	3,134	-
Public works	-	-	-	-	-	1,463,355
Capital outlay	60,694	-	101,162	828,018	569,271	2,582,977
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>60,694</b>	<b>206,628</b>	<b>128,756</b>	<b>833,347</b>	<b>572,405</b>	<b>4,165,781</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>890,293</b>	<b>(71,167)</b>	<b>(65,115)</b>	<b>(487,260)</b>	<b>1,715,799</b>	<b>(113,613)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-
Transfers in	3,487	-	-	-	-	623,472
Transfers out	(952,712)	-	-	-	(171)	-
<b>Total other financing sources (uses)</b>	<b>(949,225)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(171)</b>	<b>623,472</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(58,932)</b>	<b>(71,167)</b>	<b>(65,115)</b>	<b>(487,260)</b>	<b>1,715,628</b>	<b>509,859</b>
<b>FUND BALANCES (DEFICIT):</b>						
Beginning of year	425,309	1,497	859,098	634,243	5,250,994	6,250,823
End of year	<u>\$ 366,377</u>	<u>\$ (69,670)</u>	<u>\$ 793,983</u>	<u>\$ 146,983</u>	<u>\$ 6,966,622</u>	<u>\$ 6,760,682</u>

(Continued)



**City of Tracy**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue					COPS Grant
	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy	
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	164,568	-	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	-	(152,560)	(5,608)	(14,427)	-	(2,190)
Intergovernmental	789,545	-	-	-	-	223,088
Charges for current services	-	-	-	765	-	-
Special assessments	-	3,589,632	-	-	-	-
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>789,545</b>	<b>3,437,072</b>	<b>(5,608)</b>	<b>150,906</b>	<b>-</b>	<b>220,898</b>
<b>EXPENDITURES:</b>						
Current:						
General government						
Economic development	89,240	-	-	-	-	-
Non-departmental	-	270,306	-	-	-	-
Public safety						
Police	-	-	-	-	-	183,271
Public ways and facilities						
Development and engineering	-	-	-	-	-	-
Public works	-	3,299,540	-	-	-	-
Capital outlay	-	671	-	81,017	-	57,155
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>89,240</b>	<b>3,570,517</b>	<b>-</b>	<b>81,017</b>	<b>-</b>	<b>240,426</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>700,305</b>	<b>(133,445)</b>	<b>(5,608)</b>	<b>69,889</b>	<b>-</b>	<b>(19,528)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-
Transfers in	-	95,950	-	-	-	-
Transfers out	(781,956)	-	-	-	-	(1,544)
<b>Total other financing sources (uses)</b>	<b>(781,956)</b>	<b>95,950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,544)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(81,651)</b>	<b>(37,495)</b>	<b>(5,608)</b>	<b>69,889</b>	<b>-</b>	<b>(21,072)</b>
<b>FUND BALANCES (DEFICIT):</b>						
Beginning of year	4,624	5,508,240	211,681	508,396	1,000,000	153,216
End of year	\$ (77,027)	\$ 5,470,745	\$ 206,073	\$ 578,285	\$ 1,000,000	\$ 132,144

(Continued)

**City of Tracy**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	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
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	-	(35,673)	(22,417)	(69,920)	(8,713)	(56,137)
Intergovernmental	-	-	-	-	-	-
Charges for current services	-	-	-	-	-	-
Special assessments	-	693,110	229,551	-	-	-
Other revenue	-	-	-	289,571	-	-
<b>Total revenues</b>	<b>-</b>	<b>657,437</b>	<b>207,134</b>	<b>(69,920)</b>	<b>280,858</b>	<b>(56,137)</b>
<b>EXPENDITURES:</b>						
Current:						
General government						
Economic development	-	-	-	-	-	-
Non-departmental	-	-	225,977	-	-	-
Public safety						
Police	-	-	-	-	-	-
Public ways and facilities						
Development and engineering	-	-	-	-	-	-
Public works	-	345,882	20,180	-	-	-
Capital outlay	-	-	-	-	-	648
Debt service:						
Principal	-	-	-	-	595,000	-
Interest and fiscal charges	-	-	-	-	1,039,367	-
<b>Total expenditures</b>	<b>-</b>	<b>345,882</b>	<b>246,157</b>	<b>-</b>	<b>1,634,367</b>	<b>648</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>311,555</b>	<b>(39,023)</b>	<b>(69,920)</b>	<b>(1,353,509)</b>	<b>(56,785)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from issuance of long-term debt	-	-	-	-	18,275,000	-
Premium on bond issuance	-	-	-	-	2,051,917	-
Transfers in	-	-	-	-	1,121,406	-
Transfers out	-	-	(70,147)	-	-	(11,545,388)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(70,147)</b>	<b>-</b>	<b>21,448,323</b>	<b>(11,545,388)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>-</b>	<b>311,555</b>	<b>(109,170)</b>	<b>(69,920)</b>	<b>20,094,814</b>	<b>(11,602,173)</b>
<b>FUND BALANCES (DEFICIT):</b>						
Beginning of year	2,857	229,151	809,609	2,639,208	1,657,229	11,602,173
End of year	\$ 2,857	\$ 540,706	\$ 700,439	\$ 2,569,288	\$ 21,752,043	\$ -

(Continued)

**City of Tracy**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	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
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	-	(29,784)	(61,501)	(263,381)	(107,507)	(57,036)
Intergovernmental	-	-	-	-	-	-
Charges for current services	2,232,788	244,916	972,576	1,998,884	-	-
Special assessments	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>2,232,788</b>	<b>215,132</b>	<b>911,075</b>	<b>1,735,503</b>	<b>(107,507)</b>	<b>(57,036)</b>
<b>EXPENDITURES:</b>						
Current:						
General government						
Economic development	-	-	-	-	-	-
Non-departmental	-	-	-	-	-	-
Public safety						
Police	-	-	-	-	-	-
Public ways and facilities						
Development and engineering	-	38,351	-	1,021,115	-	-
Public works	-	-	-	-	-	-
Capital outlay	-	59,473	1,287	151,443	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>97,824</b>	<b>1,287</b>	<b>1,172,558</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,232,788</b>	<b>117,308</b>	<b>909,788</b>	<b>562,945</b>	<b>(107,507)</b>	<b>(57,036)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-
Transfers in	4,678,830	111,740	-	170,572	-	-
Transfers out	(4,735,844)	(5,737,737)	(12,465,365)	-	-	(11,731,601)
<b>Total other financing sources (uses)</b>	<b>(57,014)</b>	<b>(5,625,997)</b>	<b>(12,465,365)</b>	<b>170,572</b>	<b>-</b>	<b>(11,731,601)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>2,175,774</b>	<b>(5,508,689)</b>	<b>(11,555,577)</b>	<b>733,517</b>	<b>(107,507)</b>	<b>(11,788,637)</b>
<b>FUND BALANCES (DEFICIT):</b>						
Beginning of year	(2,175,774)	5,597,140	11,555,577	4,589,444	5,056	11,788,637
End of year	\$ -	\$ 88,451	\$ -	\$ 5,322,961	\$ (102,451)	\$ -

(Continued)

**City of Tracy**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Capital Projects					
	Industrial Specific Plan South	Presidio Plan Area	Redevelopment Obligations	Tracy Gateway Area	Plan "C"	Residential Specific Plan Projects
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	(10,192)	(27,039)	(30,212)	(55,891)	(119,935)	(76,908)
Intergovernmental	-	-	-	-	-	-
Charges for current services	364,797	-	-	-	432,436	-
Special assessments	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>354,605</b>	<b>(27,039)</b>	<b>(30,212)</b>	<b>(55,891)</b>	<b>312,501</b>	<b>(76,908)</b>
<b>EXPENDITURES:</b>						
Current:						
General government						
Economic development	-	-	-	-	-	-
Non-departmental	-	-	-	-	-	-
Public safety						
Police	-	-	-	-	-	-
Public ways and facilities						
Development and engineering	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Capital outlay	2,036,884	-	1,457	22,340	171	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,036,884</b>	<b>-</b>	<b>1,457</b>	<b>22,340</b>	<b>171</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,682,279)</b>	<b>(27,039)</b>	<b>(31,669)</b>	<b>(78,231)</b>	<b>312,330</b>	<b>(76,908)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-
Transfers in	1,058,625	-	-	-	-	-
Transfers out	(1,465,969)	(5,561,639)	(239,298)	-	(24,741,801)	-
<b>Total other financing sources (uses)</b>	<b>(407,344)</b>	<b>(5,561,639)</b>	<b>(239,298)</b>	<b>-</b>	<b>(24,741,801)</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(2,089,623)</b>	<b>(5,588,678)</b>	<b>(270,967)</b>	<b>(78,231)</b>	<b>(24,429,471)</b>	<b>(76,908)</b>
<b>FUND BALANCES (DEFICIT):</b>						
Beginning of year	2,089,623	5,588,678	1,336,199	2,126,873	24,429,471	2,902,940
End of year	\$ -	\$ -	\$ 1,065,232	\$ 2,048,642	\$ -	\$ 2,826,032

(Continued)

**City of Tracy**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Capital Projects			Total Non-Major Funds
	Ellis Area	CORE Capital Projects	Regional Transportation Impact	
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 2,780,862
Licenses, permits and fees	-	-	-	164,568
Fines and penalties	-	-	-	86,143
Investment income (loss)	(351,063)	(1,115,081)	(344,785)	(3,419,667)
Intergovernmental	-	-	-	6,248,422
Charges for current services	5,530,764	(58,115)	2,955,135	14,674,946
Special assessments	-	-	-	4,647,754
Other revenue	-	-	-	289,571
<b>Total revenues</b>	<b>5,179,701</b>	<b>(1,173,196)</b>	<b>2,610,350</b>	<b>25,472,599</b>
<b>EXPENDITURES:</b>				
Current:				
General government				
Economic development	-	-	-	295,868
Non-departmental	-	-	-	621,061
Public safety				
Police	-	-	-	210,865
Public ways and facilities				
Development and engineering	-	-	-	1,062,600
Public works	-	-	-	5,128,957
Capital outlay	140,380	106,211	-	6,801,259
Debt service:				
Principal	-	-	-	595,000
Interest and fiscal charges	-	-	-	1,039,367
<b>Total expenditures</b>	<b>140,380</b>	<b>106,211</b>	<b>-</b>	<b>15,754,977</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,039,321</b>	<b>(1,279,407)</b>	<b>2,610,350</b>	<b>9,717,622</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from issuance of long-term debt	-	-	-	18,275,000
Premium on bond issuance	-	-	-	2,051,917
Transfers in	-	54,622,036	-	62,486,118
Transfers out	(2,900,000)	(8,072,346)	(335,319)	(91,338,837)
<b>Total other financing sources (uses)</b>	<b>(2,900,000)</b>	<b>46,549,690</b>	<b>(335,319)</b>	<b>(8,525,802)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>2,139,321</b>	<b>45,270,283</b>	<b>2,275,031</b>	<b>1,191,820</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	10,219,780	-	10,253,390	128,055,382
End of year	<u>\$ 12,359,101</u>	<u>\$ 45,270,283</u>	<u>\$ 12,528,421</u>	<u>\$ 129,247,202</u>

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**City of Tracy**  
**Budgetary Comparison Schedule**  
**General Capital Projects Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ -	\$ 287,969	\$ 287,969
Other revenue	-	-	3,695,416	3,695,416
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>3,983,385</u>	<u>3,983,385</u>
<b>EXPENDITURES:</b>				
Capital outlay	-	3,333,800	4,906,096	(1,572,296)
<b>Total expenditures</b>	<u>-</u>	<u>3,333,800</u>	<u>4,906,096</u>	<u>(1,572,296)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(3,333,800)</u>	<u>(922,711)</u>	<u>2,411,089</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	11,812,000	13,912,000	42,157,239	28,245,239
<b>Total other financing sources (uses)</b>	<u>11,812,000</u>	<u>13,911,800</u>	<u>42,157,239</u>	<u>28,245,439</u>
<b>Net change in fund balance</b>	<u>\$ 11,812,000</u>	<u>\$ 10,578,000</u>	41,234,528	<u>\$ 30,656,528</u>
<b>FUND BALANCE:</b>				
Beginning of year			38,507,759	
End of year			<u>\$ 79,742,287</u>	

**City of Tracy**  
**Budgetary Comparison Schedule**  
**Tracy Infrastructure Master Plans Capital Projects Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ -	\$ (2,237,354)	\$ (2,237,354)
Charges for current services	-	5,463,000	35,268,383	29,805,383
<b>Total revenues</b>	<b>-</b>	<b>5,463,000</b>	<b>33,031,029</b>	<b>27,568,029</b>
<b>EXPENDITURES:</b>				
Capital outlay	-	1,084,527	1,424,355	(339,828)
<b>Total expenditures</b>	<b>-</b>	<b>1,084,527</b>	<b>1,424,355</b>	<b>(339,828)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>4,378,473</b>	<b>31,606,674</b>	<b>27,228,201</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	10,276,042	10,276,042
Transfers out	-	(10,180,473)	(9,338,756)	841,717
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(10,180,473)</b>	<b>937,286</b>	<b>11,117,759</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (5,802,000)</b>	<b>32,543,960</b>	<b>\$ 38,345,960</b>
<b>FUND BALANCE:</b>				
Beginning of year			58,325,132	
End of year			<u>\$ 90,869,092</u>	



**City of Tracy**  
**Budgetary Comparison Schedule**  
**TEA Grant Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ -	\$ (1,725)	\$ (1,725)
Intergovernmental	-	25,507,000	952,712	(24,554,288)
<b>Total revenues</b>	<u>-</u>	<u>25,507,000</u>	<u>950,987</u>	<u>(24,556,013)</u>
<b>EXPENDITURES:</b>				
Capital outlay	563,000	813,000	60,694	752,306
<b>Total expenditures</b>	<u>563,000</u>	<u>813,000</u>	<u>60,694</u>	<u>752,306</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(563,000)</u>	<u>24,694,000</u>	<u>890,293</u>	<u>(23,803,707)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	3,487	3,487
Transfers out	-	-	(952,712)	(952,712)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(949,225)</u>	<u>(949,225)</u>
<b>Net change in fund balance</b>	<u>\$ (563,000)</u>	<u>\$ 24,694,000</u>	<u>(58,932)</u>	<u>\$ (24,752,932)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>425,309</u>	
End of year			<u>\$ 366,377</u>	

**City of Tracy**  
**Budgetary Comparison Schedule**  
**Business Improvement District Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Special assessments	\$ 134,000	\$ 134,000	\$ 135,461	\$ 1,461
<b>Total revenues</b>	<u>134,000</u>	<u>134,000</u>	<u>135,461</u>	<u>1,461</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Economic development	134,000	207,000	206,628	372
<b>Total expenditures</b>	<u>134,000</u>	<u>207,000</u>	<u>206,628</u>	<u>372</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ (73,000)</u>	(71,167)	<u>\$ 1,833</u>
<b>FUND BALANCE (DEFICIT):</b>				
Beginning of year			<u>1,497</u>	
End of year			<u>\$ (69,670)</u>	

**City of Tracy**  
**Budgetary Comparison Schedule**  
**Asset Forfeiture Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Fines and penalties	\$ -	\$ -	\$ 86,143	\$ 86,143
Investment income (loss)	-	-	(22,502)	(22,502)
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>63,641</u>	<u>63,641</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety				
Police	66,329	(20,671)	27,594	(48,265)
Capital outlay	-	101,000	101,162	(162)
<b>Total expenditures</b>	<u>66,329</u>	<u>80,329</u>	<u>128,756</u>	<u>(48,427)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(66,329)</u>	<u>(80,329)</u>	<u>(65,115)</u>	<u>15,214</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(38,405)	(38,405)	-	38,405
<b>Total other financing sources (uses)</b>	<u>(38,405)</u>	<u>(38,405)</u>	<u>-</u>	<u>38,405</u>
<b>Net change in fund balance</b>	<u>\$ (104,734)</u>	<u>\$ (118,734)</u>	<u>(65,115)</u>	<u>\$ 53,619</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>859,098</u>	
End of year			<u>\$ 793,983</u>	

**City of Tracy**  
**Budgetary Comparison Schedule**  
**Transportation Development Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 349,058	\$ 349,058
Investment income (loss)	23,000	23,000	(2,971)	(25,971)
<b>Total revenues</b>	<u>23,000</u>	<u>23,000</u>	<u>346,087</u>	<u>323,087</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Non-departmental	-	12,000	5,329	6,671
Capital outlay	280,000	280,000	828,018	(548,018)
<b>Total expenditures</b>	<u>280,000</u>	<u>292,000</u>	<u>833,347</u>	<u>(541,347)</u>
<b>Net change in fund balance</b>	<u>\$ (257,000)</u>	<u>\$ (269,000)</u>	(487,260)	<u>\$ (218,260)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>634,243</u>	
End of year			<u>\$ 146,983</u>	

**City of Tracy**  
**Budgetary Comparison Schedule**  
**Proposition K Transportation Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ -	\$ 2,400,000	\$ 2,431,804	\$ 31,804
Investment income (loss)	-	-	(167,607)	(167,607)
Intergovernmental	-	-	24,007	24,007
<b>Total revenues</b>	<b>-</b>	<b>2,400,000</b>	<b>2,288,204</b>	<b>(111,796)</b>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities				
Development and engineering	-	-	3,134	(3,134)
Capital outlay	-	683,000	569,271	113,729
<b>Total expenditures</b>	<b>-</b>	<b>683,000</b>	<b>572,405</b>	<b>110,595</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>1,717,000</b>	<b>1,715,799</b>	<b>(1,201)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(171)	(171)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(171)</b>	<b>(171)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 1,717,000</b>	<b>1,715,628</b>	<b>\$ (1,372)</b>
<b>FUND BALANCE:</b>				
Beginning of year			5,250,994	
End of year			<u>\$ 6,966,622</u>	

**City of Tracy**  
**Budgetary Comparison Schedule**  
**State Gas Tax Street Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ 31,000	\$ 31,000	\$ (206,902)	\$ (237,902)
Intergovernmental	3,135,000	3,135,000	4,259,070	1,124,070
<b>Total revenues</b>	<b>3,166,000</b>	<b>3,166,000</b>	<b>4,052,168</b>	<b>886,168</b>
<b>EXPENDITURES:</b>				
Current:				
General government				
Non-departmental	119,000	119,000	119,449	(449)
Public ways and facilities				
Public works	1,310,000	1,606,000	1,463,355	142,645
Capital outlay	130,000	218,000	2,582,977	(2,364,977)
<b>Total expenditures</b>	<b>1,559,000</b>	<b>1,943,000</b>	<b>4,165,781</b>	<b>(2,222,781)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,607,000</b>	<b>1,223,000</b>	<b>(113,613)</b>	<b>(1,336,613)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	623,472	623,472
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>623,472</b>	<b>623,472</b>
<b>Net change in fund balance</b>	<b>\$ 1,607,000</b>	<b>\$ 1,223,000</b>	<b>509,859</b>	<b>\$ (713,141)</b>
<b>FUND BALANCE:</b>				
Beginning of year			6,250,823	
End of year			<u>\$ 6,760,682</u>	

**City of Tracy**  
**Budgetary Comparison Schedule**  
**Community Development Block Grant Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 426,000	\$ 426,000	\$ 789,545	\$ 363,545
<b>Total revenues</b>	<b>426,000</b>	<b>426,000</b>	<b>789,545</b>	<b>363,545</b>
<b>EXPENDITURES:</b>				
Current:				
General government				
Economic development	418,000	89,000	89,240	(240)
Capital outlay	-	198,000	-	198,000
<b>Total expenditures</b>	<b>418,000</b>	<b>287,000</b>	<b>89,240</b>	<b>197,760</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,000</b>	<b>139,000</b>	<b>700,305</b>	<b>561,305</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(781,956)	(781,956)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(781,956)</b>	<b>(781,956)</b>
<b>Net change in fund balance</b>	<b>\$ 8,000</b>	<b>\$ 139,000</b>	<b>(81,651)</b>	<b>\$ (220,651)</b>
<b>FUND BALANCE (DEFICIT):</b>				
Beginning of year			4,624	
End of year			<u>\$ (77,027)</u>	

**City of Tracy**  
**Budgetary Comparison Schedule**  
**Landscaping District Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ -	\$ (152,560)	\$ (152,560)
Special assessments	3,551,000	3,551,000	3,589,632	38,632
<b>Total revenues</b>	<u>3,551,000</u>	<u>3,551,000</u>	<u>3,437,072</u>	<u>(113,928)</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Non-departmental	266,000	270,000	270,306	(306)
Public ways and facilities				
Public works	1,593,000	1,364,000	3,299,540	(1,935,540)
Capital outlay	-	2,000	671	1,329
<b>Total expenditures</b>	<u>1,859,000</u>	<u>1,636,000</u>	<u>3,570,517</u>	<u>(1,934,517)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,692,000</u>	<u>1,915,000</u>	<u>(133,445)</u>	<u>(2,048,445)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	95,950	95,950
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>95,950</u>	<u>95,950</u>
<b>Net change in fund balance</b>	<u>\$ 1,692,000</u>	<u>\$ 1,915,000</u>	<u>(37,495)</u>	<u>\$ (1,952,495)</u>
<b>FUND BALANCE:</b>				
Beginning of year			5,508,240	
End of year			<u>\$ 5,470,745</u>	



**City of Tracy**  
**Budgetary Comparison Schedule**  
**Residential and Commercial Rehabilitation Loan Special Revenue Fund**  
**For the Year Ended June 30, 2022**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ -	\$ (5,608)	\$ (5,608)
<b>Total revenues</b>	<u>\$ -</u>	<u>\$ -</u>	(5,608)	<u>\$ (5,608)</u>
<b>FUND BALANCE:</b>				
Beginning of year			211,681	
End of year			<u>\$ 206,073</u>	

**City of Tracy**  
**Budgetary Comparison Schedule**  
**Community Access CTV Special Revenue Fund**  
**For the Year Ended June 30, 2022**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 84,000	\$ 84,000	\$ 164,568	\$ 80,568
Investment income (loss)	-	-	(14,427)	(14,427)
Charges for current services	-	-	765	765
<b>Total revenues</b>	<u>84,000</u>	<u>84,000</u>	<u>150,906</u>	<u>66,906</u>
<b>EXPENDITURES:</b>				
Capital outlay	123,000	273,000	81,017	191,983
<b>Total expenditures</b>	<u>123,000</u>	<u>273,000</u>	<u>81,017</u>	<u>191,983</u>
<b>Net change in fund balance</b>	<u>\$ (39,000)</u>	<u>\$ (189,000)</u>	69,889	<u>\$ 258,889</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>508,396</u>	
End of year			<u>\$ 578,285</u>	

**City of Tracy**  
**Budgetary Comparison Schedule**  
**COPS Grant Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ 6,000	\$ 6,000	\$ (2,190)	\$ (8,190)
Intergovernmental	190,000	190,000	223,088	33,088
<b>Total revenues</b>	<b>196,000</b>	<b>196,000</b>	<b>220,898</b>	<b>24,898</b>
<b>EXPENDITURES:</b>				
Current:				
General government				
General government	11,000	-	-	-
Public safety				
Police	221,000	183,000	183,271	(271)
Capital outlay	-	59,000	57,155	1,845
<b>Total expenditures</b>	<b>232,000</b>	<b>242,000</b>	<b>240,426</b>	<b>1,574</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(36,000)</b>	<b>(46,000)</b>	<b>(19,528)</b>	<b>26,472</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(1,544)	(1,544)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,544)</b>	<b>(1,544)</b>
<b>Net change in fund balance</b>	<b>\$ (36,000)</b>	<b>\$ (46,000)</b>	<b>(21,072)</b>	<b>\$ 24,928</b>
<b>FUND BALANCE:</b>				
Beginning of year			153,216	
End of year			<b>\$ 132,144</b>	

**City of Tracy**  
**Budgetary Comparison Schedule**  
**CFD Services 2016-2 Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ -	\$ (35,673)	\$ (35,673)
Special assessments	411,000	411,000	693,110	282,110
<b>Total revenues</b>	<u>411,000</u>	<u>411,000</u>	<u>657,437</u>	<u>246,437</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities				
Public works	161,000	344,000	345,882	(1,882)
<b>Total expenditures</b>	<u>161,000</u>	<u>344,000</u>	<u>345,882</u>	<u>(1,882)</u>
<b>Net change in fund balance</b>	<u>\$ 250,000</u>	<u>\$ 67,000</u>	311,555	<u>\$ 244,555</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>229,151</u>	
End of year			<u>\$ 540,706</u>	

**City of Tracy**  
**Budgetary Comparison Schedule**  
**CFD Services 2018-1 Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ -	\$ (22,417)	\$ (22,417)
Special assessments	159,000	159,000	229,551	70,551
<b>Total revenues</b>	<u>159,000</u>	<u>159,000</u>	<u>207,134</u>	<u>48,134</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Non-departmental	136,000	195,000	225,977	(30,977)
Public ways and facilities				
Public works	-	20,000	20,180	(180)
<b>Total expenditures</b>	<u>136,000</u>	<u>215,000</u>	<u>246,157</u>	<u>(31,157)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>23,000</u>	<u>(56,000)</u>	<u>(39,023)</u>	<u>16,977</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(60,000)	(70,000)	(70,147)	(147)
<b>Total other financing sources (uses)</b>	<u>(60,000)</u>	<u>(70,000)</u>	<u>(70,147)</u>	<u>(147)</u>
<b>Net change in fund balance</b>	<u>\$ (37,000)</u>	<u>\$ (126,000)</u>	(109,170)	<u>\$ 16,830</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>809,609</u>	
End of year			<u>\$ 700,439</u>	

**City of Tracy**  
**Budgetary Comparison Schedule**  
**North East Industrial Plan Area Storm Drain Grant Special Revenue Fund**  
**For the Year Ended June 30, 2022**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Investment income (loss)	\$ -	\$ -	\$ (69,920)	\$ (69,920)
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>(69,920)</u>	<u>(69,920)</u>
<b>EXPENDITURES:</b>				
Capital outlay	2,500,000	2,500,000	-	2,500,000
<b>Total expenditures</b>	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>
<b>Net change in fund balance</b>	<u>\$ (2,500,000)</u>	<u>\$ (2,500,000)</u>	(69,920)	<u>\$ 2,430,080</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>2,639,208</u>	
End of year			<u>\$ 2,569,288</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, 2022**

	Municipal Airport Fund	Municipal Transit Fund	Total
<b>ASSETS</b>			
Current assets:			
Accounts receivable, net	\$ 171,775	\$ -	\$ 171,775
Intergovernmental receivable	53,211	8,172,977	8,226,188
Interest receivable	-	527	527
Lease receivable - due within one year	93,748	-	93,748
<b>Total current assets</b>	<b>318,734</b>	<b>8,173,504</b>	<b>8,492,238</b>
Noncurrent assets:			
Lease receivable - due in more than one year	1,942,111	-	1,942,111
Capital assets:			
Non-depreciable	15,826	1,428,929	1,444,755
Depreciable, net	14,557,189	12,519,228	27,076,417
<b>Total capital assets, net</b>	<b>14,573,015</b>	<b>13,948,157</b>	<b>28,521,172</b>
<b>Total noncurrent assets</b>	<b>16,515,126</b>	<b>13,948,157</b>	<b>30,463,283</b>
<b>Total assets</b>	<b>16,833,860</b>	<b>22,121,661</b>	<b>38,955,521</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Related to OPEB	3,090	5,125	8,215
Related to pensions	55,406	92,938	148,344
<b>Total deferred outflow of resources</b>	<b>58,496</b>	<b>98,063</b>	<b>156,559</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	10,834	532,075	542,909
Accrued payroll	12,950	24,072	37,022
Due to other funds	228,038	1,297,610	1,525,648
Deposits payable	53,711	-	53,711
Unearned revenue	-	60,539	60,539
Compensated absences - due within one year	7,620	12,909	20,529
<b>Total current liabilities</b>	<b>313,153</b>	<b>1,927,205</b>	<b>2,240,358</b>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Net OPEB liability	28,928	47,977	76,905
Net pension liability	151,033	253,347	404,380
Compensated absences - due in more than one year	10,478	19,762	30,240
<b>Total noncurrent liabilities</b>	<b>190,439</b>	<b>321,086</b>	<b>511,525</b>
<b>Total liabilities</b>	<b>503,592</b>	<b>2,248,291</b>	<b>2,751,883</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to leases	2,019,158	-	2,019,158
Related to OPEB	4,207	6,978	11,185
Related to pensions	97,271	163,164	260,435
<b>Total deferred inflows of resources</b>	<b>2,120,636</b>	<b>170,142</b>	<b>2,290,778</b>
<b>NET POSITION</b>			
Net investment in capital assets	14,573,015	13,948,157	28,521,172
Unrestricted (deficit)	(304,887)	5,853,134	5,548,247
<b>Total net position</b>	<b>\$ 14,268,128</b>	<b>\$ 19,801,291</b>	<b>\$ 34,069,419</b>



**City of Tracy**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2022**

	Municipal Airport Fund	Municipal Transit Fund	Total
<b>OPERATING REVENUES:</b>			
Sales and charges for services	\$ 582,364	\$ 7,571,420	\$ 8,153,784
Other operating revenue	128,504	-	128,504
<b>Total operating revenues</b>	<b>710,868</b>	<b>7,571,420</b>	<b>8,282,288</b>
<b>OPERATING EXPENSES:</b>			
Maintenance and operation	1,038,009	4,536,881	5,574,890
Administration	67,945	429,148	497,093
Depreciation	1,125,380	1,114,339	2,239,719
<b>Total operating expenses</b>	<b>2,231,334</b>	<b>6,080,368</b>	<b>8,311,702</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,520,466)</b>	<b>1,491,052</b>	<b>(29,414)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Operating grants	-	485,176	485,176
Capital grants	121,219	44,708	165,927
Investment income (loss)	41,386	140	41,526
Gain on sale of capital assets	3,104	-	3,104
<b>Total nonoperating revenues (expenses)</b>	<b>165,709</b>	<b>530,024</b>	<b>695,733</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(1,354,757)</b>	<b>2,021,076</b>	<b>666,319</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>			
Transfers in	395,343	171	395,514
<b>Total transfers</b>	<b>395,343</b>	<b>171</b>	<b>395,514</b>
<b>Changes in net position</b>	<b>(959,414)</b>	<b>2,021,247</b>	<b>1,061,833</b>
<b>NET POSITION:</b>			
Beginning of year	15,227,542	17,780,044	33,007,586
End of year	<b>\$ 14,268,128</b>	<b>\$ 19,801,291</b>	<b>\$ 34,069,419</b>

**City of Tracy**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2022**

	Municipal Airport Fund	Municipal Transit Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers/other funds	\$ 509,975	\$ 5,637,176	\$ 6,147,151
Cash payments to suppliers for goods and services/other funds	(1,032,077)	(4,295,558)	(5,327,635)
Cash payments to employees for services	(64,308)	(420,530)	(484,838)
Receipts from other operating revenues	128,504	-	128,504
<b>Net cash provided by (used in) operating activities</b>	<b>(457,906)</b>	<b>921,088</b>	<b>463,182</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating grants	-	485,176	485,176
Repayment to other funds	36,757	(1,076,478)	(1,039,721)
Transfers from other funds	395,343	171	395,514
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>432,100</b>	<b>(591,131)</b>	<b>(159,031)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital grants	121,219	44,708	165,927
Acquisition of capital assets	(136,799)	(374,278)	(511,077)
<b>Net cash (used in) capital and related financing activities</b>	<b>(15,580)</b>	<b>(329,570)</b>	<b>(345,150)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest from investments	41,386	(387)	40,999
<b>Net cash provided by (used in) investing activities</b>	<b>41,386</b>	<b>(387)</b>	<b>40,999</b>
<b>Net change in cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:</b>			
Cash and cash investments	\$ -	\$ -	\$ -
Restricted cash and investments	-	-	-
<b>Total cash and cash equivalents</b>	<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, 2022**

	Municipal Airport Fund	Municipal Transit Fund	Total
<b>RECONCILIATION OF OPERATING (LOSS) TO</b>			
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (1,520,466)	\$ 1,491,052	\$ (29,414)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,125,380	1,114,339	2,239,719
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	(1,405)	6,239,901	6,238,496
Intergovernmental receivable	(53,211)	(8,172,977)	(8,226,188)
Lease receivable	109,228	-	109,228
Deferred outflows - OPEB related	(2,063)	(2,780)	(4,843)
Deferred outflows - pension related	8,301	7,482	15,783
Accounts payable	5,932	241,323	247,255
Accrued payroll	1,343	8,887	10,230
Deposits payable	(1,072)	-	(1,072)
Unearned revenue	-	(1,168)	(1,168)
Compensated absences	5,142	(7,370)	(2,228)
Net OPEB liability	15,640	17,632	33,272
Net pension liability	(122,760)	(178,225)	(300,985)
Deferred inflows - lease related	(125,929)	-	(125,929)
Deferred inflows - OPEB related	1,774	1,421	3,195
Deferred inflows - pension related	96,260	161,571	257,831
Total adjustments	<u>1,062,560</u>	<u>(569,964)</u>	<u>492,596</u>
<b>Net cash provided by (used in) operating activities</b>	<u><u>\$ (457,906)</u></u>	<u><u>\$ 921,088</u></u>	<u><u>\$ 463,182</u></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, 2022**

	Central Garage	Central Services	Equipment Acquisition
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 182,490	\$ 500,225	\$ 8,115,385
Interest receivable	-	1,490	24,173
Prepaid items	-	-	65,532
<b>Total current assets</b>	<b>182,490</b>	<b>501,715</b>	<b>8,205,090</b>
Noncurrent assets:			
Capital assets:			
Non-depreciable	-	-	118,147
Depreciable, net	6,862	-	10,529,471
<b>Total capital assets, net</b>	<b>6,862</b>	<b>-</b>	<b>10,647,618</b>
<b>Total noncurrent assets</b>	<b>6,862</b>	<b>-</b>	<b>10,647,618</b>
<b>Total assets</b>	<b>189,352</b>	<b>501,715</b>	<b>18,852,708</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Related to OPEB	7,763	14,470	-
Related to pensions	141,195	262,729	-
<b>Total deferred outflow of resources</b>	<b>148,958</b>	<b>277,199</b>	<b>-</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	63,146	80,552	89,038
Accrued payroll	29,677	59,380	-
Deposits payable	-	-	-
Compensated absences - due within one year	15,276	37,213	-
<b>Total current liabilities</b>	<b>108,099</b>	<b>177,145</b>	<b>89,038</b>
Noncurrent liabilities:			
Net OPEB liability	72,672	135,465	-
Net pension liability	384,892	716,191	-
Compensated absences - due in more than one year	16,618	124,969	-
<b>Total noncurrent liabilities</b>	<b>474,182</b>	<b>976,625</b>	<b>-</b>
<b>Total liabilities</b>	<b>582,281</b>	<b>1,153,770</b>	<b>89,038</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to OPEB	10,569	19,701	-
Related to pensions	247,884	461,252	-
<b>Total deferred inflows of resources</b>	<b>258,453</b>	<b>480,953</b>	<b>-</b>
<b>NET POSITION</b>			
Investment in capital assets	6,862	-	10,647,618
Unrestricted (deficit)	(509,286)	(855,809)	8,116,052
<b>Total net position</b>	<b>\$ (502,424)</b>	<b>\$ (855,809)</b>	<b>\$ 18,763,670</b>

(Continued)

**City of Tracy**  
**Combining Statement of Net Position (Continued)**  
**All Internal Service Funds**  
**June 30, 2022**

	Building Maintenance	Insurance	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 2,953,731	\$ 1,028,931	\$ 12,780,762
Interest receivable	8,842	3,065	37,570
Prepaid items	-	-	65,532
Total current assets	<u>2,962,573</u>	<u>1,031,996</u>	<u>12,883,864</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	-	-	118,147
Depreciable, net	3,330	-	10,539,663
Total capital assets, net	<u>3,330</u>	<u>-</u>	<u>10,657,810</u>
Total noncurrent assets	<u>3,330</u>	<u>-</u>	<u>10,657,810</u>
<b>Total assets</b>	<u>2,965,903</u>	<u>1,031,996</u>	<u>23,541,674</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Related to OPEB	9,270	7,235	38,738
Related to pensions	168,897	130,471	703,292
<b>Total deferred outflow of resources</b>	<u>178,167</u>	<u>137,706</u>	<u>742,030</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	61,627	11,085	305,448
Accrued payroll	37,182	28,711	154,950
Deposits payable	6,758	-	6,758
Compensated absences - due within one year	19,979	16,663	89,131
Total current liabilities	<u>125,546</u>	<u>56,459</u>	<u>556,287</u>
Noncurrent liabilities:			
Net OPEB liability	86,783	67,733	362,653
Net pension liability	460,409	355,660	1,917,152
Compensated absences - due in more than one year	52,261	57,711	251,559
Total noncurrent liabilities	<u>599,453</u>	<u>481,104</u>	<u>2,531,364</u>
<b>Total liabilities</b>	<u>724,999</u>	<u>537,563</u>	<u>3,087,651</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to OPEB	12,621	9,851	52,742
Related to pensions	296,519	229,057	1,234,712
<b>Total deferred inflows of resources</b>	<u>309,140</u>	<u>238,908</u>	<u>1,287,454</u>
<b>NET POSITION</b>			
Investment in capital assets	3,330	-	10,657,810
Unrestricted (deficit)	2,106,601	393,231	9,250,789
<b>Total net position</b>	<u>\$ 2,109,931</u>	<u>\$ 393,231</u>	<u>\$ 19,908,599</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, 2022**

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	Central Garage	Central Services	Equipment Acquisition
<b>OPERATING REVENUES:</b>			
Sales and charges for services	\$ 2,454,416	\$ 2,662,615	\$ -
Other operating revenue	-	-	2,318,057
<b>Total operating revenues</b>	<u>2,454,416</u>	<u>2,662,615</u>	<u>2,318,057</u>
<b>OPERATING EXPENSES:</b>			
Maintenance and operation	2,496,817	2,797,152	502,068
Administration	132,795	128,704	79,104
Insurance costs and claims	-	-	-
Depreciation	499	-	1,617,686
<b>Total operating expenses</b>	<u>2,630,111</u>	<u>2,925,856</u>	<u>2,198,858</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(175,695)</u>	<u>(263,241)</u>	<u>119,199</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income (loss)	(795)	(13,682)	(218,149)
Gain on sale of capital assets	-	-	(1,873,560)
<b>Total nonoperating revenues (expenses)</b>	<u>(795)</u>	<u>(13,682)</u>	<u>(2,091,709)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(176,490)</u>	<u>(276,923)</u>	<u>(1,972,510)</u>
<b>TRANSFERS:</b>			
Capital contributions	-	-	82,089
Transfers in	-	-	1,248,006
<b>Total transfers</b>	<u>-</u>	<u>-</u>	<u>1,330,095</u>
<b>Changes in net position</b>	(176,490)	(276,923)	(642,415)
<b>NET POSITION:</b>			
Beginning of year	(325,934)	(578,886)	19,406,085
End of year	<u>\$ (502,424)</u>	<u>\$ (855,809)</u>	<u>\$ 18,763,670</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, 2022**

	Building Maintenance	Insurance	Total
<b>OPERATING REVENUES:</b>			
Sales and charges for services	\$ 2,249,576	\$ 5,725,633	\$ 13,092,240
Other operating revenue	-	1,184,624	3,502,681
<b>Total operating revenues</b>	<b>2,249,576</b>	<b>6,910,257</b>	<b>16,594,921</b>
<b>OPERATING EXPENSES:</b>			
Maintenance and operation	1,944,439	1,183,535	8,924,011
Administration	309,974	433,474	1,084,051
Insurance costs and claims	-	6,427,150	6,427,150
Depreciation	261	-	1,618,446
<b>Total operating expenses</b>	<b>2,254,674</b>	<b>8,044,159</b>	<b>18,053,658</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(5,098)</b>	<b>(1,133,902)</b>	<b>(1,458,737)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income (loss)	(79,442)	(34,401)	(346,469)
Gain (loss) on sale of capital assets	-	-	(1,873,560)
<b>Total nonoperating revenues (expenses)</b>	<b>(79,442)</b>	<b>(34,401)</b>	<b>(2,220,029)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(84,540)</b>	<b>(1,168,303)</b>	<b>(3,678,766)</b>
<b>TRANSFERS:</b>			
Capital contributions	-	-	82,089
Transfers in	-	-	1,248,006
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>1,330,095</b>
<b>Changes in net position</b>	<b>(84,540)</b>	<b>(1,168,303)</b>	<b>(2,348,671)</b>
<b>NET POSITION:</b>			
Beginning of year	2,194,471	1,561,534	22,257,270
End of year	<b>\$ 2,109,931</b>	<b>\$ 393,231</b>	<b>\$ 19,908,599</b>

(Concluded)

**City of Tracy**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Central Garage	Central Services	Equipment Acquisition
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers/other funds	\$ 2,454,416	\$ 2,662,615	\$ 11,673
Cash payments to suppliers for goods and services/other funds	(2,613,997)	(2,862,298)	(601,711)
Cash payments to employees for services	(37,727)	(55,348)	-
Receipts from other operating activities	-	-	2,318,057
<b>Net cash provided by (used in) operating activities</b>	<b>(197,308)</b>	<b>(255,031)</b>	<b>1,728,019</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers from other funds	-	-	1,248,006
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>1,248,006</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital contributions from developers and others	-	-	82,089
Acquisition of capital assets	-	-	(2,542,252)
<b>Net cash (used in) capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>(2,460,163)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest from investments	(91)	(13,638)	(226,712)
<b>Net cash provided by (used in) investing activities</b>	<b>(91)</b>	<b>(13,638)</b>	<b>(226,712)</b>
<b>Net change in cash and cash equivalents</b>	<b>(197,399)</b>	<b>(268,669)</b>	<b>289,150</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	379,889	768,894	7,826,235
End of year	<u>\$ 182,490</u>	<u>\$ 500,225</u>	<u>\$ 8,115,385</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:</b>			
Cash and cash investments	\$ 182,490	\$ 500,225	\$ 8,115,385
<b>Total cash and cash equivalents</b>	<b><u>\$ 182,490</u></b>	<b><u>\$ 500,225</u></b>	<b><u>\$ 8,115,385</u></b>

(Continued)

**City of Tracy**  
**Combining Statement of Cash Flows (Continued)**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Central Garage	Central Services	Equipment Acquisition
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>			
<b>TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (175,695)	\$ (263,241)	\$ 119,199
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	499	-	1,617,686
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	-	-	11,673
Prepaid items	-	-	(65,532)
Deferred outflows - OPEB related	(5,079)	(4,753)	-
Deferred outflows - pension related	24,012	32,052	-
Accounts payable	15,615	63,558	44,993
Accrued payroll	226	14,875	-
Compensated absences	(19,200)	(9,813)	-
Net OPEB liability	37,953	9,721	-
Net pension liability	(325,113)	(550,681)	-
Deferred inflows - OPEB related	4,211	(3,325)	-
Deferred inflows - pension related	245,263	456,576	-
Total adjustments	(21,613)	8,210	1,608,820
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (197,308)</b>	<b>\$ (255,031)</b>	<b>\$ 1,728,019</b>

(Continued)

**City of Tracy**  
**Combining Statement of Cash Flows (Continued)**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Building Maintenance	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers/other funds	\$ 2,305,903	\$ 5,725,633	\$ 13,160,240
Cash payments to suppliers for goods and services/other funds	(2,248,183)	(8,144,724)	(16,470,913)
Cash payments to employees for services	67,289	(13,000)	(38,786)
Receipts from other operating activities	-	1,184,624	3,502,681
<b>Net cash provided by (used in) operating activities</b>	<b>125,009</b>	<b>(1,247,467)</b>	<b>153,222</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers from other funds	-	-	1,248,006
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>1,248,006</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital contributions from developers and others	-	-	82,089
Acquisition of capital assets	-	-	(2,542,252)
<b>Net cash (used in) capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>(2,460,163)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest from investments	(82,583)	(33,104)	(356,128)
<b>Net cash provided by (used in) investing activities</b>	<b>(82,583)</b>	<b>(33,104)</b>	<b>(356,128)</b>
<b>Net change in cash and cash equivalents</b>	<b>42,426</b>	<b>(1,280,571)</b>	<b>(1,415,063)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	2,911,305	2,309,502	14,195,825
End of year	<u>\$ 2,953,731</u>	<u>\$ 1,028,931</u>	<u>\$ 12,780,762</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:</b>			
Cash and cash investments	\$ 2,953,731	\$ 1,028,931	\$ 12,780,762
<b>Total cash and cash equivalents</b>	<u>\$ 2,953,731</u>	<u>\$ 1,028,931</u>	<u>\$ 12,780,762</u>

(Continued)

**City of Tracy**  
**Combining Statement of Cash Flows (Continued)**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Building Maintenance	Insurance	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>			
<b>TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (5,098)	\$ (1,133,902)	\$ (1,458,737)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	261	-	1,618,446
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	56,327	-	68,000
Prepaid items	-	-	(65,532)
Deferred outflows - OPEB related	(9,270)	(3,519)	(22,621)
Deferred outflows - pension related	16,826	19,619	92,509
Accounts payable	6,230	(100,565)	29,831
Accrued payroll	4,207	6,380	25,688
Compensated absences	316	6,534	(22,163)
Net OPEB liability	86,783	19,643	154,100
Net pension liability	(337,767)	(289,377)	(1,502,938)
Deferred inflows - OPEB related	12,621	1,044	14,551
Deferred inflows - pension related	293,573	226,676	1,222,088
Total adjustments	130,107	(113,565)	1,611,959
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 125,009</b>	<b>\$ (1,247,467)</b>	<b>\$ 153,222</b>

(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, 2022**

	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
<b>ASSETS</b>						
Cash and investments	\$ 337,835	\$ 46,869	\$ 4,027,379	\$ -	\$ 45,028	\$ -
Cash and investments with fiscal agent	662,513	610,156	530,923	6,361,913	844,135	1,063,098
<b>Total assets</b>	<b>1,000,348</b>	<b>657,025</b>	<b>4,558,302</b>	<b>6,361,913</b>	<b>889,163</b>	<b>1,063,098</b>
<b>LIABILITIES</b>						
Accounts payable	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Held for:						
Individuals, organizations, and other governments	1,000,348	657,025	4,558,302	6,361,913	889,163	1,063,098
<b>Total Net Position</b>	<b>\$ 1,000,348</b>	<b>\$ 657,025</b>	<b>\$ 4,558,302</b>	<b>\$ 6,361,913</b>	<b>\$ 889,163</b>	<b>\$ 1,063,098</b>

(Continued)



**City of Tracy**  
**Combining Statement of Fiduciary Net Position (Continued)**  
**Fiduciary Funds - Custodial Funds**  
**June 30, 2022**

	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
<b>ASSETS</b>						
Cash and investments	\$ 162,120	\$ 1,225,732	\$ -	\$ 301,733	\$ -	\$ 76,257
Cash and investments with fiscal agent	1,017,206	2,655,211	2,110,094	137,411	3,411,907	-
<b>Total assets</b>	<u>1,179,326</u>	<u>3,880,943</u>	<u>2,110,094</u>	<u>439,144</u>	<u>3,411,907</u>	<u>76,257</u>
<b>LIABILITIES</b>						
Accounts payable	-	-	-	345	690	-
Deposits payable	-	-	-	298,184	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,529</u>	<u>690</u>	<u>-</u>
<b>NET POSITION</b>						
Held for:						
Individuals, organizations, and other governments	<u>1,179,326</u>	<u>3,880,943</u>	<u>2,110,094</u>	<u>140,615</u>	<u>3,411,217</u>	<u>76,257</u>
<b>Total Net Position</b>	<u>\$ 1,179,326</u>	<u>\$ 3,880,943</u>	<u>\$ 2,110,094</u>	<u>\$ 140,615</u>	<u>\$ 3,411,217</u>	<u>\$ 76,257</u>

(Continued)

**City of Tracy**  
**Combining Statement of Fiduciary Net Position (Continued)**  
**Fiduciary Funds - Custodial Funds**  
**June 30, 2022**

	Community Facilities District 2016-02	Community Facilities District 2016-01 Tracy Hills	Community Facilities District 2021-01 Hillview	Tracy Rural Fire Medical Leave Bank	Total
<b>ASSETS</b>					
Cash and investments	\$ 57,292	\$ 20,675	\$ -	\$ 316,431	\$ 6,617,351
Cash and investments with fiscal agent	5,670,216	13,443,167	6,868,379	-	45,386,329
<b>Total assets</b>	<b>5,727,508</b>	<b>13,463,842</b>	<b>6,868,379</b>	<b>316,431</b>	<b>52,003,680</b>
<b>LIABILITIES</b>					
Accounts payable	-	5,375	-	-	6,410
Deposits payable	-	-	-	-	298,184
<b>Total liabilities</b>	<b>-</b>	<b>5,375</b>	<b>-</b>	<b>-</b>	<b>304,594</b>
<b>NET POSITION</b>					
Held for:					
Individuals, organizations, and other governments	5,727,508	13,458,467	6,868,379	316,431	51,699,086
<b>Total Net Position</b>	<b>\$ 5,727,508</b>	<b>\$ 13,458,467</b>	<b>\$ 6,868,379</b>	<b>\$ 316,431</b>	<b>\$ 51,699,086</b>

(Concluded)

**City of Tracy**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds - Custodial Funds**  
**For the Year Ended June 30, 2022**

	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
<b>ADDITIONS:</b>						
Fee collections for other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments for other governments	-	-	277,577	5,973,175	347,772	671,216
Investment income (loss)	(5,933)	(1,058)	(10,011)	4,582	1,379	201
Proceeds from debt issuance	-	-	-	-	-	-
<b>Total additions</b>	<u>(5,933)</u>	<u>(1,058)</u>	<u>267,566</u>	<u>5,977,757</u>	<u>349,151</u>	<u>671,417</u>
<b>DEDUCTIONS:</b>						
Administration	-	999	18,550	17,526	14,390	12,384
Payments on conduit bonds - principal	-	295,000	120,000	4,350,000	270,000	545,000
Payments on conduit bonds - interest	-	7,375	127,588	1,326,950	44,831	92,600
Project payments	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
<b>Total deductions</b>	<u>-</u>	<u>303,374</u>	<u>266,138</u>	<u>5,694,476</u>	<u>329,221</u>	<u>649,984</u>
<b>Changes in net position</b>	(5,933)	(304,432)	1,428	283,281	19,930	21,433
<b>NET POSITION:</b>						
Beginning of year	1,006,281	961,457	4,556,874	6,078,632	869,233	1,041,665
End of year	<u>\$ 1,000,348</u>	<u>\$ 657,025</u>	<u>\$ 4,558,302</u>	<u>\$ 6,361,913</u>	<u>\$ 889,163</u>	<u>\$ 1,063,098</u>

(Continued)

**City of Tracy**  
**Combining Statement of Changes in Fiduciary Net Position (Continued)**  
**Fiduciary Funds - Custodial Funds**  
**For the Year Ended June 30, 2022**

	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
<b>ADDITIONS:</b>						
Fee collections for other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments for other governments	1,142,746	678,156	7,174	81,097	1,412,363	-
Investment income (loss)	744	49	2,460	(713)	4,163	(208)
Proceeds from debt issuance	-	-	-	-	-	-
<b>Total additions</b>	<b>1,143,490</b>	<b>678,205</b>	<b>9,634</b>	<b>80,384</b>	<b>1,416,526</b>	<b>(208)</b>
<b>DEDUCTIONS:</b>						
Administration	17,490	14,276	15,995	10,569	34,939	-
Payments on conduit bonds - principal	640,000	260,000	300,000	45,000	1,000,000	-
Payments on conduit bonds - interest	433,175	380,100	18,500	22,391	320,456	-
Project payments	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
<b>Total deductions</b>	<b>1,090,665</b>	<b>654,376</b>	<b>334,495</b>	<b>77,960</b>	<b>1,355,395</b>	<b>-</b>
<b>Changes in net position</b>	<b>52,825</b>	<b>23,829</b>	<b>(324,861)</b>	<b>2,424</b>	<b>61,131</b>	<b>(208)</b>
<b>NET POSITION:</b>						
Beginning of year	1,126,501	3,857,114	2,434,955	138,191	3,350,086	76,465
End of year	<u>\$ 1,179,326</u>	<u>\$ 3,880,943</u>	<u>\$ 2,110,094</u>	<u>\$ 140,615</u>	<u>\$ 3,411,217</u>	<u>\$ 76,257</u>

(Continued)

**City of Tracy**  
**Combining Statement of Changes in Fiduciary Net Position (Continued)**  
**Fiduciary Funds - Custodial Funds**  
**For the Year Ended June 30, 2022**

	Community Facilities District 2016-02	Community Facilities District 2016-01 Tracy Hills	Community Facilities District 2021-01 Hillview	Tracy Rural Fire Medical Leave Bank	Total
<b>ADDITIONS:</b>					
Fee collections for other governments	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments for other governments	1,555,252	3,468,687	-	-	15,615,215
Investment income (loss)	802	1,849	26	-	(1,668)
Proceeds from debt issuance	14,480,276	-	6,868,353	-	21,348,629
<b>Total additions</b>	<b>16,036,330</b>	<b>3,470,536</b>	<b>6,868,379</b>	<b>-</b>	<b>36,962,176</b>
<b>DEDUCTIONS:</b>					
Administration	57,132	41,717	-	-	255,967
Payments on conduit bonds - principal	50,000	190,000	-	-	8,065,000
Payments on conduit bonds - interest	937,917	3,059,550	-	-	6,771,433
Project payments	12,619,921	15,065,449	-	-	27,685,370
Payments to other governments	-	-	-	62,600	62,600
<b>Total deductions</b>	<b>13,664,970</b>	<b>18,356,716</b>	<b>-</b>	<b>62,600</b>	<b>42,840,370</b>
<b>Changes in net position</b>	<b>2,371,360</b>	<b>(14,886,180)</b>	<b>6,868,379</b>	<b>(62,600)</b>	<b>(5,878,194)</b>
<b>NET POSITION:</b>					
Beginning of year	3,356,148	28,344,647	-	379,031	57,577,280
End of year	<u>\$ 5,727,508</u>	<u>\$ 13,458,467</u>	<u>\$ 6,868,379</u>	<u>\$ 316,431</u>	<u>\$ 51,699,086</u>

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# Statistical Section



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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**  
**(amounts in thousands)**

	Fiscal Year				
	2022	2021	2020	2019	2018
Governmental activities					
Net investment in capital assets	\$ 640,818	\$ 653,646	\$ 638,464	\$ 626,220	\$ 609,080
Restricted	237,567	217,130	201,440	199,212	183,594
Unrestricted	70,533	1,254	(36,566)	(22,474)	(10,576)
Total governmental activities net assets	<u>948,918</u>	<u>872,030</u>	<u>803,338</u>	<u>802,958</u>	<u>782,098</u>
Business-type activities:					
Net investment in capital assets	\$ 421,052	\$ 412,464	\$ 397,487	\$ 370,880	\$ 359,213
Restricted	-	-	518	1	-
Unrestricted	66,078	51,960	62,495	48,068	48,616
Total business-type activities	<u>\$ 487,130</u>	<u>\$ 464,424</u>	<u>\$ 460,500</u>	<u>\$ 418,949</u>	<u>\$ 407,829</u>
Primary government:					
Net investment in capital assets	\$ 1,061,870	\$ 1,066,110	\$ 1,035,951	\$ 997,100	\$ 968,293
Restricted	237,567	217,130	201,958	199,213	183,594
Unrestricted	136,611	53,214	25,929	26,594	38,040
Total primary government	<u>\$ 1,436,048</u>	<u>\$ 1,336,454</u>	<u>\$ 1,263,838</u>	<u>\$ 1,222,907</u>	<u>\$ 1,189,927</u>

Source: City of Tracy, Finance Department:

**City of Tracy**  
**Net Position by Component (Continued)**  
**Last Ten Fiscal Years**  
**(amounts in thousands)**

	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental activities					
Net investment in capital assets	\$ 581,394	\$ 553,914	\$ 526,467	\$ 518,181	\$ 512,728
Restricted	155,947	145,381	152,380	100,403	111,131
Unrestricted	(1,272)	(5,343)	(11,671)	42,063	35,606
Total governmental activities net assets	<u>736,069</u>	<u>693,952</u>	<u>667,176</u>	<u>660,647</u>	<u>659,465</u>
Business-type activities:					
Net investment in capital assets	\$ 357,628	\$ 302,888	\$ 314,492	\$ 327,065	\$ 328,985
Restricted	350	348	346	247	237
Unrestricted	41,657	39,357	31,221	31,101	31,283
Total business-type activities	<u>\$ 399,635</u>	<u>\$ 342,593</u>	<u>\$ 346,059</u>	<u>\$ 358,413</u>	<u>\$ 360,505</u>
Primary government:					
Net investment in capital assets	\$ 939,022	\$ 856,802	\$ 840,959	\$ 845,246	\$ 841,713
Restricted	156,297	145,729	152,726	100,650	111,368
Unrestricted	40,385	34,014	19,550	73,164	66,889
Total primary government	<u>\$ 1,135,704</u>	<u>\$ 1,036,545</u>	<u>\$ 1,013,235</u>	<u>\$ 1,019,060</u>	<u>\$ 1,019,970</u>

Source: City of Tracy, Finance Department:

**City of Tracy**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2022	2021	2020	2019	2018
<b>Expenses:</b>					
Governmental activities:					
General Government	\$ 26,685	\$ 22,135	\$ 14,661	\$ 14,455	\$ 13,480
Public safety	55,696	56,194	60,125	54,075	52,785
Public works	34,402	32,034	34,151	42,693	34,183
Culture and leisure	4,800	3,848	4,044	3,920	3,395
Interest on long-term debt	990	675	1,338	1,271	1,288
Unallocated depreciation	-	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<b>122,573</b>	<b>114,886</b>	<b>114,319</b>	<b>116,414</b>	<b>105,131</b>
Business-type Activities:					
Water	\$ 24,886	\$ 21,177	\$ 21,458	\$ 19,941	\$ 19,087
Wastewater	23,435	21,238	18,991	18,961	18,601
Solid waste	28,418	25,986	25,275	22,289	20,958
Drainage operations	2,114	2,195	2,610	2,558	2,791
Municipal airport	2,228	1,144	1,363	1,123	1,475
Municipal transit	6,080	5,352	5,485	5,017	5,571
<b>Total Business-Type Activities</b>	<b>87,161</b>	<b>77,092</b>	<b>75,182</b>	<b>69,889</b>	<b>68,483</b>
<b>Total Primary Governmental Expenses</b>	<b>\$ 209,734</b>	<b>\$ 191,978</b>	<b>\$ 189,501</b>	<b>\$ 186,303</b>	<b>\$ 173,614</b>

**City of Tracy**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2022	2021	2020	2019	2018
<b>Program revenues:</b>					
Governmental activities:					
Charges for Services:					
Development fees	\$ 17,279	\$ 11,151	\$ 7,731	\$ 10,068	\$ 8,784
Other public works	2,721	2,721	2,721	2,831	2,722
Parks and community services	884	222	522	666	762
Other activities	9,159	8,728	8,165	7,227	7,252
Operating grants and contributions	13,576	8,330	14,969	15,142	14,191
Capital grants and contributions	63,193	52,673	39,662	36,408	68,535
<b>Total Governmental Activities Program Revenues</b>	<b>106,812</b>	<b>83,825</b>	<b>73,770</b>	<b>72,342</b>	<b>102,246</b>
Business-type Activities:					
Charges for Services:					
Water	\$ 22,407	\$ 23,406	\$ 20,328	\$ 16,497	\$ 16,307
Wastewater	14,973	15,051	14,552	14,168	14,836
Solid waste	25,758	24,309	23,072	21,550	20,973
Drainage operations	731	750	737	686	691
Municipal airport	582	854	662	658	732
Municipal transit	7,571	62	103	117	117
Operating grants and contributions	1,688	6,988	4,263	3,733	6,397
Capital grants and contributions	12,703	5,801	22,818	20,936	9,181
<b>Total Business-Types Activities Program Revenues</b>	<b>86,413</b>	<b>77,221</b>	<b>86,535</b>	<b>78,345</b>	<b>69,234</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 193,225</b>	<b>\$ 161,046</b>	<b>\$ 160,305</b>	<b>\$ 150,687</b>	<b>\$ 171,480</b>
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (15,761)	\$ (31,061)	\$ (40,549)	\$ (44,072)	\$ (2,885)
Business-type activities	(748)	129	11,353	8,456	751
<b>Total primary government net (expense) revenue</b>	<b>\$ (16,509)</b>	<b>\$ (30,932)</b>	<b>\$ (29,196)</b>	<b>\$ (35,616)</b>	<b>\$ (2,134)</b>

**City of Tracy**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2022	2021	2019	2018	2017
<b>General revenues and other changes in net assets</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 27,241	\$ 25,736	\$ 24,082	\$ 22,723	\$ 20,857
Sales and use taxes	75,112	56,649	37,039	37,083	30,761
Franchise taxes	4,265	4,258	3,864	3,545	3,558
Other taxes	5,615	4,802	3,692	3,703	3,756
Motor vehicle in lieu, unrestricted	114	70	73	44	48
Investment income (loss)	(8,949)	242	1,543	1,395	545
Miscellaneous	14,204	1,388	87	407	1,926
Transfers	(24,954)	(3,609)	(27,355)	(2,016)	(8,692)
Gain on Transfer of assets'	-	-	-	-	-
Special item - Transfer of assets	-	-	(2,098)	-	(3,347)
<b>Total governmental activities</b>	<b>92,648</b>	<b>89,536</b>	<b>40,927</b>	<b>66,884</b>	<b>49,412</b>
Business-type activities:					
Interest earnings	(1,819)	145	1,835	1,576	531
Miscellaneous	320	40	9	66	84
Transfers	24,954	3,609	27,355	2,016	8,692
<b>Total business-type activities</b>	<b>23,455</b>	<b>3,794</b>	<b>29,199</b>	<b>3,658</b>	<b>9,307</b>
<b>Total primary government</b>	<b>\$ 116,103</b>	<b>\$ 93,330</b>	<b>\$ 70,126</b>	<b>\$ 70,542</b>	<b>\$ 58,719</b>
<b>Change in net position</b>					
Governmental activities	\$ 76,887	\$ 58,475	\$ 380	\$ 22,812	\$ 46,527
Business-type activities	22,707	3,923	40,552	12,114	10,059
<b>Total primary government</b>	<b>\$ 99,594</b>	<b>\$ 62,398</b>	<b>\$ 40,932</b>	<b>\$ 34,926</b>	<b>\$ 56,586</b>

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				
	2017	2016	2015	2014	2013
<b>Expenses:</b>					
Governmental activities:					
General Government	\$ 12,412	\$ 13,629	\$ 7,907	\$ 6,412	\$ 6,572
Public safety	41,326	37,858	37,562	37,974	37,248
Public works	26,330	31,874	27,572	32,358	25,954
Culture and leisure	2,830	3,134	3,288	4,668	4,709
Interest on long-term debt	1,304	1,345	1,337	1,342	1,399
Unallocated depreciation	-	-	-	586	520
Total Governmental Activities Expenses	<u>84,202</u>	<u>87,840</u>	<u>77,666</u>	<u>83,340</u>	<u>76,402</u>
Business-type Activities:					
Water	\$ 18,980	\$ 22,659	\$ 23,610	\$ 22,300	\$ 21,765
Wastewater	15,079	16,522	17,040	16,442	14,970
Solid waste	20,541	20,899	19,477	18,923	18,820
Drainage	3,027	3,485	3,436	3,404	3,232
Airport	901	775	703	629	590
Transit	3,953	3,169	2,968	2,556	2,404
Total Business-Type Activities	<u>62,481</u>	<u>67,509</u>	<u>67,234</u>	<u>64,254</u>	<u>61,781</u>
Total Primary Governmental Expenses	<u>\$ 146,683</u>	<u>\$ 155,349</u>	<u>\$ 144,900</u>	<u>\$ 147,594</u>	<u>\$ 138,183</u>

**City of Tracy**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>Program revenues:</b>					
Governmental activities:					
Charges for Services:					
Development fees	\$ 8,769	\$ 6,816	\$ 6,124	\$ 3,039	\$ 2,460
Other public works	2,721	3,093	2,968	5,040	5,300
Parks and community services	701	1,047	940	838	878
Other activities	1,805	1,864	1,104	1,879	1,665
Operating grants and contributions	12,680	12,811	13,097	10,964	12,723
Capital grants and contributions	39,966	37,084	40,451	18,166	22,596
<b>Total Governmental Activities Program Revenues</b>	<b>66,642</b>	<b>\$ 62,715</b>	<b>\$ 64,684</b>	<b>\$ 39,926</b>	<b>\$ 45,622</b>
Business-type Activities:					
Charges for Services:					
Water	\$ 14,935	\$ 13,101	\$ 14,379	\$ 18,700	\$ 15,672
Wastewater	14,034	13,616	13,086	12,940	11,978
Solid waste	23,333	25,156	22,356	21,521	20,352
Drainage	644	609	603	546	564
Airport	478	403	504	395	272
Transit	116	96	109	1,631	818
Operating grants and contributions	1,516	2,041	1,608	-	-
Capital grants and contributions	4,268	3,302	8,652	6,337	2,528
<b>Total Business-Types Activities Program Revenues</b>	<b>59,324</b>	<b>\$ 58,324</b>	<b>\$ 61,297</b>	<b>\$ 62,070</b>	<b>\$ 52,184</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 125,966</b>	<b>\$ 121,039</b>	<b>\$ 125,981</b>	<b>\$ 101,996</b>	<b>\$ 97,806</b>
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (17,560)	\$ (25,125)	\$ (12,982)	\$ (43,414)	\$ (30,780)
Business-type activities	(3,157)	(9,185)	(5,937)	(2,184)	(9,597)
<b>Total primary government net (expense) revenue</b>	<b>\$ (20,717)</b>	<b>\$ (34,310)</b>	<b>\$ (18,919)</b>	<b>\$ (45,598)</b>	<b>\$ (40,377)</b>

**City of Tracy**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>General revenues and other changes in net assets</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 20,393	\$ 19,638	\$ 17,709	\$ 15,700	\$ 14,946
Sales and use taxes	23,291	24,371	24,280	22,722	20,553
Franchise taxes	2,829	2,776	2,728	2,593	2,500
Other taxes	2,719	2,562	2,304	1,952	1,839
Motor vehicle in lieu, unrestricted	40	34	35	36	43
Investment income (loss)	435	1,000	610	1,129	165
Miscellaneous	2,022	3,497	1,311	1,634	1,595
Transfers	(4,968)	(5,141)	-	-	(42)
Gain on Transfer of assets'	-	-	-	-	-
Special item - Transfer of assets	-	3,162	-	-	-
<b>Total governmental activities</b>	<b>46,761</b>	<b>\$ 51,899</b>	<b>\$ 48,977</b>	<b>\$ 45,766</b>	<b>\$ 41,599</b>
Business-type activities:					
Interest earnings	626	\$ 551	\$ 585	\$ 264	\$ 144
Miscellaneous	24	25	42	-	-
Transfers	4,968	5,141	-	-	42
<b>Total business-type activities</b>	<b>5,618</b>	<b>\$ 5,717</b>	<b>\$ 627</b>	<b>\$ 264</b>	<b>\$ 186</b>
<b>Total primary government</b>	<b>\$ 52,379</b>	<b>\$ 57,616</b>	<b>\$ 49,604</b>	<b>\$ 46,030</b>	<b>\$ 41,785</b>
<b>Change in net position</b>					
Governmental activities	\$ 29,201	\$ 26,774	\$ 35,995	\$ 2,352	\$ 10,819
Business-type activities	2,461	(3,468)	(5,310)	(1,920)	(9,411)
<b>Total primary government</b>	<b>\$ 31,662</b>	<b>\$ 23,306</b>	<b>\$ 30,685</b>	<b>\$ 432</b>	<b>\$ 1,408</b>

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				
	2022	2021	2020	2019	2018
<b>Governmental activities:</b>					
General Government	\$ 13,565	\$ 9,898	\$ 9,126	\$ 8,988	\$ 11,204
Police	2,464	1,922	2,134	2,277	3,085
Fire	32	-	10,339	6,445	7,172
Development and engineering	17,279	11,171	7,751	10,585	9,363
Public works	72,546	60,072	43,031	43,510	70,310
Parks and community services	927	762	1,390	1,000	1,112
Subtotal governmental activities	106,813	83,825	73,771	72,805	102,246
<b>Business-type activities:</b>					
Water	\$ 29,403	\$ 25,029	\$ 31,134	\$ 20,307	\$ 21,397
Wastewater	20,282	16,905	22,584	29,337	16,610
Solid waste	26,386	24,329	23,134	21,553	20,973
Drainage operations	1,537	1,843	760	1,509	808
Municipal airport	704	989	2,382	1,725	2,906
Municipal transit	8,101	8,127	6,543	3,914	6,540
Subtotal business-type activities	86,413	77,222	86,537	78,345	69,234
<b>Total primary government</b>	<b>\$ 193,226</b>	<b>\$ 161,047</b>	<b>\$ 160,308</b>	<b>\$ 151,150</b>	<b>\$ 171,480</b>

**City of Tracy**  
**Program Revenues by Function/Program (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

<b>Function/Program</b>	Fiscal Year				
	2017	2016	2015	2014	2013
<b>Governmental activities:</b>					
General Government	\$ 2,700	\$ 3,099	\$ 3,850	\$ 2,892	\$ 1,908
Police	1,972	2,052	2,847	1,775	2,330
Fire	6,556	6,539	6,792	6,980	8,692
Development and engineering	9,213	7,209	6,505	3,410	2,871
Public works	45,234	42,437	43,198	23,621	28,367
Parks and community services	967	1,380	1,492	1,248	1,454
Subtotal governmental activities	<u>66,642</u>	<u>62,716</u>	<u>64,684</u>	<u>39,926</u>	<u>45,622</u>
<b>Business-type activities:</b>					
Water	\$ 15,220	\$ 13,801	\$ 17,659	\$ 16,877	\$ 15,672
Wastewater	14,805	13,849	14,533	13,438	12,131
Solid waste	23,354	25,156	22,356	20,352	20,352
Drainage operations	644	686	659	3,424	564
Municipal airport	1,514	2,622	4,060	731	607
Municipal transit	3,787	2,210	2,030	1,171	2,858
Subtotal business-type activities	<u>59,324</u>	<u>58,324</u>	<u>61,297</u>	<u>55,993</u>	<u>52,184</u>
Total primary government	<u>\$ 125,966</u>	<u>\$ 121,040</u>	<u>\$ 125,981</u>	<u>\$ 95,919</u>	<u>\$ 97,806</u>

**City of Tracy**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(amounts in thousands)**

	Fiscal Year				
	2022	2021	2020	2019	2018
General Fund:					
Nonspendable	\$ -	\$ 40	\$ 40	\$ 470	\$ 1,525
Restricted	3,175	2,348	-	-	-
Committed	16,401	16,401	14,479	14,883	14,961
Assigned	11,277	11,277	6,112	15,213	20,997
Unassigned	6,024	3,964	-	-	842
<b>Total General Fund</b>	<b>\$ 36,877</b>	<b>\$ 34,030</b>	<b>\$ 20,631</b>	<b>\$ 30,566</b>	<b>\$ 38,325</b>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	234,392	195,384	155,058	164,057	153,595
Committed	-	-	-	-	-
Assigned	79,742	38,508	26,193	12,192	5,909
Unassigned	-	-	-	-	-
Special revenue funds	(147)	-	(3,131)	(6,609)	(8,192)
Capital projects funds	(102)	(2,176)	(2,174)	(2,382)	-
Debt service funds	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 313,885</b>	<b>\$ 231,716</b>	<b>\$ 175,946</b>	<b>\$ 167,258</b>	<b>\$ 151,312</b>

Source: City of Tracy, Finance Department

**City of Tracy**  
**Fund Balances of Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(amounts in thousands)**

	Fiscal Year				
	2017	2016	2015	2014	2013
General Fund:					
Nonspendable	\$ 5,117	\$ 5,873	\$ 6,640	\$ 782	\$ 781
Restricted	-	-	-	346	333
Committed	11,716	-	-	-	-
Assigned	11,455	358	1,152	523	277
Unassigned	12,483	34,425	29,861	33,420	27,503
<b>Total General Fund</b>	<b>\$ 40,771</b>	<b>\$ 40,656</b>	<b>\$ 37,653</b>	<b>\$ 35,071</b>	<b>\$ 28,894</b>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	124,932	-	4	57	-
Committed	-	110,191	113,064	97,402	108,381
Assigned	4,438	-	-	-	-
Unassigned	-	5,588	13,360	-	-
Special revenue funds	(517)	-	-	-	-
Capital projects funds	-	(4,431)	(610)	(1,278)	(159)
Debt service funds	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 128,853</b>	<b>\$ 111,348</b>	<b>\$ 125,818</b>	<b>\$ 96,181</b>	<b>\$ 108,222</b>

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				
	2022	2021	2020	2019	2018
<b>Revenues:</b>					
Taxes	\$ 110,165	\$ 88,626	\$ 65,927	\$ 65,931	\$ 59,838
Licenses, premits and fees	14,084	10,015	7,418	8,161	7,792
Fines and forfeits	255	1,098	630	880	1,559
Use of money and property	(8,081)	483	5,604	6,003	1,462
Intergovernmental	11,462	8,221	12,770	16,733	21,127
Charges of services	69,914	50,130	41,841	34,752	54,269
Special assessments	5,116	4,305	4,060	4,646	3,597
Contributions from assessment districts	-	156	3,434	1,697	5,121
Other	11,122	1,353	58	147	1,589
<b>Total revenues</b>	<b>214,037</b>	<b>164,387</b>	<b>141,742</b>	<b>138,950</b>	<b>156,354</b>
<b>Expenditures:</b>					
Current:					
General government	19,063	17,658	15,136	14,544	13,579
Police	40,094	35,935	33,708	30,575	27,078
Fire	16,448	15,933	21,909	21,404	22,251
Development and engineering	12,413	12,413	11,258	11,327	13,549
Public works	13,345	11,997	11,547	13,391	10,156
Parks and recreation	4,042	3,038	3,181	3,245	2,683
Capital outlay	15,937	9,108	29,699	28,802	38,631
Debt service:					
Principal	765	555	21,315	405	434
Interest and fiscal charges	1,040	720	1,565	1,276	1,292
<b>Total expenditures</b>	<b>123,147</b>	<b>107,357</b>	<b>149,318</b>	<b>124,969</b>	<b>129,653</b>
Excess of revenues over (under) expenditures	90,890	57,030	(7,576)	13,981	26,701
<b>Other financing sources (uses):</b>					
Issuance of debt (including premium)	20,327	-	21,737	-	-
Contributions	-	-	3,930	-	-
Transfers in	118,206	20,489	27,601	36,154	13,040
Transfers out	(144,408)	(24,562)	(46,971)	(40,004)	(16,731)
Proceeds from sale of property	-	-	33	8	350
<b>Total other financing sources (uses):</b>	<b>(5,875)</b>	<b>(4,073)</b>	<b>6,330</b>	<b>(3,842)</b>	<b>(3,341)</b>
<b>Net change in fund balances</b>	<b>\$ 85,015</b>	<b>\$ 52,957</b>	<b>\$ (1,246)</b>	<b>\$ 10,139</b>	<b>\$ 23,360</b>
Debt service as a percentage of non-capital expenditures	1.68%	1.31%	17.41%	1.56%	1.70%



**City of Tracy**  
**Changes in Fund Balances, Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>Revenues:</b>					
Taxes	\$ 47,540	\$ 49,118	\$ 46,915	\$ 43,804	\$ 40,503
Licenses, premits and fees	7,191	5,236	4,706	4,008	3,564
Fines and forfeits	510	673	972	863	568
Use of money and property	1,356	2,936	1,277	1,699	700
Intergovernmental	27,127	20,413	16,235	12,928	16,038
Charges of services	9,472	9,997	9,165	8,894	9,147
Special assessments	24,886	14,977	29,899	7,181	13,406
Contributions from assessment districts	3,372	3,574	3,444	4,346	1,887
Other	3,460	3,501	1,410	1,767	1,124
<b>Total revenues</b>	<b>124,914</b>	<b>110,425</b>	<b>114,023</b>	<b>85,490</b>	<b>86,937</b>
<b>Expenditures:</b>					
Current:					
General government	13,763	14,900	7,748	7,050	6,434
Police	24,690	23,717	22,012	21,592	21,488
Fire	18,483	16,692	16,033	15,869	15,305
Development and engineering	8,828	9,042	7,793	6,467	6,449
Public works	9,292	9,372	9,093	8,471	8,091
Parks and recreation	2,287	3,110	3,019	3,113	3,330
Capital outlay	28,645	41,456	20,582	27,179	23,465
Debt service:					
Principal	398	368	328	245	220
Interest and fiscal charges	1,308	1,322	1,334	1,345	1,352
<b>Total expenditures</b>	<b>107,694</b>	<b>119,979</b>	<b>87,942</b>	<b>91,331</b>	<b>86,134</b>
Excess of revenues over (under) expenditures	17,220	(9,554)	26,081	(5,841)	803
<b>Other financing sources (uses):</b>					
Issuance of debt (including premium)	-	-	248	-	-
Contributions	-	-	-	-	-
Transfers in	5,226	6,009	11,723	1,214	20,600
Transfers out	(5,226)	(8,750)	(11,745)	(1,236)	(20,642)
Proceeds from sale of property	5	829	420	-	-
<b>Total other financing sources (uses):</b>	<b>5</b>	<b>(1,912)</b>	<b>646</b>	<b>(22)</b>	<b>(42)</b>
<b>Net change in fund balances</b>	<b>\$ 17,225</b>	<b>\$ (11,466)</b>	<b>\$ 26,727</b>	<b>\$ (5,863)</b>	<b>\$ 761</b>
Debt service as a percentage of non-capital expenditures	1.97%	1.94%	2.34%	2.12%	2.33%

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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
2022	\$ 26,728,529	\$ 3,866,095	\$ 75,112,096	\$ 2,130,821	\$ 1,038,011	\$ 2,249,015	\$ 111,124,567
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

Source: Finance Department, City of Tracy

**City of Tracy**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Category	Fiscal Years				
	2022	2021	2020	2019	2018
Residential	\$ 9,760,318,294	\$ 9,143,911,871	\$ 8,555,296,590	\$ 8,039,865,942	\$ 7,507,417,694
Commercial	1,063,194,692	1,030,981,316	955,735,852	947,333,003	929,006,663
Industrial	1,725,889,800	1,497,816,029	1,317,064,070	1,174,162,150	1,096,123,367
Agricultural	15,740,791	9,954,085	13,112,309	14,680,140	16,512,544
Govt. Owned	394,710	390,665	383,006	58,141	57,001
Institutional	13,241,969	17,778,493	14,022,064	13,108,380	14,530,172
Miscellaneous	1,181,722	1,059,690	1,040,944	1,020,538	1,000,531
Recreational	14,051,314	13,907,241	13,655,823	13,397,875	13,135,180
Vacant	542,638,869	450,516,491	390,395,541	224,337,103	237,333,513
SBE Nonuitary	13,423,381	13,423,381	11,939,960	11,939,960	11,939,960
Cross Reference	8,944,462	7,908,510	6,625,995	6,538,593	6,436,773
Unsecured	586,803,473	608,053,111	558,315,419	537,094,969	577,931,679
Exempt	-	-	-	-	(14,741,007)
Unknown	309,051	305,883	336,600	692,500	-
<b>Totals</b>	<b>\$ 13,746,132,528</b>	<b>\$ 12,796,006,766</b>	<b>\$ 11,837,924,173</b>	<b>\$ 10,984,229,294</b>	<b>\$ 10,396,684,070</b>
Total Direct Rate	13.34%	13.70%	13.87%	14.29%	14.39%

\*Table updated as of FY21-22

Source: The HdL Company

**City of Tracy**  
**Assessed Value of Taxable Property (Continued)**  
**Last Ten Fiscal Years**

Category	Fiscal Years				
	2017	2016	2015	2014	2013
Residential	\$ 7,068,856,191	\$ 6,659,567,812	\$ 6,338,819,597	\$ 5,483,285,494	\$ 4,941,891,425
Commercial	885,051,665	813,724,348	809,032,343	780,671,922	759,270,908
Industrial	985,768,269	729,448,654	731,830,268	643,307,116	710,743,366
Agricultural	16,157,722	64,987,156	50,838,834	15,845,815	12,310,276
Govt. Owned	55,884	1,096,359	1,213,712	53,723	52,669
Institutional	5,720,691	9,515,260	9,692,380	8,872,850	8,457,785
Miscellaneous	904,446	32,517,596	31,703,360	31,765,357	34,534,323
Recreational	12,877,684	16,769,125	16,557,457	16,461,155	14,215,180
Vacant	245,602,494	298,360,191	130,690,678	132,775,224	114,511,579
SBE Nonuitary	11,939,960	12,164,031	12,164,031	12,164,031	11,041,870
Cross Reference	6,326,367	6,166,763	5,447,560	5,285,640	5,128,442
Unsecured	514,650,372	385,687,795	362,915,054	283,642,728	285,483,775
Exempt	(14,691,821)	(13,653,324)	(11,108,238)	(10,494,903)	(9,614,948)
Unknown	-	-	-	65,332,242	-
<b>Totals</b>	<b>\$ 9,739,219,924</b>	<b>\$ 9,016,351,766</b>	<b>\$ 8,489,797,036</b>	<b>\$ 7,468,968,394</b>	<b>\$ 6,888,026,650</b>
Total Direct Rate	14.56%	14.90%	15.03%	15.27%	25.02%

**City of Tracy**  
**Direct and Overlapping Property Tax Rates**  
**(Rate Per \$100 of Taxable Value)**  
**Last Ten Fiscal Years**

Agency	Fiscal Year				
	2022	2021	2020	2019	2018
Basic Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000
Banta Elementary	0.00040	0.00150	0.00210	0.00270	0.00350
Jefferson Elementary	0.02500	0.02610	0.02590	0.02730	0.02640
Lammersville Joint Usd 2016A	0.03880	0.03950	0.04870	0.05500	0.05340
San Joaquin Delta College District	0.01630	0.01830	0.01990	0.02250	0.01800
Tracy Unified School District	0.06130	0.06320	0.06470	0.06420	0.03320
Tracy-Lammersville School District	0.00000	0.01390	0.01510	0.01620	0.01720
Tracy-Lammersville Usd	0.01370	0.00000	0.00000	0.00000	0.00000
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>1.15550</b>	<b>1.16250</b>	<b>1.17640</b>	<b>1.18790</b>	<b>1.15170</b>
City's Share of 1% Levy Per Prop 13 <sup>3</sup>	0.16903	0.16903	0.16903	0.16903	0.16903
<b>Voter Approved City Debt Rate</b>					
Redevelopment Rate <sup>4</sup>		1.00000			
Total Direct Rate <sup>5</sup>	0.13342	0.13701	0.13869	0.14291	0.14394

\*Table updated as of FY21-22

Notes:

<sup>1</sup>In 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.

<sup>2</sup>Overlapping 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.

<sup>3</sup>City'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.

<sup>4</sup>Redevelopment 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.

<sup>5</sup>Total 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 aasumes 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				
	2017	2016	2015	2014	2013
Basic Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000
Banta Elementary	0.00510	0.00700	0.00870	0.00820	0.00890
Jefferson Elementary	0.02690	0.02710	0.02900	0.02850	0.02410
Lammersville Joint Usd 2016A	0.00000	0.00000	0.00000	0.00000	0.00000
San Joaquin Delta College District	0.01800	0.01980	0.02330	0.01940	0.02020
Tracy Unified School District	0.06690	0.07010	0.02120	0.03270	0.03450
Tracy-Lammersville School District	0.01850	0.02010	0.02130	0.01480	0.01570
Tracy-Lammersville School District	0.00000	0.00000	0.00000	0.00000	0.00000
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>1.13540</b>	<b>1.14410</b>	<b>1.10350</b>	<b>1.10360</b>	<b>1.10340</b>
City's Share of 1% Levy Per Prop 13 <sup>3</sup>	0.16903	0.16903	0.16903	0.16903	0.16903
<b>Voter Approved City Debt Rate</b>					
Redevelopment Rate <sup>4</sup>					
Total Direct Rate <sup>5</sup>	0.14564	0.14895	0.15031	0.15266	0.25021

\*Table updated as of FY21-22

Notes:

<sup>1</sup>In 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.

<sup>2</sup>Overlapping 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.

<sup>3</sup>City'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.

<sup>4</sup>Redevelopment 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.

<sup>5</sup>Total 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 aasumes 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	\$ 659,286,853	1	4.80%	\$ 67,685,293	3	1.19%
Amazon Com Services Inc	143,144,510	2	1.31%			
Fedex Ground Package System Inc	142,416,564	3	1.08%			
Medline Industries Inc	103,640,431	4	0.85%			
Leprino Foods Company Corporation	85,921,293	5	0.81%	96,191,638	2	1.69%
Tracy 300 LP	76,801,999	6	0.75%			
West Valley Holdings LLC	75,058,240	7	0.57%			
IPT Tracy DC LP	71,406,872	8	0.54%			
DCT Arbor Avenue LLC	66,986,867	9	0.54%			
DCT Tracy Logistics Center LLC	62,864,598	10	0.50%			
Tracy Mall Partners LP				100,439,941	1	1.76%
Catellus Corporate Center Tracy LLC				64,221,194	4	1.13%
Central Valley LLC				52,182,057	5	0.92%
Duke Realty LP				49,749,684	6	0.87%
Inland Container Corpotation				36,143,282	7	0.63%
TCE Tracy LLC				32,071,197	8	0.56%
US Cold Storage of California				30,773,642	9	0.54%
Car Corral Hollow LLC				30,557,092	10	0.54%
<b>Top Ten Total</b>	<b>\$ 1,487,528,227</b>		<b>10.82%</b>	<b>\$ 560,015,020</b>		<b>9.82%</b>
<b>Total Taxable Assessed Value</b>	<b>\$ 13,746,132,528</b>		<b>100%</b>	<b>\$ 5,701,107,764</b>		<b>100%</b>

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
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
2022	18,475,370	18,475,370	100.00%	0.00	18,475,370	100.00%	13,746,132,528

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
2013	1%	0.50%		0.50%	0.25%	1%	5%	8.50%
2014	1%	0.50%		0.50%	0.25%	1%	5%	(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%
2022	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				
	2021	2020	2019	2018	2017
Apparel Stores	\$ 43,629	\$ 29,843	\$ 45,863	\$ 48,498	\$ 44,760
General Merchandise	241,019	211,080	215,649	212,792	210,820
Food Stores	53,722	52,921	44,890	41,342	39,602
Eating and Drinking Places	200,941	156,555	176,257	169,434	162,261
Building Materials	232,487	202,652	190,441	180,713	159,799
AutoDealers and Supplies	444,013	367,471	349,716	369,499	379,058
Service Stations	193,376	131,426	178,037	183,856	159,778
Other Retail Stores	181,266	150,368	156,467	163,611	155,252
All Other Outlets	5,171,863	2,063,972	1,807,673	1,344,089	1,091,917
<b>Total</b>	<b>\$ 6,762,316</b>	<b>\$ 3,366,288</b>	<b>\$ 3,164,993</b>	<b>\$ 2,713,834</b>	<b>\$ 2,403,247</b>
City Direct sales tax rate	1%	1%	1%	1%	1%
City Measure E sales tax rate (a)	-	-	-	-	-
City Measure V sales tax (b)	0.5%	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				
	2016	2015	2014	2013	2012
Apparel Stores	\$ 42,756	\$ 37,205	\$ 40,152	\$ 40,690	\$ 44,353
General Merchandise	203,460	194,528	192,657	187,434	181,099
Food Stores	39,953	42,526	56,254	53,794	56,881
Eating and Drinking Places	155,560	143,887	128,827	116,414	106,888
Building Materials	140,715	130,449	71,129	68,049	60,879
AutoDealers and Supplies	343,861	321,977	299,869	277,155	215,269
Service Stations	144,048	160,104	187,653	193,770	186,978
Other Retail Stores	160,573	154,697	75,167	75,202	65,452
All Other Outlets	601,684	524,513	198,209	200,048	168,710
<b>Total</b>	<b>\$ 1,832,610</b>	<b>\$ 1,709,886</b>	<b>\$ 1,387,153</b>	<b>\$ 1,339,394</b>	<b>\$ 1,199,306</b>
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**

2022		2013	
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	Arco AM PM	Service Stations
Chevron	Service Stations	Arco AM PM	Service Stations
Consolidated Electrical Distributors	Plumbing/Electrical Supplies	Best Buy	Electronics/Appliance Stores
Costco	Discount Dept Stores	Chevron	Service Stations
Crate & Barrel	Fulfillment Centers	Costco	Discount Dept Stores
Fisher Scientific	Medical/Biotech	Country Nissan	New Motor Vehicle Dealers
Glassfab Tempering Services	Trailers/Auto Parts	Crate & Barrel	Fulfillment Centers
Home Depot	Building Materials	Herbalife	Drugs/Chemicals
Independent Electric Supply	Plumbing/Electrical Supplies	Home Depot	Building Materials
Johns Manville	Contractors	Independent Electric Supply	Plumbing/Electrical Supplies
Medline Industries	Medical/Biotech	Macys	Department Stores
Nixon Egli Equipment	Warehse/Farm/Const. Equip.	Nixon Egli Equipment	Warehse/Farm/Const. Equip.
Platinum Hyundai	New Motor Vehicle Dealers	Premier Hyundai of Tracy	New Motor Vehicle Dealers
Safeway Fuel	Service Stations	Safeway Fuel	Service Stations
Target	Discount Dept Stores	Save Mart	Grocery Stores
Tracy Chevrolet	New Motor Vehicle Dealers	Shell	Service Stations
Tracy Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers	Target	Discount Dept Stores
Tracy Ford	New Motor Vehicle Dealers	Tracy Chevrolet	New Motor Vehicle Dealers
Tracy Honda	New Motor Vehicle Dealers	Tracy Ford	New Motor Vehicle Dealers
Tracy Toyota	New Motor Vehicle Dealers	Tracy Honda	New Motor Vehicle Dealers
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
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
2022	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)	
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	
2022	19,860,000	-	-	7,003,543	20,260,000	

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**

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Business Activity

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Fiscal Year	Airport Notes Payable (a)	Total Primary Government	Per Capita (b)	Population (b)
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
2022	-	47,123,543	498	94,538

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
2013	\$ 23,245,000	\$ -	\$ 23,245,000	0.41%	\$ 277
2014	23,000,000	-	23,000,000	0.37%	270
2015	22,725,000	-	22,725,000	0.32%	266
2016	22,420,000	-	22,420,000	0.29%	258
2017	22,085,000	-	22,085,000	0.24%	252
2018	21,720,000	-	21,720,000	0.21%	239
2019	21,315,000	-	21,315,000	0.19%	230
2020	20,875,000	-	20,875,000	0.18%	218
2021	20,390,000	-	20,390,000	0.16%	207
2022	19,860,000	-	19,860,000	0.14%	210

Source: Finance Department, City of Tracy

**City of Tracy**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2022**

2021-2022 Assessed Valuation: \$ 13,746,132,528

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2022	% Applicable (a)	City's Share of Debt 06/30/2022
San Joaquin Delta Community College District	\$ 188,480,000	13.963%	\$ 26,317,462
Lammersville Joint Unified School District	56,000,000	12.848%	7,194,880
Tracy Unified School District	31,345,000	59.432%	18,628,960
Tracy Unified School District School Facilities Improvement District No. 3	102,195,900	91.199%	93,201,639
Banta School District	370,000	14.693%	54,364
Jefferson School District	44,638,633	74.843%	33,408,892
City of Tracy Community Facilities District No. 93-1	1,980,000	100%	1,980,000
City of Tracy Community Facilities District No. 98-1	27,120,000	100%	27,120,000
City of Tracy Community Facilities District No. 98-3	720,000	100%	720,000
City of Tracy Community Facilities District No. 99-1	1,800,000	100%	1,800,000
City of Tracy Community Facilities District No. 99-2	5,250,000	100%	5,250,000
City of Tracy Community Facilities District No. 2000-1	8,675,000	100%	8,675,000
City of Tracy Community Facilities District No. 2006-1	7,755,000	100%	7,755,000
City of Tracy Community Facilities District No. 2016-1 I.A No. 1	65,310,000	100%	65,310,000
City of Tracy Community Facilities District No. 2016-2 I.A No. 1	15,130,000	100%	15,130,000
City of Tracy Community Facilities District No. 2016-2 I.A No. 2	13,055,000	100%	13,055,000
City of Tracy Community Facilities District No. 2021-1	6,830,000	100%	6,830,000
City of Tracy 1915 Act Bonds	1,170,000	100%	1,170,000
California Statewide Community Development Authority 1915 Act Bonds	8,105,207	100%	8,105,207
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>	<b>\$ 585,929,740</b>		<b>\$ 341,706,404</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
San Joaquin County Certificates of Participation	60,400,000	15.132%	\$ 9,139,728
Lammersville Joint Unified School District General Fund Obligations	13,930,000	12.848%	1,789,726
<b>City of Tracy General Fund Obligations</b>	<b>35,315,000</b>	<b>100%</b>	<b>35,315,000</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			<b>\$ 46,244,454</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>	<b>\$ 26,070,000</b>	<b>100%</b>	<b>\$ 26,070,000</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ 35,315,000</b>
<b>TOTAL OVERLAPPING DEBT:</b>			<b>\$ 378,705,858</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 414,020,858 (b)</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 2021-22 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.49%
<b>Total Direct Debt (\$35,315,000).....</b>	<b>0.26%</b>
Combined Total Debt.....	3.01%

Ratios to Redevelopment Incremental Valuation (\$1,126,976,015)

Total Overlapping Tax Increment Debt.....	2.05%
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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				
	2022	2021	2020	2019	2018
Assessed Value	\$ 13,746	\$ 12,796	\$ 11,837	\$ 10,984	\$ 10,336
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,437	3,199	2,959	2,746	2,584
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	515	480	444	412	388
Total net debt applicable to limit	47	49	51	54	56
Legal debt margin	<u>\$ 468</u>	<u>\$ 431</u>	<u>\$ 393</u>	<u>\$ 358</u>	<u>\$ 332</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**  
**Legal Debt Margin information (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2017	2016	2015	2014	2013
Assessed Value	\$ 10,495	\$ 8,941	\$ 8,387	\$ 7,341	\$ 6,757
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,624	2,235	2,097	1,835	1,689
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	394	335	315	275	253
Total net debt applicable to limit	58	60	63	65	69
Legal debt margin	<u>\$ 336</u>	<u>\$ 275</u>	<u>\$ 252</u>	<u>\$ 210</u>	<u>\$ 184</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				
	2022	2021	2020	2019	2018
<b>Water revenue bonds/State Loan</b>					
Water revenue	\$ 29,403,252	\$ 23,910,369	\$ 20,475,348	\$ 16,702,467	\$ 16,352,909
Less: Operating Expenses	(18,752,844)	(16,388,854)	(16,711,869)	(15,110,318)	(14,246,407)
Net available revenue	<u>10,650,408</u>	<u>7,521,515</u>	<u>3,763,479</u>	<u>1,592,149</u>	<u>2,106,502</u>
Debt service:					
Principal	1,062,698	1,038,261	1,014,385	991,059	968,269
Interest	195,222	219,659	243,535	266,861	289,651
Total Debt Service	<u>1,257,920</u>	<u>1,257,920</u>	<u>1,257,920</u>	<u>1,257,922</u>	<u>1,257,920</u>
Coverage	8.47	5.98	2.99	1.27	1.67
<b>Wastewater revenue bonds:</b>					
Wastewater revenue	\$ 20,282,263	\$ 16,904,623	23,835,116	24,825,340	15,196,599
Less: Operating expenses	(15,337,137)	(14,485,122)	(12,605,193)	(12,340,258)	(12,467,159)
Net available revenue	<u>4,945,126</u>	<u>2,419,501</u>	<u>11,229,923</u>	<u>12,485,082</u>	<u>2,729,440</u>
Debt service:					
Principal	915,000	875,000	840,000	805,000	775,000
Interest	975,418	1,014,818	1,051,480	1,086,235	1,119,028
Total Debt Service	<u>1,890,418</u>	<u>1,889,818</u>	<u>1,891,480</u>	<u>1,891,235</u>	<u>1,894,028</u>
Coverage	2.62	1.28	5.94	6.60 b	1.44

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				
	2017	2016	2015	2014	2013
<b>Water revenue bonds/State Loan</b>					
Water revenue	\$ 15,433,348	\$ 15,438,772	\$ 17,675,668	\$ 18,713,676	\$ 15,649,302
Less: Operating Expenses	(13,671,219)	(13,380,117)	(13,976,245)	(12,785,056)	(13,103,307)
Net available revenue	<u>1,762,129</u>	<u>2,058,655</u>	<u>3,699,423</u>	<u>5,928,620</u>	<u>2,545,995</u>
Debt service:					
Principal	946,003	924,249	902,995	882,230	861,943
Interest	311,917	33,671	354,925	375,690	395,977
Total Debt Service	<u>1,257,920</u>	<u>1,132,923</u>	<u>1,390,419</u>	<u>1,257,919</u>	<u>1,347,920</u>
Coverage	1.40	1.82	2.66	4.71	1.89
<b>Wastewater revenue bonds:</b>					
Wastewater revenue	14,434,402	14,092,302	14,558,438	13,030,930	12,025,189
Less: Operating expenses	(8,003,091)	(7,449,704)	(7,823,215)	(7,211,266)	(6,378,330)
Net available revenue	<u>6,431,311</u>	<u>6,642,598</u>	<u>6,735,223</u>	<u>5,819,664</u>	<u>5,646,859</u>
Debt service:					
Principal	745,000	720,000	695,000	1,015,000	985,000
Interest	1,153,480	1,182,670	1,208,468	1,236,956	1,285,258
Total Debt Service	<u>1,898,480</u>	<u>1,902,670</u>	<u>1,903,468</u>	<u>2,251,956</u>	<u>2,270,258</u>
Coverage	3.39	3.49	3.54	2.58	2.49

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)
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
2022	94,538	46,500	44,700	3.8%	1,800	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)
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
2022	N/A	784,298	340,000	322,400	5.20%	17,600

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	2022			2009		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
AMAZON.COM SERVICES LLC	4,332	1	15.59%			-
FEDEX GROUND PACKAGE SYSTEM, INC	1,607	2	5.78%			-
AMAZON.COM SERVICES LLC	1,297	3	4.67%			0.00%
AMAZON.COM SERVICES LLC	1,043	4	3.75%			-
TAYLOR FARMS PACIFIC INC	748	5	2.69%	459	1	-
THE HOME DEPOT #5641	700	6	2.52%	250	9	-
MEDLINE INDUSTRIES LP	668	7	2.40%			0.00%
WALMART #2025	410	8	1.48%	226	10	1.10%
LEPRINO FOODS	341	9	1.23%	329	2	1.61%
DHL SUPPLY CHAIN	293	10	1.05%			-
COSTCO WHOLESALE #658	252	11	0.91%	123	25	-
DHL SUPPLY CHAIN	226	12	0.81%			0.00%
THE HOME DEPOT #1020	225	13	0.81%			0.00%
PACIFIC MEDICAL INC	208	14	0.75%	184	19	-
CRATE & BARREL	201	15	0.72%			-
INTERNATIONAL PAPER	192	16	0.69%			-
TEXAS ROADHOUSE	171	17	0.62%			-
TARGET STORES T738	163	18	0.59%	308	4	1.50%
ZINUS INC	155	19	0.56%			-
GLASSFAB TEMPERING	145	20	0.52%			0.00%
THE PERMANENTE MEDICAL	145	21	0.52%			-
WINCO FOODS #103	140	22	0.50%			-
RESTORATION HARDWARE #903	134	23	0.48%	303	5	-
Y R C	131	24	0.47%	210	15	-
CRATE & BARREL	129	25	0.46%			-
SYCAMORE VILLAGE APTS	-	-	-	324	3	1.58%
CMC REBAR	-	-	-	281	6	1.37%
ORCHARD SUPPLY HARDWARE #3000	-	-	-	255	7	1.24%
BEST BUY	-	-	-	251	8	1.22%
BARBOSA CABINETS INC	-	-	-	218	11	1.06%
SNELLING STAFFING SERVICES	-	-	-	217	12	1.06%
CHESAPEAKE BAY APARTMENTS	-	-	-	216	13	1.05%
GREEN OAKS MOBILE HOME PARK	-	-	-	214	14	1.04%
BEST BUY STORES LP #391	-	-	-	196	16	0.96%
TEMPLE INLAND - TIN INC	-	-	-	190	17	0.93%
MI PUEBLO FOOD CENTER #21	-	-	-	186	18	0.91%
BROOKDALE TRACY	-	-	-	156	20	0.76%
WATERSTONE APARTMENTS	-	-	-	156	21	0.76%
TRACY PARK APARTMENTS	-	-	-	132	22	0.64%
MACY'S	-	-	-	127	23	0.62%
APL LOGISTICS	-	-	-	126	24	0.61%
Total Top 25 Employers	<u>14,056</u>		50.59%	<u>5,637</u>		20.04%
Total Citywide Employees	<u>27,786</u>		100.00%	<u>20,498</u>		100.00%

Source: The HdL Companies

**City of Tracy**  
**Full-Time and Part-Time City Employees**  
**By Function**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
City Attorney	4	4	4	3	4	4	4	4	4	4
City Council	5	5	5	5	5	5	5	5	5	5
City Manager's Office	15		31.5							
City Clerk Office	2	12								
Cultural Arts Division	16	13.5								
Economic Development Division	2	2		2	3	3	3	3	2	2
Community Engagement and Public Information Division	1									
Information Technology	9	8								
Development Services	63	35	55.5	66	61	61	39	37	40	38
Finance	22	22	25	30	34	32	26	27	24	23
City Treasurer	1	1	1	1	1	1	1	1	1	1
South County Fire Authority	100	97	83	89	82	81	80	79	78	80
Human Resources	12	10	10	9	10	9	6	6	5	5
Parks and Recreation		39.5	15	48	14	13	23	38	35	41
Administration	6									
Maintenance	22									
Recreation	60									
Community Facilities	19	10.5								
Transit	4	3		3	3	3	3	2	2	2
Airport	2	2		2	2	2	2	2	2	2
Police	160	151.5	157	144	143	139	133	136	135	135
Public Works			96	92	85	84	61	46	46	46
Administrative Services	14	14		9	8	8	7	7	7	7
Solid Waste and Recycling	4	4		4	1	1	1	1	1	1
Internal	11	12								
Aquatics										
Utilities Maintenance	21	19								
Water	8	18		31	31	30	35	39	39	39
Wastewater	11	7		43	25	25	26	26	27	26
Street, Community Preservation, Concrete and Traffic Maintenance	51	71		5	3	3	3	3	3	3
<b>Total</b>	<b>645</b>	<b>561</b>	<b>483</b>	<b>586</b>	<b>515</b>	<b>504*</b>	<b>458</b>	<b>462</b>	<b>456</b>	<b>460</b>

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				
	2022	2021	2020	2019	2018
<b>General Government</b>					
Building Permits Issued	3,930	3,552	3,184	3,050	2,988
Building Inspections requested	35,160	38,937	22,337	20,384	18,028
<b>Police:</b>					
Arrests	1,642	1,156	1,859	2,705	2,768
Parking citations issued	773	427	618	1,291	1,022
Traffic violations	3,094	1,968	2,524	4,063	3,320
<b>Fire:</b>					
Number of emergency calls	10,644	9,029	9,014	9,031	8,811
Inspections	2,868	2,187	2,005	3,002	3,374
<b>Water:</b>					
Water Mains (miles)	480	472	465	452	440
New connections	882	653	383	295	256
Maximum Daily Capacity (gallons) (millions of gallons)	57	57	57	57	57
Average daily consumptions (gallons) (millions of gallons)	17	18	18	15	17
<b>Sewer:</b>					
Sanitary Sewer (miles)	475	465	460	450	440
New connections	858	644	373	285	256
Average daily treatment (gallons) (millions of gallons)	10	10	10	9	8.88
<b>Airport:</b>					
Hangar rentals	94	79	69	68	76
<b>Solid waste:</b>					
Refuse collected (tons per day)	328	301	285	278	266
Recyclables collected (tons per day)	84	89	86	86	81
<b>Transit:</b>					
Average daily passengers	273	174	432	552	546
Total fixed route miles	264,472	265,926	272,622	344,724	341,126

Source: City of Tracy Departments

**City of Tracy**  
**Operating Indicators by Function / Program (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>General Government</b>					
Building Permits Issued	2,904	2,736	2,852	1,924	1,435
Building Inspections requested	16,260	17,025	13,824	9,128	6,189
<b>Police:</b>					
Arrests	2,894	2,732	2,502	2,541	2,765
Parking citations issued	1,335	1,685	1,160	1,454	1,472
Traffic violations	4,630	6,341	5,450	3,798	3,519
<b>Fire:</b>					
Number of emergency calls	7,351	6,924	6,811	6,443	6,322
Inspections	3,785	5,164	4,071	3,333	3,114
<b>Water:</b>					
Water Mains (miles)	431	426	426	420	410
New connections	1,173	228	74	45	23
Maximum Daily Capacity (gallons) (millions of gallons)	57	57	57	57	57
Average daily consumptions (gallons) (millions of gallons)	16	13	14	15	15
<b>Sewer:</b>					
Sanitary Sewer (miles)	426	421	421	415	410
New connections	650	227	74	45	22
Average daily treatment (gallons) (millions of gallons)	10	10.0	9.5	9.5	10
<b>Airport:</b>					
Hangar rentals	76	62	76	76	76
<b>Solid waste:</b>					
Refuse collected (tons per day)	264	252	221	211	205
Recyclables collected (tons per day)	86	76	69	66	65
<b>Transit:</b>					
Average daily passengers	585	505	519	444	418
Total fixed route miles	302,039	358,405	313,380	228,817	237,089

Source: City of Tracy Departments

**City of Tracy**  
**Capital Asset Statistics by Function / Program**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2022	2021	2020	2019	2018
<b>Police:</b>					
Number of stations	1	1	1	1	1
<b>Fire:</b>					
Number of stations	7	6	6	6	6
<b>Public works:</b>					
Number of street lights	6,929	6,928	6,142	6,141	6,141
Number of traffic signals	77	77	76	75	75
<b>Parks and recreation:</b>					
Number of parks	77	77	77	77	77
Number of community centers	3	3	3	3	3
<b>Water:</b>					
Water mains (miles)	480	472	465	450	440
<b>Wastewater</b>					
Sanitary sewers (miles)	475	465	460	452	440
<b>Airport:</b>					
Number of hangars	94	79	69	68	76
<b>Transit:</b>					
Number of vehicles	17	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				
	2017	2016	2015	2014	2013
<b>Police:</b>					
Number of stations	1	1	1	1	1
<b>Fire:</b>					
Number of stations	6	6	7	7	7
<b>Public works:</b>					
Number of street lights	6,110	6,110	6,004	5,430	5,430
Number of traffic signals	85	85	84	84	78
<b>Parks and recreation:</b>					
Number of parks	77	77	76	76	76
Number of community centers	3	3	3	3	3
<b>Water:</b>					
Water mains (miles)	431	426	426	420	410
<b>Wastewater</b>					
Sanitary sewers (miles)	426	421	421	415	410
<b>Airport:</b>					
Number of hangars	76	62	76	76	76
<b>Transit:</b>					
Number of vehicles	15	15	15	15	15

Source: City of Tracy Departments

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