



ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023

333 Civic Center Plaza | Tracy, California 95376 | 209-831-6800 | www.cityoftracy.org

This page intentionally left blank.

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

of the
CITY OF TRACY, CALIFORNIA

For the Fiscal Year Ended
June 30, 2023

Prepared by the
Finance Department

SARA COWELL
Director of Finance

ROBERT HARMON, CPA
Accounting Manager

FELICIA GALINDO
Budget Officer

GUADALUPE PENA
Senior Accountant

This page intentionally left blank.

Introductory Section



This page intentionally left blank.

City of Tracy
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023
Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION (Unaudited)</u>	
Table of Contents	i
Organizational Chart	v
List of Elected Officials	vi
List of Other Officials	vii
Letter of Transmittal.....	ix
<u>FINANCIAL SECTION</u>	
Independent Auditors’ Report	1
Management’s Discussion and Analysis (Unaudited)	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	24
Statement of Activities	26
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet.....	32
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	35
Statement of Revenues, Expenditures, and Changes in Fund Balances	36
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.....	38
Proprietary Funds Financial Statements:	
Statement of Net Position	40
Statement of Revenues, Expenses and Changes in Net Position	42
Statement of Cash Flows	44
Fiduciary Funds Financial Statements:	
Statement of Fiduciary Net Position.....	51
Statement of Changes in Fiduciary Net Position	52
Notes to the Basic Financial Statements	59

City of Tracy
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023
Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION (Continued)</u>	
Required Supplementary Information (Unaudited):	
Modified Approach to Reporting Street Pavement Costs	126
Budgetary Information.....	128
Budgetary Comparison Schedules:	
General Fund.....	130
Housing Successor Special Revenue Fund.....	131
Community Development Fees Special Revenue Fund	132
CARES/ARPA Special Revenue Fund	133
Schedule of Changes in the Net Pension Liability and Related Ratios.....	134
Schedules of Contributions - Pension.....	136
Schedule of Changes in Total OPEB Liability and Related Ratios	138
Schedule of Contributions - OPEB	139
Supplementary Information:	
Non-Major Governmental Funds:	
Combining Balance Sheet	144
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	149
Budgetary Comparison Schedules:	
General Capital Projects Fund	155
Tracy Infrastructure Master Plans Capital Projects Fund	156
TEA Grant Special Revenue Fund.....	157
Business Improvement District Special Revenue Fund.....	158
Asset Forfeiture Special Revenue Fund.....	159
Transportation Development Special Revenue Fund.....	160
Proposition K Transportation Special Revenue Fund.....	161
State Gas Tax Street Special Revenue Fund.....	162
Community Development Block Grant Special Revenue Fund	163
Landscaping District Special Revenue Fund	164
Residential and Commercial Rehabilitation Loan Special Revenue Fund	165
Community Access CTV Special Revenue Fund	166
COPS Grant Special Revenue Fund	167
CFD Services 2016-2 Special Revenue Fund.....	168
CFD Services 2018-1 Special Revenue Fund.....	169
North East Industrial Plan Area Storm Drain Grant Special Revenue Fund	170
Lease Revenue Bonds Debt Service Fund	171
Non-Major Enterprise Funds:	
Combining Statement of Net Position.....	174
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	175
Combining Statement of Cash Flows.....	176

City of Tracy
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023
Table of Contents (Continued)

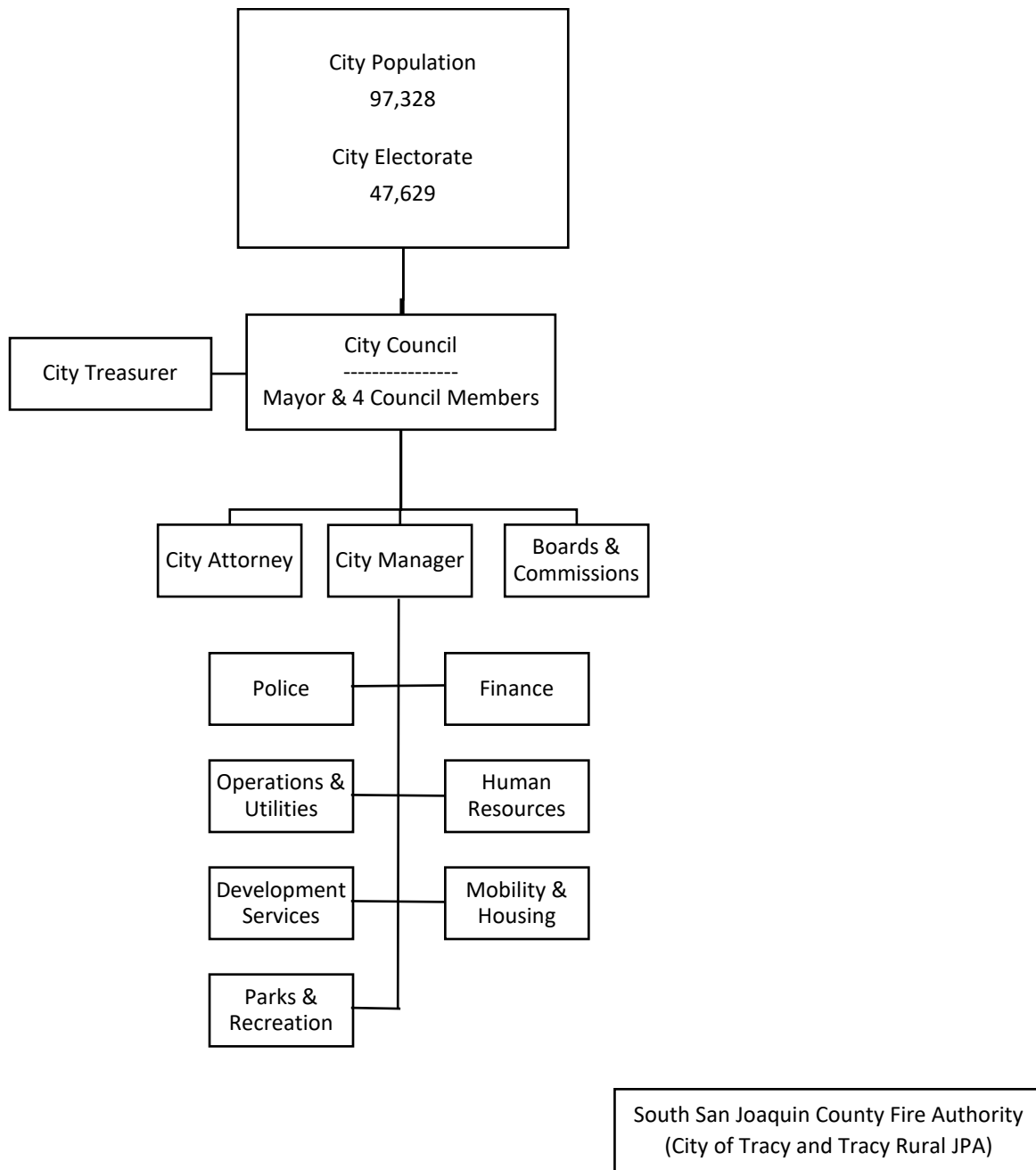
	<u>Page</u>
<u>FINANCIAL SECTION (Continued)</u>	
Supplementary Information (Continued):	
Internal Service Funds:	
Combining Statement of Net Position.....	180
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	182
Combining Statement of Cash Flows.....	184
Fiduciary Funds - Custodial Funds:	
Combining Statement of Fiduciary Net Position.....	190
Combining Statement of Changes in Fiduciary Net Position.....	193
<u>STATISTICAL SECTION (Unaudited)</u>	
Table of Contents	199
Financial Trends:	
Net Position by Component – Last Ten Fiscal Years.....	200
Changes in Net Position – Last Ten Fiscal Years.....	202
Program Revenue by Function/Program – Last Ten Fiscal Years.....	208
Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	210
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	212
Revenue Capacity:	
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years	215
Assessed Value of Taxable Property – Last Ten Fiscal Years.....	216
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	218
Principal Property Tax Payers	220
Property Tax Levies and Collections.....	221
Sales Tax Rates - Direct and Overlapping Governments	223
Taxable Sales by Category.....	224
Principal Sales Tax Producers	226
Water and Wastewater Rates	227
Debt Capacity:	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	228
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	230
Direct and Overlapping Governmental Activities Debt.....	231
Legal Debt Margin Information – Last Ten Fiscal Years.....	232
Pledged Revenue Coverage – Last Ten Fiscal Years	234

City of Tracy
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023
Table of Contents (Continued)

	<u>Page</u>
<u>STATISTICAL SECTION (Unaudited) (Continued)</u>	
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Fiscal Years.....	236
Principal Employers – Fiscal Year 2020 and Ten Years Prior	238
Operating Information:	
Full-Time and Part-Time City Employees – Last Ten Fiscal Years.....	239
Operating Indicators by Function/Program.....	240
Capital Asset Statistics by Function/Program.....	242

**CITY OF TRACY
ORGANIZATIONAL CHART**

FISCAL YEAR 2022-2023



CITY OF TRACY, CALIFORNIA
COUNCIL – MANAGER FORM OF GOVERNMENT

June 30, 2023

CITY COUNCIL

NANCY YOUNG

Mayor

ELEASSIA DAVIS

Mayor Pro Tempore

DAN ARRIOLA

Council Member

DAN EVANS

Council Member

MATT BEDOLLA

Council Member

OTHER ELECTED OFFICIAL

RAYMOND MCCRAY

City Treasurer

CITY OF TRACY, CALIFORNIA

EXECUTIVE TEAM

MIDORI LICHTWARD

Interim City Manager

KARIN SCHNAIDER

Assistant City Manager

BRIAN MACDONALD

Interim Assistant City Manager

BIJAL M. PATEL

City Attorney

VACANT

Director of Development Services

SARA COWELL

Director of Finance

SEKOU MILLINGTON

Chief of Police

KIMBERLY MURDAUGH

Director of Human Resources

JAMES JACKSON

Director of Operations and Utilities

BRIAN MACDONALD

Director of Parks & Recreation

ADRIANA CASTEANEDA

Director of Mobility and Housing

This page intentionally left blank.



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

January 6, 2024

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, 2023. 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, 2023.

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, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is the first item presented in the financial section of this report.

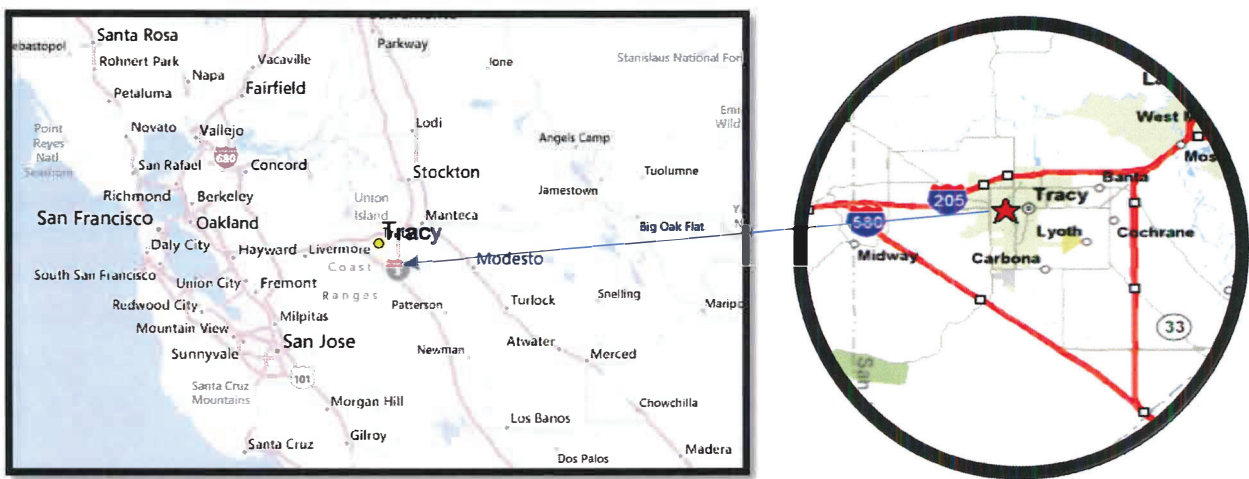
In addition to the financial audit, each year the City is required to undergo an audit of federal grant expenditures. That report is commonly referred to as a Single Audit report and is issued as a separate document and is not included herein. The Single Audit report includes the Schedule of Expenditures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

GAAP requires 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 Interstates 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 97,000 and 29.1 square miles in 2023. 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

Tracy's economy has experienced consistent growth in recent years, supported by diverse sectors such as logistics and manufacturing. Tracy's strategic location between the Bay Area and Central Valley has continued to be beneficial for both business and resident growth.

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 economy is diverse with over 4,000 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 over the last three years. As a result, Tracy's employment reached a record level of 45,600 by June 2023, while the unemployment rate was at a low of 4.8%, below that of the County and State.

In FY 2022-23, The City's Economic Development Division focused on the principle of creating a pro-business environment as well as attracting, retaining, and expanding businesses throughout the City's diverse retail locations. The relationships with downtown businesses through partnership with the Tracy Chamber of Commerce and Tracy City Center Association have been pivotal to continuing to foster and enhance the City's pro-business environment. Additionally, cross-departmental efforts have allowed for various businesses such as Sourdough & Co., Crumbl Cookies, Popeyes, Fire Wings, The Produce Company, and Amazon to call Tracy home. Other new and upcoming businesses to the Tracy community include Burlington, Williams-Sonoma, Marriott TownePlace Suites, La Quinta Inn & Suites, and the Courtyard by Marriott. The City continues to focus on partnerships, activating business incentive programs, as well as utilizing Tracy's Economic Development Strategic Plan as a roadmap to develop a workplan to attract potential businesses.

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.

Over the last three 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

Over the last two fiscal years, the City saw strong growth in both property and sales tax. As rising inflation and interest rates have occurred over the last fiscal year, consumer spending has slowed, as well as the local real estate market, both in volume and price. The combination of these economic factors is leading to an overall slowing in the growth of the City's General fund

revenues. The City's sales tax revenue increased by \$1.1 million, or 2% over the previous fiscal year, which is indicative of consumer's reduced rate of spending, a trend seen both state and nationwide.

As new housing units are being added to the assessor's roll along with commercial developments in the community, and higher property values, the City of Tracy has experienced a steady increase in local property tax revenues. Property Tax revenue increased in FY 2022-23 over FY 2021-22 by \$2.3 million, approximately 8%. As property tax revenue lags 12-18 months behind market conditions, the 8% increase in property tax revenue is attributed to real estate transactions occurring in the prior fiscal year. As interest rates have risen, the local real estate market has seen residential sales slow, both in volume and price, with drops to the average residential selling price over the last year. Commercial and industrial real estate sales have continued to see moderate growth. The City estimates FY2023/24 will see slowing with an estimated increase of 2-3%.

In November 2016, the City Council and voters passed an additional ½ cent local sales tax (known as Measure V) that has a twenty-year sunset (expires April 2037). In fiscal year 2022-23, the Measure V tax proceeds received and recorded were \$10.5 million. It should be noted that California Department of Tax and Fee Administration (CDTFA) audited one of the City's reported tax collectors during the fiscal year, resulting in the City having to refund some Measure V Sales Tax revenue that was errantly reported by the retailer. As a result, the FY 2022-23 Measure V revenue was approximately \$2.5 million dollars less than the prior fiscal year. With the reporting error corrected, it is expected that the FY2023-24 Measure V Revenues will stabilize.

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)

Project	Measure V Budget	Accumulated Fund Balance as of June 30, 2023	Other Contributions	Estimated Costs
Legacy Field (Phase 1E)	\$19 M	(debt)	none	\$19 M
Multi-Generational Recreation Center	\$31 M	\$2.4 M	\$9 M	\$88 M
Aquatic Center	\$53 M	\$45 M	\$12 M	\$65 M
Nature Park (Phase 1)	\$1 M	\$1 M	\$371,000	\$8.4 M
Ritter Family Ball Par	\$3 M	\$3 M	none	\$25 M+

Measure V Funded City Amenities

The City is also tracking anticipated changes to statewide sales tax allocation related to ecommerce, based on a recent study published by the California Department of Tax Franchise Administration (CDTFA). The CDTFA recently studied the potential impacts of changing the method of allocation from the point of fulfillment to point of delivery. It is expected that legislative changes determining the method of statewide sales tax allocation may occur over the next 12-

18 months and could impact the City's sales tax allocation by 25% or greater, which could equate to \$20-50 million dollars. In anticipation of this change, the City Council adopted a set of fiscal sustainability strategies to pay down future liabilities, fund deferred maintenance and make one-time investments in City services and programs. This will allow the City to pivot without major impacts to essential City services as any changes to sales tax occur.

The City's General Fund is expected to maintain a surplus for the next fiscal year. 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. These strategies support the City Council's adopted strategic priorities and are aimed to maintain the City's financial position, in light of the possible changes to sales tax allocation.

Other Fund Fiscal Highlights: The City 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 the prior fiscal year of \$1.6 million or 17%.

In addition, the City has adopted several financing infrastructure plans (FIPs) and Master Plan Impact Fees to fund the improvements for new roads, 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. For more information on City impact fees and authorized projects, please see the City's website for the annual [AB 1600 report](#).

The City of Tracy has four utilities: Water, Wastewater, Solid Waste, and Storm Drain with approximately 28,000 customers depending on the service. The growth in residential and commercial development translated to a growth of 447 customers, or 2% over the last fiscal year. In June 2023, a five-year Wastewater rate plan was approved to align cost of service with rates. The rate plan was approved through the prop 218 process and takes effect during FY 2023-24.

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 for FY21 - FY23 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 five-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 five-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 2022-23 Operating and Capital Budget, City staff reviewed the FY 2021-22 budget and estimated the expenditures and revenues anticipated for the next year, FY 2022-23.

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 for FY 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.

- Adopted the Economic Development strategic plan.
- Deployed over \$600,000 in funding through the Community Development Block Grant and HOME investment Partnership programs.
- Approved over 83 zoning/land use/development-related permits.
- Issued 3,791 Building Permits.
- Completed 95% of inspections within 24 hours of request being received.
- Provided over 20,000 building inspections.

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.

- Opened the Tracy Temporary Emergency Housing facility.
- Received grant funding in the amount of \$1.2 M to support the Temporary Emergency Housing facility.
- Familiar Faces program integrated with shelter provider to provide continuity of services.
- 44 Flock Safety Automatic License Plate Reader cameras installed in 15 strategic intersections throughout Tracy. Cameras provide real-time alerts to law enforcement when a stolen car or known wanted suspect vehicle enters the jurisdiction.
- PD responded to 69,113 calls for service.
- PD Closed 329 investigations.
- Code Enforcement closed 3,008 cases.
- Secured over \$600,000 in grant funding for the purchase of Police equipment.
- Facilitated 532 adoptions of dogs and cats at the Animal Shelter.
- Returned 239 pets to owners.
- Police Department attended over 150 community events.

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.

- Increased Transit ridership by 20%
- Completed renovation of Transit Station offices
- Opened the Temporary Emergency Housing facility, providing outreach and intake support services.
- Maintained a 95% or higher Airport hangar rental rate.
- Repainted 252 crosswalks, including all school intersections.
- Completed 1,264 feet of sidewalk grinding.
- Removed over 108 tons of debris from illegal dumping.
- Cleaned 2.4 miles of sewer mains.
- Completed the Zone 4 Tracy Hills Pump Station and Reservoir.
- Outfall Effluent Pipeline Project completed.
- Replaced ballfield netting at Tracy Sports Complex.
- Renovated turf and amenities at Stevens Park.
- Completed Tiago Park turf renovation.
- Renovated landscaping at 11th St. and Corral Hollow.
- Adopted the Citywide Parks, Recreation, and Trails Master Plan Update.
- Legacy Fields operational plan accepted by City Council.
- Hosted five (5) block parties averaging 1,500 people in attendance.
- Senior Center saw 786 new participants.
- Increased the number of Youth and Teen Summer programming to offer Summer Camps.

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.

- Received the Government Officers of America (GFOA) Excellence in Reporting award for the FY 2021-22 Annual Comprehensive Financial Report.
- Received the California Society of Municipal Finance Officers (CSMFO) Certificate of Achievement for Excellence in Budget Reporting for the FY 2022-23 budget book.
- 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 \$58 million in grants across all City departments in FY2023.
- Implemented Governmental Accounting Standards Board (GASB) 87 and 96, lease accounting and subscription-based software into financial statements.
- Partnered with PG&E to facilitate auto enrollment of low-income utility customers into the Low-Income Rate Assistance (LIRA) program.
- Implemented a digital budget book to allow for increased transparency of the City's budget.
- Established the City of Tracy Compensation Philosophy.
- Negotiated labor agreements with five (5) represented bargaining units and compensation and benefit plans for three (3) .
- Established the City of Tracy Business Continuity Plan.
- Provided the Mayor's Youth Summer Internship Program, with twenty-three (23) participants.
- Expanded the leadership and professional development program to provide additional training and growth opportunities in support of succession planning goals.

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 most recently revised the policy in June 2021. Please refer to Note # 1 for more information.

Summary of the General Fund Reserves as of June 30, 2023

Restricted	Fire Medical Leave Bank	\$ 622,886
	Medical Leave Bank	2,972,665
Committed	17% Reserve (Emergency)	16,489,000
Assigned	13% Reserve (Economic Stability)	11,192,380
	Prior Year Re-Appropriations	1,737,485
	Animal Control Trust	22,193
Unassigned		<u>7,391,896</u>
		<u>40,428,505</u>

GASB 96: In FY 2022-23, The City implemented GASB 96. This GASB requirement concerning Subscription-based Information Technology Arrangements (SBITA). The City recognizes a SBITA liability and a right-to-use subscription asset (SBITA asset) in the financial statements with an initial individual value of \$50,000 or more with a subscription term greater than one year. Right-to-use subscription assets are reported along with other capital assets and subscription liabilities are reported on the statement of net position.

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 2022-23 amounted to \$85,804,336 million and \$83,297,909 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, 2022. This was the 35th 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 our 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,



Midori Lichtwardt
City Manager



Sara Cowell
Director of Finance



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, 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, 2023, 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, 2023, 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 ("SSJCFA"), which represent 100% of the assets, net position, and revenues, respectively, of the of the aggregate discretely presented component unit as of June 30, 2023. 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 SSJCFA, 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. 96, *Subscription Based Information Technology Arrangements* during the year. The implementation of GASB Statement No. 96 requires the City to record subscription assets and corresponding subscription liabilities for all SBITAs with a noncancellable term over one year. As a result of the implementation, the City reported a restatement of its net position in the amount of \$110,123. Our opinion is not modified with respect to this matter.

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

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 auditors' 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.

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 auditors’ 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.

To the Honorable Mayor and Members
of the City Council of the City of Tracy
Tracy, California
Page 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024, 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.

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

Walnut Creek, California
February 6, 2024

City of Tracy
Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

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, 2023. 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 2022-23 fiscal year by \$1,485 million Net Position. Of this amount, \$142 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 \$49 million, with \$51 million attributable to governmental activities and (\$2) million attributable business-type activities.
- As of June 30, 2023, the City's combined governmental funds reported fund balance of \$386.7 million. Of the \$386.7 million; \$20.5 million is committed, \$114.7 million is assigned, and \$7.3 million is available to meet the City's current and future needs.
- As of June 30, 2023, the fund balance for the General Fund was \$40.4 million of which \$5.5 million is designated as Non-Spendable for items such as deposits, prepaid assets, inter-fund advances, and inventory. Restricted fund balance was \$3.6 million, designated for medical leave bank. Committed fund balance was \$16.5 million, designated for Contingency/Emergency. Assigned fund balance was \$13.0 million, designated for items such as prior reappropriation and fiscal sustainability. Unassigned funds were \$1.9 million as of June 30, 2023.

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, 2023

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, 2023

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONTINUED)

Fund Financial Statements

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

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

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

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

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

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

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONTINUED)

Fund Financial Statements (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 \$49 million or 3.4%, from \$1,436 million at June 30, 2022 to \$1,485 million at June 30, 2023. Restricted net position accounted for \$244 million restricted for capital projects, debt service and legally segregated taxes, grants, and fees. The unrestricted net position increased by \$10 million, from \$137 million at June 30, 2022 to \$147 million at June 30, 2023 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 \$122.5 million and Net OPEB Liability of \$6.1 million in accordance with Accounting Principles Generally Accepted in the United States of America.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table reflects the Summary of Net Position for the fiscal year ended June 30, 2023 with comparative data for the fiscal year ended June 30, 2022.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Cash and Investments	\$ 390,529	\$ 354,579	\$ 45,043	\$ 65,195	\$ 435,572	\$ 419,774
Other Assets	71,857	73,383	27,391	24,739	99,248	98,122
Capital Assets	704,229	681,830	460,269	447,769	1,164,498	1,129,599
Total Assets	<u>1,166,615</u>	<u>1,109,792</u>	<u>532,703</u>	<u>537,703</u>	<u>1,699,318</u>	<u>1,647,495</u>
Deferred Outflows						
Related to Pension/OPEB	43,844	18,476	5,592	2,456	49,436	20,932
Current Liabilities	47,480	47,605	11,186	12,220	58,666	59,825
Non-Current Liabilities	158,973	98,962	37,831	32,764	196,804	131,726
Total Liabilities	<u>206,453</u>	<u>146,567</u>	<u>49,017</u>	<u>44,984</u>	<u>255,470</u>	<u>191,551</u>
Deferred Inflows						
Related to Leases	2,009	2,217	3,483	3,784	5,492	6,001
Related to Pensions	2,211	30,566	541	4,260	2,752	34,826
Total Deferred Inflows	<u>4,220</u>	<u>32,783</u>	<u>4,024</u>	<u>8,044</u>	<u>8,244</u>	<u>40,827</u>
Net Investment in Capital						
Assets	658,562	640,818	435,567	421,053	1,094,129	1,061,871
Restricted	244,307	237,566	2	-	244,309	237,566
Unrestricted	96,917	70,533	49,685	66,078	146,602	136,611
Total Net Position	<u>\$ 999,786</u>	<u>\$ 948,917</u>	<u>\$ 485,254</u>	<u>\$ 487,131</u>	<u>\$ 1,485,040</u>	<u>\$ 1,436,048</u>

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

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 \$15.8 million or 3.8%, from \$419.8 million at June 30, 2022 to \$435.6 million at June 30, 2023. The \$435.6 million of cash and investments is in the city treasury and investments.
- Receivables increased by \$20.2 million, from \$55.7 million at June 30, 2022 to \$75.9 million at June 30, 2023. Receivables were comprised of \$56.5 million of current receivables and \$19.4 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 \$34.9 million or 3.1%, from \$1,130 million at June 30, 2022 to \$1,164 million at June 30, 2023. Net capital assets of \$1,164 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position increased \$6.7 million or 2.8%, from \$237.6 million at June 30, 2022 to \$244.3 million at June 30, 2023. Restricted Net Position is restricted for capital projects \$199.7 million; low-moderate income housing projects \$1.0 million; debt service \$14.6 million; and \$28.9 million may be spent on other projects as specified by funding source restrictions.
- Unrestricted Net Position increased by \$10.0 million or 7.3%, from \$136.6 million at June 30, 2022 to \$146.6 million at June 30, 2023. 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, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The Change in Net Position expressed as the change in revenues and expenses through June 30, 2023, is reflected in the Statement of Changes in Net Position.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	\$ 25,322	\$ 30,044	\$ 80,743	\$ 72,022	\$ 106,065	\$ 102,066
Operating Contributions and Grants	17,282	13,576	32	1,688	17,314	15,264
Capital Grants and Contributions	33,225	63,193	10,195	12,703	43,420	75,896
Total Program Revenues	<u>75,829</u>	<u>106,813</u>	<u>90,970</u>	<u>86,413</u>	<u>166,799</u>	<u>193,226</u>
General Revenues:						
Property Taxes	30,093	27,241	-	-	30,093	27,241
Other Taxes	83,555	84,992	-	-	83,555	84,992
Other General Revenues	6,356	5,369	1,714	(4,017)	8,070	1,352
Total General Revenues	<u>120,004</u>	<u>117,602</u>	<u>1,714</u>	<u>(4,017)</u>	<u>121,718</u>	<u>113,585</u>
Total Revenues	<u>195,833</u>	<u>224,415</u>	<u>92,684</u>	<u>82,396</u>	<u>288,517</u>	<u>306,811</u>
Expenses						
General Government	25,433	26,685	-	-	25,433	26,685
Police	55,920	38,889	-	-	55,920	38,889
Fire	23,351	16,807	-	-	23,351	16,807
Development & Engineering	10,638	12,322	-	-	10,638	12,322
Public Works	17,988	22,081	-	-	17,988	22,081
Parks & Community Services	10,632	4,800	-	-	10,632	4,800
Interest on Long-term Debt	935	990	-	-	935	990
Water	-	-	26,069	23,594	26,069	23,594
Wastewater	-	-	23,258	22,205	23,258	22,205
Solid Waste	-	-	33,375	28,418	33,375	28,418
Storm Drainage	-	-	2,336	2,114	2,336	2,114
Airport	-	-	2,381	2,231	2,381	2,231
Transit	-	-	7,320	6,080	7,320	6,080
Total Expenses	<u>144,897</u>	<u>122,574</u>	<u>94,739</u>	<u>84,642</u>	<u>239,636</u>	<u>207,216</u>
Changes in net position before transfers	50,936	101,841	(2,055)	(2,246)	48,881	99,595
Transfers	(178)	(24,954)	178	24,954	-	-
Change in Net Position	<u>50,758</u>	<u>76,887</u>	<u>(1,877)</u>	<u>22,708</u>	<u>48,881</u>	<u>99,595</u>
Net Position, Beginning	949,028	872,030	487,131	464,423	1,436,159	1,336,453
Net Position, Ending	<u>\$ 999,786</u>	<u>\$ 948,917</u>	<u>\$ 485,254</u>	<u>\$ 487,131</u>	<u>\$1,485,040</u>	<u>\$ 1,436,048</u>

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Revenues

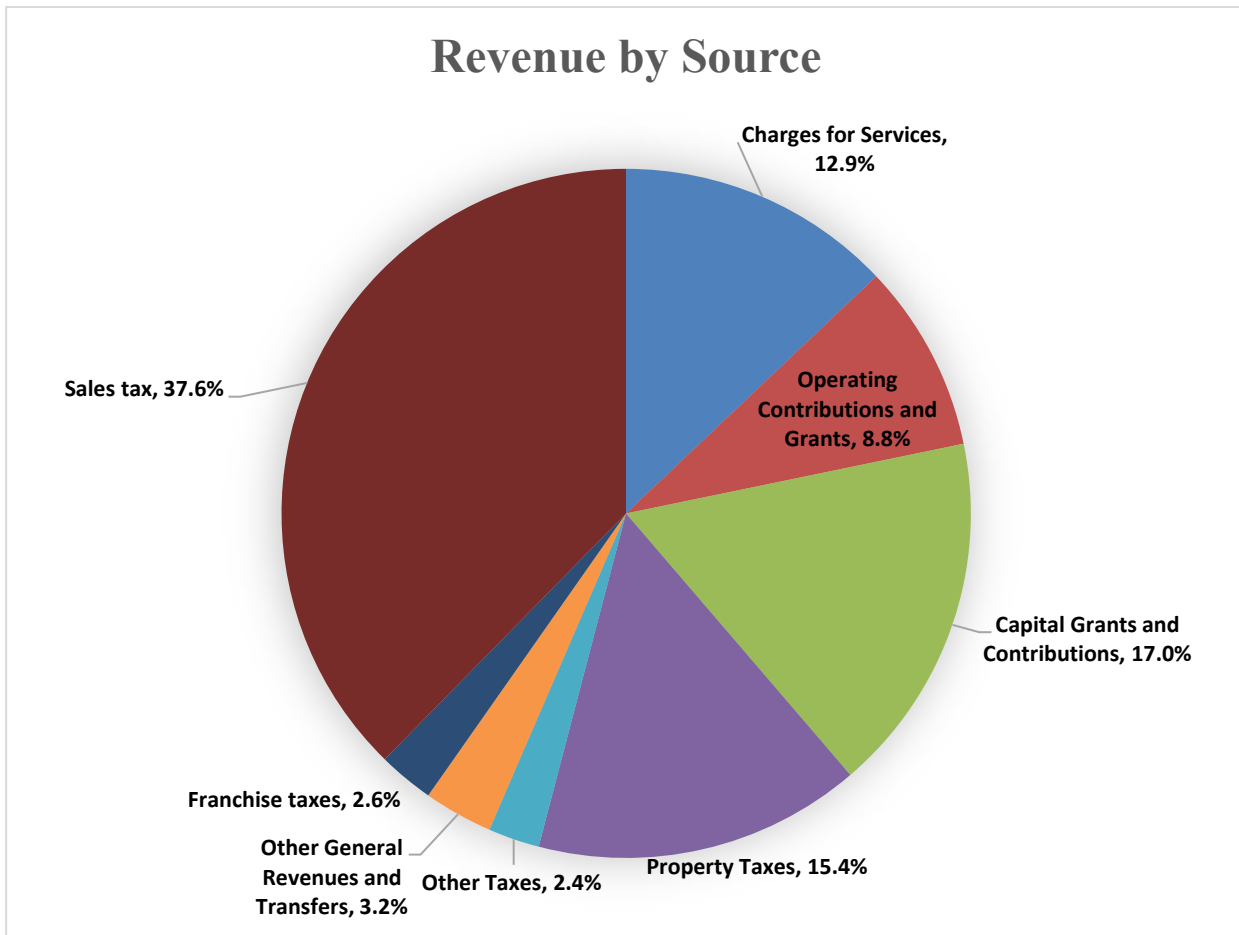
Total revenues decreased by \$13.4 million or 4.4%, from \$301.9 million at June 30, 2022 to \$288.5 million at June 30, 2023. Total governmental program revenues decreased by \$31.0 million, largely due to charges for services and grants. Total governmental general revenues increased by \$2.4 million.

Expenses

Total expenses for the City increased by \$37.3 million or 18.4%, from \$202.3 million at June 30, 2022 to \$239.6 million at June 30, 2023. Governmental activities incurred \$144.9 million of expenses while business-type activities incurred \$94.7 million. Of the Governmental Activities, the largest expenses were in Public Safety \$79.3 million; Public Works \$18.0 million; and General Government \$25.4 million.

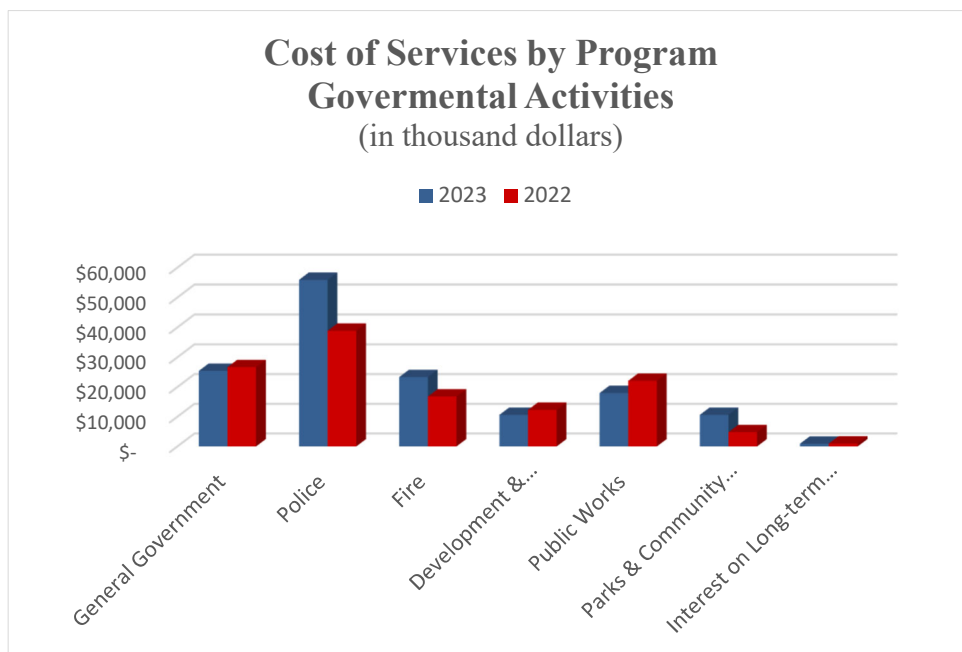
Governmental Activities

Total resources available during the year to finance governmental operations were \$1,144.7 million consisting of net position at June 30, 2022 of \$949.0 million, program revenues of \$75.8 million and general revenues, net of transfers, in amount of \$119.8 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, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



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

	Business-type Activities	
	2023	2022
Net Revenue (Expense)		
from Business-type Activities		
Water	\$3,853	\$4,517
Wastewater	(7,366)	(3,153)
Solid Waste	(1,711)	(2,031)
Drainage	770	(577)
Airport	(1,626)	(1,525)
Transit	2,312	2,021
Total Business-type Activities	(\$3,768)	(\$748)

Program revenues of Business-type Activities increased \$4.6 million or 5.3%, from a total of \$86.4 million at June 30, 2022 to a total of \$91.0 million at June 30, 2023. 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, 2023

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, 2023, the City's governmental funds reported combined fund balances of \$386.7 million, which is an increase of \$36.0 million or 10.3%, from \$350.8 million at June 30, 2022. Total revenues decreased by \$22.0 million or 11.5%, from \$214.0 million at June 30, 2022 to \$192.0 million at June 30, 2023. Of this total, \$134.2 million was in the General Fund. Total expenditures increased by \$33.5 million or 27.2%, from \$123.1 million at June 30, 2022 to \$156.6 million at June 30, 2023. Of this total, \$102.5 million was in the General Fund.

General Fund

At June 30, 2023, the General Fund balance of \$40.4 million, was comprised of \$16.5 million committed funds for contingency/emergency reserve, \$13.0 million in assigned funds, and \$.02 million for Animal Control Trust. Restricted funds were \$3.6 million for medical leave bank. Unassigned funds at June 30, 2023 were \$1.9 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, 2023, the fund balance of the Housing Successor Special Revenue Fund was \$5.0 million with \$4.0 million committed and \$1.0 million restricted.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Community Development Fees Special Revenue Fund

The Community Development Fees Special Revenue Fund had revenues of \$11.9 million, transfers in of \$2.2 million and expenditures of \$14.2 million. The ending fund balance decreased from \$7.9 million at June 30, 2022 to \$7.7 million at June 30, 2023.

CARES/ARPA Grant Fund

The fund balance of the CARES/ARPA Grant Fund increased by \$1.6 million over the prior year. Fund balance was \$1.5 million at June 30, 2022 comparable to \$3.1 million at June 30, 2023.

General Projects Capital Fund

The General Projects Fund had revenues of \$5.2 million, transfers in of \$24.7 million, transfers out of \$3.1 million, and expenditures of \$4.8 million. The fund balance increased \$22.0 million from \$79.7 million at June 30, 2022 to \$101.8 million at June 30, 2023. Funding for the General Project Fund is transferred from the City's General Fund. Capital project expenses included Legacy Fields 1E (78185) and the Multi-Generational Gymnasium (78178). Future projects include the Aquatic Center, General Plan Update, and the BMX Pump Track.

Tracy Infrastructure Master Plan Capital Fund

The Tracy Infrastructure Master Plan (TIMP) Fund had revenues of \$18.5 million and expenditures of \$3.6 million. The fund balance increased \$14.6 million from \$90.9 million at June 30, 2022 to \$105.4 million at June 30, 2023. TIMP Funds cover areas of the City not covered by their own financing plan. Project expenditures included I-205 Mountain House Overcrossing (73146), I-580 Mountain House Overcrossing (73147) and Wastewater Treatment Expansion (74107) . Future projects Water Lines along Lammers and Corral Hollow Widening.

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 \$485.3 million at June 30, 2023. Enterprise operating revenues were \$81.2 million and operating expenses were \$93.1 million in fiscal year 2023. Operating expenses included \$14.8 million in depreciation expense. Project expenditures include the Wastewater treatment Outfall (74083). Future expenses include additional phases of the Wastewater Treatment Expansion and Capital Maintenance at the Water and Wastewater treatment plants.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Water Fund

The net position of the Water Fund at June 30, 2023 was \$205.1 million, an increase of \$4.2 million over the prior fiscal year. The net position of the Water fund at June 30, 2022 was \$200.9 million. Approximately \$11.7 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$198.8 million. Activities for the year were comprised of \$22.5 million in operating revenues for the current year and \$25.9 million in operating expenses including \$4.8 million in depreciation expense.

Wastewater Fund

The net position of the Wastewater Fund at June 30, 2023 was \$183.5 million, a decrease of \$6.4 million over the prior fiscal year. The net position of the Wastewater fund at June 30, 2022 was \$189.9 million. Approximately \$19.4 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$183.4 million. Activities for the year were comprised of \$15.8 million in operating revenues for the current year and \$22.3 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, 2023 was \$10.3 million, a decrease of \$1.4 million over the prior fiscal year. The net position of the Solid Waste fund at June 30, 2022 was \$11.7 million. Approximately \$10.1 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$0.2 million. Activities for the year were comprised of \$31.6 million in operating revenues for the current year and \$33.4 million in operating expense.

Drainage Fund

The net position of the Drainage Fund at June 30, 2023 was \$51.3 million, an increase of \$0.8 million over the prior fiscal year. The net position of the Drainage fund at June 30, 2022 was \$50.5 million. Approximately \$(0.2) million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$51.5 million. Activities for the year were comprised of \$0.8 million in operating revenues for the current year and \$2.3 million in operating expenses including \$1.7 million in depreciation expenses.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the General Fund totaled \$101.1 million. The difference in appropriations between the original budget and the final amended budget was (\$1.4) million. At the end of the fiscal year, the total actual expenses of the General Fund were \$102.5 million.

CAPITAL ASSETS

At the end of fiscal 2023, the City had \$1,164.3 million, net of depreciation and amortization, 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	
	2023	2022	2023	2022	2023	2022
Non-depreciable assets						
Land	\$ 181,056	\$ 180,468	\$ 19,057	\$ 19,057	\$ 200,113	\$ 199,525
Streets and Roads	327,059	325,970	-	-	327,059	325,970
Construction in-Progress	58,826	33,797	63,529	48,343	122,355	82,140
Total	566,941	540,235	82,586	67,400	649,527	607,635
Depreciable assets						
Buildings and Improvements	147,476	146,097	171,165	171,165	318,641	317,262
Improvements	51,064	51,005	-	-	51,064	51,005
Grading, Curbs & Gutters						
Sidewalks & Driveway Approaches	32,135	32,135	-	-	32,135	32,135
Traffic Signals	31,957	31,888	8,118	8,118	40,075	40,006
Equipment	34,629	32,156	47,440	47,814	82,069	79,970
Infrastructure	12,219	12,219	398,105	386,284	410,324	398,503
Intangible Assets	1,368	1,367	73,476	73,476	74,844	74,843
Less: accumulated depreciation	(175,507)	(165,504)	(320,700)	(306,488)	(496,207)	(471,992)
Net depreciable assets	135,341	141,363	377,604	380,369	512,945	521,732
Lease right to use assets						
Buildings and Improvements	1,094	406	-	-	1,094	406
Less: accumulated amortization	(453)	(174)	-	-	(453)	(627)
Net lease right to us assets	641	232	-	-	641	(221)
Subscription assets						
Subscription assets	2,284	2,192	86	-	2,198	2,192
Less: accumulated amortization	(978)	-	(7)	-	(971)	-
Net lease right to us assets	1,306	2,192	79	-	1,227	2,192
Total Capital Assets	\$ 704,229	\$ 684,022	\$ 460,269	\$ 447,769	\$ 1,164,340	\$ 1,131,338

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

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 8 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 2023, the City expended \$7,385,863 to preserve its roads, and the condition index level was 64. The City estimates that it will be required to expend approximately \$19M in fiscal years 2023 through 2027 to bring its roads to a condition level of 69, or \$11.5M annually to maintain its roads at the current PCI level of 64.

DEBT SERVICE ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 9 in the Notes to the Basic Financial Statements. The City's Governmental Activities long-term debt outstanding decreased by \$2.6 million or -6.0%, from \$43.1 million at June 30, 2022 to \$40.5 million at June 30, 2023. The City's Business Activities long-term debt outstanding decreased by \$2.0 million or -7.5%, from \$26.7 million at June 30, 2022 to \$24.7 million at June 30, 2023.

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

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Lease Liability	\$ 576	\$ 236	\$ -	\$ -	\$ 576	\$ 236
Subscription Liability	1,213	2,082	54	-	1,267	2,082
2022 Lease Revenue Refunding Bonds	16,405	17,040	-	-	16,405	17,040
2022 Lease Revenue Refunding Bonds (Premium)	2,948	3,409			2,948	3,409
2020 Lease Revenue Refunding Bonds	17,465	18,275	-	-	17,465	18,275
2020 Lease Revenue Refunding Bonds (Premium)	1,913	2,052			1,913	2,052
2004 Wastewater Revenue Bonds	-	-	19,305	20,260	19,305	20,260
State of California-Department of Health Services Loan	-	-	5,343	6,457	5,343	6,457
Total Long-Term Debt	\$ 40,520	\$ 43,094	\$ 24,702	\$ 26,717	\$ 65,222	\$ 69,811

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

Throughout fiscal year 2022-23, 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 \$2.8 million, or 10.5% over fiscal year 2021-2022 and is expected to continue to grow by 5% annually over the next 3-5 years.

During FY2022-23, the electorate of the City voted to change the City's Business Tax from a limited employee based tax to a gross receipts tax. This change, effective July 1, 2023, is expected to increase Business Taxes by several million dollars annually. 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.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Tracy
Statement of Net Position
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Joaquin County Fire Authority
ASSETS				
Current assets:				
Cash and investments	\$ 390,528,962	\$ 45,043,171	\$ 435,572,133	\$ 10,111,914
Cash and investments with fiscal agents	8,193,313	1,891	8,195,204	-
Accounts receivable, net	12,749,934	13,234,758	25,984,692	656,260
Intergovernmental receivable	18,271,437	8,877,107	27,148,544	-
Interest receivable	2,580,583	314,009	2,894,592	-
Lease receivable - due within one year	194,343	242,143	436,486	-
Deposits	1,000,000	-	1,000,000	-
Prepaid items	5,636,292	1,109,286	6,745,578	-
Inventories	-	570,994	570,994	-
Due from Fiduciary Funds	4,612,958	-	4,612,958	-
Due from Component Unit	2,223,143	-	2,223,143	-
Internal balances	285,040	(285,040)	-	-
Total current assets	<u>446,276,005</u>	<u>69,108,319</u>	<u>515,384,324</u>	<u>10,768,174</u>
Noncurrent assets:				
Lease receivable - due in more than one year	1,846,130	3,325,863	5,171,993	-
Loans receivable	14,263,353	-	14,263,353	-
Capital assets:				
Non-depreciable/amortizable	566,941,396	82,585,786	649,527,182	-
Depreciable/amortizable, net	<u>137,288,053</u>	<u>377,683,253</u>	<u>514,971,306</u>	<u>1,130,546</u>
Total capital assets, net	<u>704,229,449</u>	<u>460,269,039</u>	<u>1,164,498,488</u>	<u>1,130,546</u>
Total noncurrent assets	<u>720,338,932</u>	<u>463,594,902</u>	<u>1,183,933,834</u>	<u>1,130,546</u>
Total assets	<u>1,166,614,937</u>	<u>532,703,221</u>	<u>1,699,318,158</u>	<u>11,898,720</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	717,872	164,577	882,449	-
Related to pensions	<u>43,126,771</u>	<u>5,427,640</u>	<u>48,554,411</u>	<u>983,974</u>
Total deferred outflows of resources	<u>43,844,643</u>	<u>5,592,217</u>	<u>49,436,860</u>	<u>983,974</u>

City of Tracy
Statement of Net Position (Continued)
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Joaquin County Fire Authority
LIABILITIES				
Current liabilities:				
Accounts payable	16,445,562	6,090,888	22,536,450	479,756
Accrued payroll	1,773,316	626,459	2,399,775	751,507
Deposits	13,761,544	75,908	13,837,452	-
Interest payable	109,367	1,713,338	1,822,705	-
Unearned revenue	10,070,966	205,115	10,276,081	5,534,702
Due to Primary Government	-	-	-	2,223,143
Sick leave conversion - due within one year	1,125,267	-	1,125,267	-
Compensated absences - due within one year	1,562,838	308,582	1,871,420	776,475
Long-term debt - due within one year	2,631,416	2,166,114	4,797,530	-
Total current liabilities	47,480,276	11,186,404	58,666,680	9,765,583
Noncurrent liabilities:				
Total OPEB liability	4,931,661	1,130,614	6,062,275	-
Net pension liability	108,813,272	13,676,811	122,490,083	-
Sick leave conversion - due in more than one year	4,501,066	-	4,501,066	-
Compensated absences - due in more than one year	2,838,282	487,674	3,325,956	-
Long-term debt - due in more than one year	37,888,909	22,535,958	60,424,867	-
Total noncurrent liabilities	158,973,190	37,831,057	196,804,247	-
Total liabilities	206,453,466	49,017,461	255,470,927	9,765,583
DEFERRED INFLOWS OF RESOURCES				
Related to leases	2,009,098	3,482,377	5,491,475	-
Related to OPEB	1,916,681	439,411	2,356,092	-
Related to pensions	294,351	101,976	396,327	-
Total deferred inflows of resources	4,220,130	4,023,764	8,243,894	-
NET POSITION				
Net investment in capital assets	658,561,654	435,566,967	1,094,128,621	-
Restricted:				
Debt service	14,575,067	1,891	14,576,958	-
Public safety	632,447	-	632,447	-
Streets and roads	16,650,225	-	16,650,225	-
Community development	1,941,618	-	1,941,618	-
Special districts	9,809,867	-	9,809,867	-
Projects	199,658,835	-	199,658,835	-
Housing services	1,039,730	-	1,039,730	-
Total restricted	244,307,789	1,891	244,309,680	-
Unrestricted	96,916,541	49,685,355	146,601,896	3,117,111
Total net position	\$ 999,785,984	\$ 485,254,213	\$ 1,485,040,197	\$ 3,117,111

City of Tracy
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government					
Economic development	\$ 149,339	\$ 689	\$ 810,292	\$ 516,673	\$ 1,327,654
General government	21,215,233	9,138,096	-	6,911,240	16,049,336
Finance	3,718,836	-	-	-	-
Non-departmental	350,434	212,792	3,836,120	894,109	4,943,021
Public safety					
Police	55,919,728	253,085	2,905,117	502,777	3,660,979
Fire	23,351,051	-	335,388	24,818	360,206
Public ways and facilities					
Development and engineering	10,638,038	11,571,880	-	-	11,571,880
Public works	17,987,663	2,721,400	9,394,922	24,375,508	36,491,830
Community development					
Parks and community services	10,632,279	1,424,524	-	-	1,424,524
Interest and fiscal charges	934,876	-	-	-	-
Total governmental activities	<u>144,897,477</u>	<u>25,322,466</u>	<u>17,281,839</u>	<u>33,225,125</u>	<u>75,829,430</u>
Business-type activities:					
Water	26,067,537	22,456,881	-	7,464,223	29,921,104
Wastewater	23,258,049	15,648,720	-	243,269	15,891,989
Solid waste	33,375,496	31,478,157	31,444	153,941	31,663,542
Drainage	2,335,796	847,691	-	2,258,082	3,105,773
Municipal airport	2,381,372	731,734	-	23,544	755,278
Municipal transit	7,319,789	9,579,739	-	52,129	9,631,868
Total business-type activities	<u>94,738,039</u>	<u>80,742,922</u>	<u>31,444</u>	<u>10,195,188</u>	<u>90,969,554</u>
Total primary government	<u><u>\$ 239,635,516</u></u>	<u><u>\$ 106,065,388</u></u>	<u><u>\$ 17,313,283</u></u>	<u><u>\$ 43,420,313</u></u>	<u><u>\$ 166,798,984</u></u>
Component unit:					
South San Joaquin County Fire Authority	\$ 26,021,092	\$ 1,685,089	\$ 24,987,912	\$ -	\$ 26,673,001
Total component unit	<u><u>\$ 26,021,092</u></u>	<u><u>\$ 1,685,089</u></u>	<u><u>\$ 24,987,912</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,673,001</u></u>

City of Tracy
Statement of Activities (Continued)
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Joaquin County Fire Authority
Primary government:				
Governmental activities:				
General government				
Economic development	\$ 1,178,315	\$ -	\$ 1,178,315	\$ -
General government	(5,165,897)	-	(5,165,897)	-
Finance	(3,718,836)	-	(3,718,836)	-
Non-departmental	4,592,587	-	4,592,587	-
Public safety				
Police	(52,258,749)	-	(52,258,749)	-
Fire	(22,990,845)	-	(22,990,845)	-
Public ways and facilities				
Development and engineering	933,842	-	933,842	-
Public works	18,504,167	-	18,504,167	-
Community development				
Parks and community services	(9,207,755)	-	(9,207,755)	-
Interest and fiscal charges	(934,876)	-	(934,876)	-
Total governmental activities	<u>(69,068,047)</u>	<u>-</u>	<u>(69,068,047)</u>	<u>-</u>
Business-type activities:				
Water	-	3,853,567	3,853,567	-
Wastewater	-	(7,366,060)	(7,366,060)	-
Solid waste	-	(1,711,954)	(1,711,954)	-
Drainage operations	-	769,977	769,977	-
Municipal airport	-	(1,626,094)	(1,626,094)	-
Municipal transit	-	2,312,079	2,312,079	-
Total business-type activities	<u>-</u>	<u>(3,768,485)</u>	<u>(3,768,485)</u>	<u>-</u>
Total primary government	<u>(69,068,047)</u>	<u>(3,768,485)</u>	<u>(72,836,532)</u>	<u>-</u>
Component unit:				
South San Joaquin County Fire Authority	-	-	-	651,909
Total component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>651,909</u>
General Revenues and Transfers:				
General revenues:				
Taxes:				
Property taxes	30,093,248	-	30,093,248	-
Sales and use taxes	73,724,308	-	73,724,308	-
Franchise taxes	5,127,129	-	5,127,129	-
Transient occupancy tax	2,185,441	-	2,185,441	-
Business license tax	738,856	-	738,856	-
Transfer tax	1,779,260	-	1,779,260	-
Total taxes	113,648,242	-	113,648,242	-
Motor vehicle in lieu, unrestricted	96,903	-	96,903	-
Investment income (loss)	4,418,525	1,305,970	5,724,495	-
Other revenue	1,840,882	407,761	2,248,643	-
Transfers	<u>(178,045)</u>	<u>178,045</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>119,826,507</u>	<u>1,891,776</u>	<u>121,718,283</u>	<u>-</u>
Change in net position	<u>50,758,460</u>	<u>(1,876,709)</u>	<u>48,881,751</u>	<u>651,909</u>
Net Position:				
Beginning of year, as restated (Note 22)	949,027,524	487,130,922	1,436,158,446	2,465,202
End of year	<u>\$ 999,785,984</u>	<u>\$ 485,254,213</u>	<u>\$ 1,485,040,197</u>	<u>\$ 3,117,111</u>

See accompanying Notes to the Basic Financial Statements.

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

This page intentionally left blank.

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 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.

City of Tracy
Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds			
	General Fund	Housing Successor Fund	Community Development Fees Fund	CARES/ARPA Grants Fund
ASSETS				
Cash and investments	\$ 20,031,056	\$ 5,009,573	\$ 7,598,936	\$ 10,901,172
Cash and investments with fiscal agents	-	-	-	-
Accounts receivable, net	1,097,458	-	5,651,464	-
Intergovernmental receivable	16,766,999	-	-	-
Interest receivable	730,400	33,045	123,491	71,884
Lease receivable	2,040,473	-	-	-
Due from other funds	924,960	-	-	-
Prepaid items	5,534,702	-	-	-
Deposits	-	-	-	-
Loans receivable	-	12,588,989	-	-
Due from Fiduciary Funds	-	-	-	-
Due from Component Unit	2,223,143	-	-	-
Total assets	\$ 49,349,191	\$ 17,631,607	\$ 13,373,891	\$ 10,973,056
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,496,069	\$ -	\$ 1,747,865	\$ 329,060
Accrued payroll	1,122,592	-	346,447	17,279
Due to other funds	-	-	-	-
Deposits payable	536,808	-	969,257	-
Unearned revenues	-	-	2,575,416	7,495,550
Total liabilities	6,155,469	-	5,638,985	7,841,889
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	756,119	12,591,877	-	-
Related to leases	2,009,098	-	-	-
Total deferred inflows of resources	2,765,217	12,591,877	-	-
Fund Balances:				
Nonspendable	5,534,702	-	-	-
Restricted	3,595,551	1,039,730	7,734,906	3,131,167
Committed	16,489,000	4,000,000	-	-
Assigned	12,952,058	-	-	-
Unassigned (deficit)	1,857,194	-	-	-
Total fund balances	40,428,505	5,039,730	7,734,906	3,131,167
Total liabilities, deferred inflows of resources, and fund balances	\$ 49,349,191	\$ 17,631,607	\$ 13,373,891	\$ 10,973,056

City of Tracy
Balance Sheet (Continued)
Governmental Funds
June 30, 2023

	Major Funds			
	General Capital Projects Fund	Tracy Infrastructure Master Plans Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 101,604,475	\$ 107,150,273	\$ 125,941,176	\$ 378,236,661
Cash and investments with fiscal agents	-	-	8,193,313	8,193,313
Accounts receivable, net	5,944,754	-	56,258	12,749,934
Intergovernmental receivable	-	-	1,504,438	18,271,437
Interest receivable	-	706,481	834,190	2,499,491
Lease receivable	-	-	-	2,040,473
Due from other funds	-	-	-	924,960
Prepaid items	-	-	-	5,534,702
Deposits	-	-	1,000,000	1,000,000
Loans receivable	-	-	1,674,364	14,263,353
Due from Fiduciary Funds	-	-	4,612,958	4,612,958
Due from Component Unit	-	-	-	2,223,143
Total assets	\$ 107,549,229	\$ 107,856,754	\$ 143,816,697	\$ 450,550,425
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,084,423	\$ 2,413,728	\$ 2,036,968	\$ 16,108,113
Accrued payroll	1,361	5,615	116,758	1,610,052
Due to other funds	-	-	639,920	639,920
Deposits payable	681,713	-	11,567,008	13,754,786
Unearned revenues	-	-	-	10,070,966
Total liabilities	5,767,497	2,419,343	14,360,654	42,183,837
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	6,287,322	19,635,318
Related to leases	-	-	-	2,009,098
Total deferred inflows of resources	-	-	6,287,322	21,644,416
Fund Balances:				
Nonspendable	-	-	-	5,534,702
Restricted	-	105,437,411	123,369,024	244,307,789
Committed	-	-	-	20,489,000
Assigned	101,781,732	-	-	114,733,790
Unassigned (deficit)	-	-	(200,303)	1,656,891
Total fund balances	101,781,732	105,437,411	123,168,721	386,722,172
Total liabilities, deferred inflows of resources, and fund balances	\$ 107,549,229	\$ 107,856,754	\$ 143,816,697	\$ 450,550,425

This page intentionally left blank.

City of Tracy
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds	<u>\$ 386,722,172</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>19,635,318</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	704,229,449
Less: capital assets reported in Internal Service Funds	<u>(12,148,731)</u>
Total capital assets	<u>692,080,718</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	(1,125,267)
Sick leave conversion - due in more than one year	(4,501,066)
Compensated absences - due within one year	(1,562,838)
Compensated absences - due in more than one year	(2,838,282)
Long-term debt - due within one year	(2,631,416)
Long-term debt - due in more than one year	(37,888,909)
Less: amount reported in Internal Service Funds:	
Long-term debt - due within one year	472,278
Long-term debt - due in more than one year	131
Compensated absences - due within one year	97,397
Compensated absences - due in more than one year	198,295
Total long-term liabilities	<u>(49,779,677)</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>(109,367)</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	(4,931,661)
Net pension liability	(108,813,272)
Less: amount reported in Internal Service Funds:	
Total OPEB liability	312,208
Net pension liability	3,774,012
Total OPEB/pension liability	<u>(109,658,713)</u>
Deferred outflows of resources related to OPEB and pensions are not available for current period and, therefore, are	
Amount reported in Government-Wide Statement of Net Position	
Deferred outflows of resources related to OPEB	717,872
Deferred outflows of resources related to pensions	43,126,771
Less: amount reported in Internal Service Funds:	
Deferred outflows of resources related to OPEB	(45,446)
Deferred outflows of resources related to pensions	<u>(1,497,717)</u>
Total deferred outflows of resources	<u>42,301,480</u>
Deferred inflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred inflows of resources related to OPEB	(1,916,681)
Deferred inflows of resources related to pensions	(294,351)
Less: amount reported in Internal Service Funds:	
Deferred inflows of resources related to OPEB	121,338
Deferred inflows of resources related to pensions	28,139
Total deferred inflows of resources	<u>(2,061,555)</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>20,655,608</u>
Net Position of Governmental Activities	<u>\$ 999,785,984</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, 2023

	Major Funds			
	General	Housing	Community	CARES/ARPA
	Fund	Successor Fund	Development Fees Fund	Grants Fund
REVENUES:				
Taxes	\$ 107,913,897	\$ -	\$ -	\$ -
Licenses, permits and fees	5,032,217	-	11,399,680	-
Fines and penalties	195,193	-	-	-
Investment income (loss)	1,729,339	105,308	176,077	(124,029)
Intergovernmental	3,808,738	-	135,170	3,836,120
Charges for current services	13,811,311	-	171,941	-
Special assessments	494,066	-	-	-
Other revenue	1,202,563	17,453	4,257	-
Total revenues	134,187,324	122,761	11,887,125	3,712,091
EXPENDITURES:				
Current:				
General government				
Economic development	-	-	-	-
General government	19,549,418	-	-	2,109,022
Finance	1,825,892	-	1,116,840	-
Non-departmental	350,434	-	-	-
Public safety				
Police	44,811,730	-	-	1,924,854
Fire	15,909,273	-	-	-
Public ways and facilities				
Development and engineering	55,306	-	13,080,626	-
Public works	6,228,092	-	-	-
Community development				
Parks and community services	11,045,635	-	-	-
Capital outlay	1,856,213	187,468	-	-
Debt service:				
Principal	833,803	-	12,774	-
Interest and fiscal charges	32,253	-	31	-
Total expenditures	102,498,049	187,468	14,210,271	4,033,876
REVENUES OVER (UNDER) EXPENDITURES	31,689,275	(64,707)	(2,323,146)	(321,785)
OTHER FINANCING SOURCES (USES):				
Inception of lease agreement	688,227	-	-	-
Inception of subscription agreement	92,086	-	-	-
Transfers in	920,795	468,053	2,172,340	2,652,730
Transfers out	(29,838,573)	-	-	(703,978)
Total other financing sources (uses)	(28,137,465)	468,053	2,172,340	1,948,752
NET CHANGE IN FUND BALANCES	3,551,810	403,346	(150,806)	1,626,967
FUND BALANCES:				
Beginning of year	36,876,695	4,636,384	7,885,712	1,504,200
End of year	<u>\$ 40,428,505</u>	<u>\$ 5,039,730</u>	<u>\$ 7,734,906</u>	<u>\$ 3,131,167</u>

City of Tracy
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds			
	General Capital Projects Fund	Tracy Infrastructure Master Plans Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ -	\$ -	\$ 2,332,832	\$ 110,246,729
Licenses, permits and fees	-	-	152,785	16,584,682
Fines and penalties	-	-	146,799	341,992
Investment income (loss)	(311,113)	894,561	1,548,896	4,019,039
Intergovernmental	5,531,539	-	5,606,636	18,918,203
Charges for current services	-	17,581,325	2,380,651	33,945,228
Special assessments	-	-	5,075,713	5,569,779
Other revenue	-	-	1,056,071	2,280,344
Total revenues	5,220,426	18,475,886	18,300,383	191,905,996
EXPENDITURES:				
Current:				
General government				
Economic development	-	-	149,339	149,339
General government	-	-	71,167	21,729,607
Finance	-	-	712,266	3,654,998
Non-departmental	-	-	-	350,434
Public safety				
Police	-	-	394,872	47,131,456
Fire	-	-	-	15,909,273
Public ways and facilities				
Development and engineering	-	-	-	13,135,932
Public works	-	-	5,566,284	11,794,376
Community development				
Parks and community services	-	-	-	11,045,635
Capital outlay	4,788,770	3,572,964	17,417,409	27,822,824
Debt service:				
Principal	-	-	1,445,000	2,291,577
Interest and fiscal charges	-	-	1,499,929	1,532,213
Total expenditures	4,788,770	3,572,964	27,256,266	156,547,664
REVENUES OVER (UNDER) EXPENDITURES	431,656	14,902,922	(8,955,883)	35,358,332
OTHER FINANCING SOURCES (USES):				
Inception of lease agreement	-	-	-	688,227
Inception of subscription agreement	-	-	-	92,086
Transfers in	24,728,572	-	3,244,219	34,186,709
Transfers out	(3,120,783)	(334,603)	(366,817)	(34,364,754)
Total other financing sources (uses)	21,607,789	(334,603)	2,877,402	602,268
NET CHANGE IN FUND BALANCES	22,039,445	14,568,319	(6,078,481)	35,960,600
FUND BALANCES:				
Beginning of year	79,742,287	90,869,092	129,247,202	350,761,572
End of year	<u>\$ 101,781,732</u>	<u>\$ 105,437,411</u>	<u>\$ 123,168,721</u>	<u>\$ 386,722,172</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, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 35,960,600

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 \$3,617,584 added in internal service funds) (\$207,911 of the governmental fund capital outlay balance were for repairs and maintenance expenditures).	27,614,913
In the Government-Wide Statement of Activities, donated assets are reported as a capital contribution.	1,687,056
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 \$2,077,669, was not reported as expenditures in the Governmental Funds.	(9,460,907)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net position (net of \$24,497 in net capital asset retirements in internal service funds).	(189,390)
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.	
Lease liability	(688,227)
Subscription liability	(92,086)
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, net of \$472,409 reported in the internal service funds	2,291,577
Amortization of bond premium	599,612
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.	8,200
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.	(1,118,913)
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.	(411,228)
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.	470,113
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	24,481,240
Changes in net pension liabilities, net of \$1,502,938 in internal service funds	(59,315,075)
Changes in pension related deferred inflows of resources, net of \$1,222,088 in internal service funds	28,214,478
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	85,996
Changes in total OPEB liabilities, net of \$154,100 in internal service funds	870,423
Changes in OPEB related deferred inflows of resources, net of \$14,551 in internal service funds	(996,931)
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.	747,009

Change in Net Position of Governmental Activities \$ 50,758,460

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, 2023

	Major Funds			
	Water Fund	Wastewater Fund	Solid Waste Fund	Drainage Fund
ASSETS				
Current assets:				
Cash and investments	\$ 12,918,765	\$ 21,169,932	\$ 9,166,589	\$ 512,383
Cash and investments with fiscal agents	-	1,891	-	-
Accounts receivable, net	3,971,131	2,974,264	5,940,315	160,036
Intergovernmental receivable	-	-	-	-
Interest receivable	85,138	155,651	61,451	3,381
Lease receivable - due within one year	-	163,727	-	-
Due from other funds	-	-	-	-
Prepaid items	1,109,286	-	-	-
Inventories	570,994	-	-	-
Total current assets	18,655,314	24,465,465	15,168,355	675,800
Noncurrent assets:				
Lease receivable - due in more than one year	-	1,462,169	-	-
Advances from other funds	-	1,000,000	-	-
Capital assets:				
Non-depreciable/amortizable	5,288,363	62,440,659	-	13,252,603
Depreciable/amortizable	193,481,777	121,007,983	232,895	38,210,952
Total capital assets, net	198,770,140	183,448,642	232,895	51,463,555
Total noncurrent assets	198,770,140	185,910,811	232,895	51,463,555
Total assets	217,425,454	210,376,276	15,401,250	52,139,355
DEFERRED OUTFLOW OF RESOURCES				
Related to OPEB	62,036	66,890	20,914	3,177
Related to pensions	2,046,176	2,206,495	689,793	103,364
Total deferred outflow of resources	2,108,212	2,273,385	710,707	106,541
LIABILITIES				
Current liabilities:				
Accounts payable	808,299	1,336,576	3,502,579	14,303
Accrued payroll	238,272	253,027	80,498	9,011
Due to other funds	-	-	-	-
Interest payable	-	75,908	-	-
Deposits payable	1,017,362	1,000	-	638,978
Unearned revenue	-	-	129,293	-
Compensated absences - due within one year	112,722	124,321	41,725	4,778
Long-term debt - due within one year	1,139,516	1,000,000	26,598	-
Total current liabilities	3,316,171	2,790,832	3,780,693	667,070
Noncurrent liabilities:				
Advances from other funds	1,000,000	-	-	-
Net OPEB liability	426,178	459,520	143,676	21,824
Net pension liability	5,156,046	5,560,025	1,738,172	260,460
Compensated absences - due in more than one year	147,347	217,840	65,429	17,993
Long term debt - due in more than one year	4,203,696	18,305,000	27,262	-
Total noncurrent liabilities	10,933,267	24,542,385	1,974,539	300,277
Total liabilities	14,249,438	27,333,217	5,755,232	967,347
DEFERRED INFLOWS OF RESOURCES				
Related to leases	-	1,575,359	-	-
Related to OPEB	165,633	178,592	55,839	8,482
Related to pensions	38,444	41,456	12,960	1,942
Total deferred inflows of resources	204,077	1,795,407	68,799	10,424
NET POSITION				
Net investment in capital assets	193,426,928	164,143,642	179,035	51,463,555
Restricted:				
Debt service	-	1,891	-	-
Unrestricted (deficit)	11,653,223	19,375,504	10,108,891	(195,430)
Total net position	\$ 205,080,151	\$ 183,521,037	\$ 10,287,926	\$ 51,268,125

See accompanying Notes to the Basic Financial Statements.

City of Tracy
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023

ASSETS	Non-major Funds	Total	Governmental Activities Internal Service Funds
Current assets:			
Cash and investments	\$ 1,275,502	\$ 45,043,171	\$ 12,292,301
Cash and investments with fiscal agents	-	1,891	-
Accounts receivable, net	189,012	13,234,758	-
Intergovernmental receivable	8,877,107	8,877,107	-
Interest receivable	8,388	314,009	81,092
Lease receivable - due within one year	78,416	242,143	-
Due from other funds	-	-	-
Prepaid items	-	1,109,286	101,590
Inventories	-	570,994	-
Total current assets	<u>10,428,425</u>	<u>69,393,359</u>	<u>12,474,983</u>
Noncurrent assets:			
Lease receivable - due in more than one year	1,863,694	3,325,863	-
Advances from other funds	-	1,000,000	-
Capital assets:			
Non-depreciable	1,604,161	82,585,786	-
Depreciable, net	<u>24,749,646</u>	<u>377,683,253</u>	<u>12,148,731</u>
Total capital assets, net	<u>26,353,807</u>	<u>460,269,039</u>	<u>12,148,731</u>
Total noncurrent assets	<u>28,217,501</u>	<u>464,594,902</u>	<u>12,148,731</u>
Total assets	<u>38,645,926</u>	<u>533,988,261</u>	<u>24,623,714</u>
DEFERRED OUTFLOW OF RESOURCES			
Related to OPEB	11,560	164,577	45,446
Related to pensions	<u>381,812</u>	<u>5,427,640</u>	<u>1,497,717</u>
Total deferred outflow of resources	<u>393,372</u>	<u>5,592,217</u>	<u>1,543,163</u>
LIABILITIES			
Current liabilities:			
Accounts payable	429,131	6,090,888	337,449
Accrued payroll	45,651	626,459	163,264
Due to other funds	285,040	285,040	-
Interest payable	-	75,908	-
Deposits payable	55,998	1,713,338	6,758
Unearned revenue	75,822	205,115	-
Compensated absences - due within one year	25,036	308,582	97,397
Long-term debt - due within one year	-	2,166,114	472,278
Total current liabilities	<u>916,678</u>	<u>11,471,444</u>	<u>1,077,146</u>
Noncurrent liabilities:			
Advances from other funds	-	1,000,000	-
Net OPEB liability	79,416	1,130,614	312,208
Net pension liability	962,108	13,676,811	3,774,012
Compensated absences - due in more than one year	39,065	487,674	198,295
Long term debt - due in more than one year	-	<u>22,535,958</u>	<u>131</u>
Total noncurrent liabilities	<u>1,080,589</u>	<u>38,831,057</u>	<u>4,284,646</u>
Total liabilities	<u>1,997,267</u>	<u>50,302,501</u>	<u>5,361,792</u>
DEFERRED INFLOWS OF RESOURCES			
Related to leases	1,907,018	3,482,377	-
Related to OPEB	30,865	439,411	121,338
Related to pensions	<u>7,174</u>	<u>101,976</u>	<u>28,139</u>
Total deferred inflows of resources	<u>1,945,057</u>	<u>4,023,764</u>	<u>149,477</u>
NET POSITION			
Net investment in capital assets	26,353,807	435,566,967	12,148,731
Restricted:			
Debt service	-	1,891	-
Unrestricted (deficit)	<u>8,743,167</u>	<u>49,685,355</u>	<u>8,506,877</u>
Total net position	<u>\$ 35,096,974</u>	<u>\$ 485,254,213</u>	<u>\$ 20,655,608</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, 2023

	Major Funds			
	Water Fund	Wastewater Fund	Solid Waste Fund	Drainage Fund
OPERATING REVENUES:				
Sales and charges for services	\$ 22,456,881	\$ 15,648,720	\$ 31,478,157	\$ 847,691
Other operating revenue	-	188,104	98,829	-
Total operating revenues	<u>22,456,881</u>	<u>15,836,824</u>	<u>31,576,986</u>	<u>847,691</u>
OPERATING EXPENSES:				
Purchase of water	7,071,668	-	-	-
Maintenance and operation	7,994,237	13,907,750	1,757,432	440,030
Administration	6,089,930	2,471,530	31,610,668	157,869
Insurance costs and claims	-	-	-	-
Depreciation and amortization	4,765,809	5,949,330	7,178	1,737,897
Total operating expenses	<u>25,921,644</u>	<u>22,328,610</u>	<u>33,375,278</u>	<u>2,335,796</u>
OPERATING INCOME (LOSS)	<u>(3,464,763)</u>	<u>(6,491,786)</u>	<u>(1,798,292)</u>	<u>(1,488,105)</u>
NONOPERATING REVENUES (EXPENSES):				
Operating grants	-	-	31,444	-
Investment income (loss)	316,445	759,993	184,994	1,841
Interest expense	(145,893)	(929,439)	(218)	-
Gain (loss) on sale of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	<u>170,552</u>	<u>(169,446)</u>	<u>216,220</u>	<u>1,841</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(3,294,211)</u>	<u>(6,661,232)</u>	<u>(1,582,072)</u>	<u>(1,486,264)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	7,464,223	243,269	153,941	2,258,082
Transfers in	-	-	-	-
Total capital contributions and transfers	<u>7,464,223</u>	<u>243,269</u>	<u>153,941</u>	<u>2,258,082</u>
Changes in net position	4,170,012	(6,417,963)	(1,428,131)	771,818
NET POSITION:				
Beginning of year	<u>200,910,139</u>	<u>189,939,000</u>	<u>11,716,057</u>	<u>50,496,307</u>
End of year	<u>\$ 205,080,151</u>	<u>\$ 183,521,037</u>	<u>\$ 10,287,926</u>	<u>\$ 51,268,125</u>

City of Tracy
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Non-major Funds	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES:			
Sales and charges for services	\$ 10,311,473	\$ 80,742,922	\$ 19,326,360
Other operating revenue	120,828	407,761	909,492
Total operating revenues	<u>10,432,301</u>	<u>81,150,683</u>	<u>20,235,852</u>
OPERATING EXPENSES:			
Purchase of water	-	7,071,668	-
Maintenance and operation	3,185,682	27,285,131	9,387,418
Administration	4,188,709	44,518,706	1,128,696
Insurance costs and claims	-	-	7,910,803
Depreciation and amortization	2,326,770	14,786,984	2,077,669
Total operating expenses	<u>9,701,161</u>	<u>93,662,489</u>	<u>20,504,586</u>
OPERATING INCOME (LOSS)	<u>731,140</u>	<u>(12,511,806)</u>	<u>(268,734)</u>
NONOPERATING REVENUES (EXPENSES):			
Operating grants	-	31,444	-
Investment income (loss)	42,697	1,305,970	156,606
Interest expense	-	(1,075,550)	(10,475)
Gain (loss) on sale of capital assets	-	-	(24,497)
Total nonoperating revenues (expenses)	<u>42,697</u>	<u>261,864</u>	<u>121,634</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>773,837</u>	<u>(12,249,942)</u>	<u>(147,100)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contributions	75,673	10,195,188	894,109
Transfers in	178,045	178,045	-
Total capital contributions and transfers	<u>253,718</u>	<u>10,373,233</u>	<u>894,109</u>
Changes in net position	1,027,555	(1,876,709)	747,009
NET POSITION:			
Beginning of year	<u>34,069,419</u>	<u>487,130,922</u>	<u>19,908,599</u>
End of year	<u>\$ 35,096,974</u>	<u>\$ 485,254,213</u>	<u>\$ 20,655,608</u>

City of Tracy
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Major Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 23,655,333	\$ 15,773,927	\$ 30,839,348	\$ 787,327
Cash payments to suppliers for goods and services	(16,498,121)	(11,519,563)	(30,980,825)	(253,054)
Cash payments to employees for services	(5,775,705)	(6,801,029)	(1,642,133)	(379,027)
Other operating revenues and expenses	-	188,104	98,829	-
Net cash provided by (used in) operating activities	<u>1,381,507</u>	<u>(2,358,561)</u>	<u>(1,684,781)</u>	<u>155,246</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating grants	-	-	31,444	-
Borrowing from other funds	-	500,000	-	-
Repayment to other funds	(500,000)	-	-	-
Transfers from other funds	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(500,000)</u>	<u>500,000</u>	<u>31,444</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grants	-	-	-	-
Capital contributions from developers and others	7,464,223	243,269	153,941	-
Acquisition of capital assets	(11,101,961)	(13,527,327)	(240,073)	-
Proceeds from the sale of assets	-	-	-	-
Principal payment of long-term debt	(1,113,312)	(955,000)	53,860	-
Interest paid on debt	(145,893)	(936,531)	(218)	-
Net cash provided by (used in) capital and related financing activities	<u>(4,896,943)</u>	<u>(15,175,589)</u>	<u>(32,490)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest from investments	282,846	714,921	157,466	(476)
Net cash provided by investing activities	<u>282,846</u>	<u>714,921</u>	<u>157,466</u>	<u>(476)</u>
Net change in cash and cash equivalents	<u>(3,732,590)</u>	<u>(16,319,229)</u>	<u>(1,528,361)</u>	<u>154,770</u>
CASH AND CASH EQUIVALENTS:				
Beginning of year	16,651,355	37,491,052	10,694,950	357,613
End of year	<u>\$ 12,918,765</u>	<u>\$ 21,171,823</u>	<u>\$ 9,166,589</u>	<u>\$ 512,383</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:				
Cash and cash investments	\$ 12,918,765	\$ 21,169,932	\$ 9,166,589	\$ 512,383
Restricted cash and investments	-	1,891	-	-
Total cash and cash equivalents	<u>\$ 12,918,765</u>	<u>\$ 21,171,823</u>	<u>\$ 9,166,589</u>	<u>\$ 512,383</u>

(Continued)

City of Tracy
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Major Funds			
	Water Fund	Wastewater Fund	Solid Waste Fund	Drainage Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (3,464,763)	\$ (6,491,786)	\$ (1,798,292)	\$ (1,488,105)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,765,809	5,949,330	7,178	1,737,897
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:				
Accounts receivable, net	730,440	150,244	(607,365)	(45,709)
Intergovernmental receivable	-	-	-	-
Lease receivable	-	162,570	-	-
Prepaid items	(1,109,286)	-	-	-
Deferred outflows - OPEB related	(14,178)	(10,892)	(7,574)	(87)
Deferred outflows - pension related	(1,178,454)	(1,192,217)	(448,511)	(47,958)
Accounts payable	(160,303)	(1,793,465)	429,731	11,241
Accrued payroll	27,975	(8,125)	24,664	(3,219)
Deposits payable	468,012	500	-	(14,655)
Unearned revenue	-	-	(31,444)	-
Compensated absences	(68,098)	(30,172)	20,555	(5,428)
Net OPEB liability	(21,846)	(64,703)	18,794	(7,104)
Net pension liability	2,790,667	2,795,138	1,080,445	109,427
Deferred inflows - lease related	-	(188,107)	-	-
Deferred inflows - OPEB related	100,475	102,352	37,677	4,275
Deferred inflows - pension related	(1,484,943)	(1,739,228)	(410,639)	(95,329)
Total adjustments	<u>4,846,270</u>	<u>4,133,225</u>	<u>113,511</u>	<u>1,643,351</u>
Net cash provided by (used in) operating activities	<u><u>\$ 1,381,507</u></u>	<u><u>\$ (2,358,561)</u></u>	<u><u>\$ (1,684,781)</u></u>	<u><u>\$ 155,246</u></u>

(Continued)

City of Tracy
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Non-major Funds	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 9,642,496	\$ 80,698,431	\$ 19,326,360
Cash payments to suppliers for goods and services	(6,463,203)	(65,714,766)	(14,203,002)
Cash payments to employees for services	(913,160)	(15,511,054)	(4,397,351)
Other operating revenues and expenses	120,828	407,761	909,492
Net cash provided by (used in) operating activities	2,386,961	(119,628)	1,635,499
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	-	31,444	-
Borrowing from other funds	-	500,000	-
Repayment to other funds	(1,240,608)	(1,740,608)	-
Transfers from other funds	178,045	178,045	-
Net cash provided by (used in) noncapital financing activities	(1,062,563)	(1,031,119)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants	-	-	-
Capital contributions from developers and others	75,673	7,937,106	894,109
Acquisition of capital assets	(159,405)	(25,028,766)	(3,617,584)
Proceeds from the sale of assets	-	-	-
Principal payment of long-term debt	-	(2,014,452)	472,409
Interest paid on debt	-	(1,082,642)	-
Net cash provided by (used in) capital and related financing activities	(83,732)	(20,188,754)	(2,251,066)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	34,836	1,189,593	127,106
Net cash provided by investing activities	34,836	1,189,593	127,106
Net change in cash and cash equivalents	1,275,502	(20,149,908)	(488,461)
CASH AND CASH EQUIVALENTS:			
Beginning of year	-	65,194,970	12,780,762
End of year	<u>\$ 1,275,502</u>	<u>\$ 45,045,062</u>	<u>\$ 12,292,301</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ 1,275,502	\$ 45,043,171	\$ 12,292,301
Restricted cash and investments	-	1,891	-
Total cash and cash equivalents	<u>\$ 1,275,502</u>	<u>\$ 45,045,062</u>	<u>\$ 12,292,301</u>

(Continued)

City of Tracy
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Non-major Funds	Total	Governmental Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 731,140	\$(12,511,806)	\$ (268,734)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,326,770	14,786,984	2,077,669
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	(17,237)	210,373	-
Intergovernmental receivable	(650,919)	(650,919)	-
Lease receivable	93,749	256,319	-
Prepaid items	-	(1,109,286)	(36,058)
Deferred outflows - OPEB related	(3,345)	(36,076)	(6,708)
Deferred outflows - pension related	(233,468)	(3,100,608)	(794,425)
Accounts payable	(113,778)	(1,626,574)	32,001
Accrued payroll	8,629	49,924	8,314
Deposits payable	2,287	456,144	-
Unearned revenue	15,283	(16,161)	-
Compensated absences	13,332	(69,811)	(44,998)
Net OPEB liability	2,511	(72,348)	(50,445)
Net pension liability	557,728	7,333,405	1,856,860
Deferred inflows - lease related	(112,140)	(300,247)	-
Deferred inflows - OPEB related	19,680	264,459	68,596
Deferred inflows - pension related	(253,261)	(3,983,400)	(1,206,573)
Total adjustments	<u>1,655,821</u>	<u>12,392,178</u>	<u>1,904,233</u>
Net cash provided by (used in) operating activities	<u><u>\$ 2,386,961</u></u>	<u><u>\$ (119,628)</u></u>	<u><u>\$ 1,635,499</u></u>

(Concluded)

This page intentionally left blank.

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.

This page intentionally left blank.

City of Tracy
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds	Successor Agency Private Purpose Trust Fund
ASSETS		
Cash and investments	\$ 10,144,456	\$ 5,849,955
Cash and investments with fiscal agent	35,702,959	461
Interest receivable	-	38,619
Total assets	45,847,415	5,889,035
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	-	1,598,400
Total deferred outflows of resources	-	1,598,400
LIABILITIES		
Accounts payable	9,350	-
Interest payable	-	463,667
Deposits payable	298,184	-
Due to City	-	4,612,958
Long-term debt - due within one year	-	1,740,000
Long-term debt - due in more than one year	-	26,021,540
Total liabilities	307,534	32,838,165
NET POSITION (DEFICIT)		
Held for:		
Individuals, organizations, and other governments	45,539,881	-
Dissolution of RDA	-	(25,350,730)
Total net position (deficit)	\$ 45,539,881	\$ (25,350,730)

City of Tracy
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Funds	Successor Agency Private Purpose Trust Fund
ADDITIONS:		
Fee collections for other governments	\$ 335,390	\$ 304,686
Special assessments for other governments	18,711,117	-
Investment income (loss)	376,715	(88,274)
RDA property tax trust fund distribution	-	3,148,471
Total additions	19,423,222	3,364,883
DEDUCTIONS:		
Administration	299,800	-
Payments on conduit bonds - principal	8,705,000	-
Payments on conduit bonds - interest	7,001,760	-
Project payments	2,050,920	1,376
Transfers to City	-	299,571
Interest expense	-	942,539
Total deductions	25,582,427	1,243,486
Change in net position	(6,159,205)	2,121,397
NET POSITION (DEFICIT):		
Beginning of year	51,699,086	(27,472,127)
End of year	\$ 45,539,881	\$ (25,350,730)

NOTES TO THE BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

City of Tracy
Index of Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies	59
A. Financial Reporting Entity	59
B. Basis of Presentation, Accounting and Measurement Focus	60
C. Deferred Outflows and Inflows of Resources	65
D. Cash, Cash Equivalents and Investments	65
E. Cash and Investments with Fiscal Agents	66
F. Receivables	66
G. Interfund Transactions	66
H. Inventories and Prepaid Items	66
I. Leases	67
J. Subscription-Based Information Technology Arrangements (SBITAs)	68
K. Capital Assets	69
L. Long-Term Debt	70
M. Compensated Absences/Sick Leave Conversion	70
N. Pension Plans	71
O. Other Postemployment Benefits (OPEB)	71
P. Fund Balances	72
Q. Net Position	74
R. Revenue Recognition for Utility Funds	74
S. Property Tax	75
T. Use of Accounting Estimates	76
U. Implementation of New GASB Pronouncements for the Year Ended June 30, 2023	76
V. Upcoming Government Accounting Standards Implementations	77
Note 2 – Cash and Investments	77
A. Demand Deposits	78
B. Investments Authorized by the California Government Code and the City’s Investment Policy	79
C. Investments Authorized by Debt Agreements	80
D. Fair Value Measurement	80
E. Risk Disclosure	81
F. Investment in State Investment Pool	83
G. California Asset Management Program (CAMP)	84
Note 3 – Loans Receivable	84
A. Summary of Loans Receivable and Unavailable Revenue	84
B. Housing Successor Loans	84
C. Tracy Mall Partners, L.P. Loan	86
Note 4 – Lease Receivable	86
A. Governmental Activities	86
B. Business-Type Activities	87
Note 5 – Deposits Receivable	89

City of Tracy
Index of Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Interfund Receivables, Payables, and Transfers.....	89
A. Due To / From Other Funds	89
B. Long-Term Advances	89
C. Transfers	90
Note 7 – Due from Fiduciary Funds.....	90
A. Successor Agency Reimbursement Agreement	90
Note 8– Capital Assets	91
A. Governmental Activities	91
B. Business-Type Activities	92
C. Component Unit.....	93
Note 9 – Long-Term Liabilities	94
A. Summary	94
B. Governmental Activities	94
C. Business-Type Activities	97
D. Fiduciary Fund Private Purpose Trust Funds - Successor Agency to the Former Community Development Agency of the City of Tracy.....	99
Note 10 – Special Assessment Debt with No City Commitment.....	101
Note 11 – Sick Leave Conversion	102
A. Governmental Activities	102
Note 12 – Compensated Absences	102
A. Governmental Activities	102
B. Business-Type Activities	102
C. Component Unit.....	103
Note 13 – Risk Management	103
A. Coverage	104
B. Liability for Uninsured Claims	104
Note 14 – Pension Plans.....	105
A. Summary	105
B. City.....	106
C. Component Unit.....	112
Note 15 – Other Postemployment Benefits.....	113
A. Summary	113
B. General Information about OPEB.....	113
C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB.....	115

City of Tracy
Index of Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 16 – Deferred Compensation Plan.....	117
Note 17 – Other Required Disclosures.....	118
A. Deficit Fund Balances/Net Position.....	118
B. Expenditures Exceeding Appropriations.....	118
Note 18 – Fund Balance Classification.....	119
Note 19 – Net Investment in Capital Assets.....	119
Note 20 – South San Joaquin Fire Authority Joint Powers Agreement.....	120
Note 21 – Community Development Agency Dissolution.....	120
Note 22 – Prior Period Adjustments.....	122
A. Government-Wide Financial Statements.....	122
Note 23 – Commitments and Contingencies.....	122
A. Litigation.....	122
B. Contingent Liabilities.....	122
C. Federal and State Grants.....	123
D. Revenue Limitations Imposed by California Proposition 218.....	123
E. Measure V Sales Tax Revenues.....	123
F. Location Agreements.....	123
G. Encumbrances and Construction Commitments.....	124
H. Housing Successor Excess Surplus.....	124
I. State Approval of Enforceable Obligations.....	124

This page intentionally left blank.

City of Tracy
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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, 2023

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, 2023

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, 2023

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 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, 2023

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 and an aggregate column for all nonmajor funds.

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, 2023

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, 2023

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, 2023

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, 2023

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.

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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Leases (Continued)

Lessor (Continued)

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. Subscription-Based Information Technology Arrangements (SBITAs)

The City has a policy to recognize a SBITA liability and a right-to-use subscription asset (SBITA asset) in our financial statements with an initial, individual value of \$50,000 or more with a subscription term greater than one year.

At the commencement of a subscription, when the subscription asset is placed into service, the SBITA liability is measured at the present value of payments expected to be made during the subscription term. Future subscription payments are discounted using the City's incremental borrowing rate and the City recognizes amortization of the discount on the subscription liability as interest expense in subsequent financial reporting periods.

SBITA assets are measured as the sum of the initial subscription liability, payments made to the SBITA vendor before the commencement of the lease term, and capitalizable implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized using the straight-line method over the subscription term.

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

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the period during which the City has a noncancelable right to use the underlying IT asset. The subscription term also includes periods covered by an option to extend if it is reasonably certain to be exercised.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option years that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of a subscription and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use subscription assets are reported along with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

K. 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.

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

Asset Type	Useful Lives	Capitalization Threshold
Land	n/a	\$0
Land improvements	n/a	\$50,000
Buildings	10-30 years	\$50,000
Building Improvements	5-50 years	\$50,000
Equipment and vehicles	5-30 years	\$5,000
Grading, curbs, gutters, sidewalks, driveway approaches	40 years	\$50,000
Traffic signals	20 years	\$50,000
Street drainage	40 years	\$50,000
Infrastructure	5-40 years	\$50,000
Intangibles	5 years	\$5,000
Finance purchase agreements	Term of contract	\$5,000
Lease agreements	Term of contract	\$50,000
Subscription agreements	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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Capital Assets (Continued)

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 2023, the City expended \$7,385,863 to preserve its roads. The City estimates that it will be required to expend approximately \$19M in fiscal year 2023 through 2027 to maintain its roads at this condition level or \$11.5M annually to maintain its roads at the current PCI level of 64. 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.

L. Long-Term Debt

Government-Wide Financial Statements and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

M. 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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Compensated Absences/Sick Leave Conversion (Continued)

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.

N. 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>OPEB</u>	
Valuation date	June 30, 2022
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022

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.

O. 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, 2022
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

P. 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, 2023, 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, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Fund Balances (Continued)

Contingency/Emergency Reserve – The Contingency/Emergency Reserve funds help mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Contingency/Emergency Reserve also serves as back-up liquidity to self-insured losses if this need were to arise. The Contingency/Emergency Reserve is established with a target goal of 18% of the General Fund’s adopted annual budget for expenditures and recurring transfers out. The City Manager will first evaluate the City’s financial condition and make a recommendation to City Council as to the need to make contributions to the Contingency/Emergency Reserve or the possible need to access funds from the Contingency/Emergency Reserve. This action is done as part of the annual budget adoption; however, these actions can be completed at any time the City Manager deems necessary. The balance of the Contingency/Emergency Reserve was \$16,489,000 at June 30, 2023, 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, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

P. 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 \$12,609,000 at June 30, 2023, 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.

Q. 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.

R. 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, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

S. 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, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

T. 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.

U. Implementation of New GASB Pronouncements for the Year Ended June 30, 2023

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, 2023. 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. 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. Implementation of this Statement did not have a significant effect on City's financial statements for the fiscal year ended June 30, 2023.

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. Implementation of this statement did not have a significant effect on City's financial statements for the fiscal year ended 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. Implementation of this Statement had a moderate effect on City's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 99 - In April 2023, GASB issued Statement No. 99, *Omnibus 2023*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Implementation of this Statement did not have a significant effect on City's financial statements for the fiscal year ended June 30, 2023.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

V. 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. 100 – In June 2023, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for City’s fiscal year ending June 30, 2024.

GASB Statement No. 101 – In June 2023, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for City’s fiscal year ending June 30, 2025.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. That objective is achieved by requiring governments to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The statement also requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Application of this statement is effective for the City’s fiscal year ending June 30, 2025. Earlier application is encouraged.

Note 2 – Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2023 as follows:

	Government-Wide Statement of Net Position			Component Unit	Fiduciary Funds Statement of Net Position		Total
	Governmental Activities	Business-Type Activities	Total		Net Position	Total	
Cash and investments	\$ 390,528,962	\$ 45,043,171	\$ 435,572,133	\$ 10,111,914	\$ 15,994,411	\$ 461,678,458	
Cash and investments with fiscal agent	8,193,313	1,891	8,195,204	-	35,703,420	43,898,624	
Total cash and investments	\$ 398,722,275	\$ 45,045,062	\$ 443,767,337	\$ 10,111,914	\$ 51,697,831	\$ 505,577,082	

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

Cash and investments at June 30, 2023, consisted of the following:

Cash:	
Cash on hand	\$ 8,944
Deposits with financial institution	6,931,406
Total cash	<u>6,940,350</u>
Investments:	
Investments	452,506,175
Investments held by bond trustee	46,130,557
Total investments	<u>498,636,732</u>
Total cash and investments	<u>\$ 505,577,082</u>

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

A. Demand Deposits

The carrying amounts of the City’s demand deposits were \$6,931,406 at June 30, 2023. Bank balances were \$10,138,237 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City’s name as discussed below.

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

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City’s deposits by pledging first trust deed mortgage notes having a value of 150% of the City’s total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (“FDIC”). The City, however, has not waived the collateralization requirements.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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, 2023

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, 2023, the City's investments had the following recurring fair value measurements:

Investments measured by fair value level:	June 30, 2023	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 106,774,957	\$ -	\$ 106,774,957.10	\$ -
Federal Agency Obligations	114,175,544	-	114,175,544	-
Commercial Paper	2,875,812	-	2,875,812	-
Municipal Bond	1,655,110	-	1,655,110	-
Supranational	3,470,383	-	3,470,383	-
Medium Term Corporate Notes	110,508,017	-	110,508,017	-
Negotiable CD	4,904,796	-	4,904,796	-
Asset-Backed Securities	13,095,698	-	13,095,698	-
Total investments by fair value level	357,460,317	\$ -	\$ 357,460,317	\$ -
Investments not subject to the fair value hierarchy:				
California Local Agency Investment Fund	59,871,081			
California Asset Management Program (CAMP)	4,209,771			
Money Market Funds - Held by City	30,965,006			
Money Market Funds - Held by Trustee	46,130,557			
Total investments not subject to the fair value hierarchy	141,176,415			
Total investments	\$ 498,636,732			

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement (Continued)

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.

E. Risk Disclosure

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	37 to 48 Months	49 to 60 Months	Total
<i>Held by City:</i>						
U.S. Treasury Notes	\$ 24,678,579	\$ 11,321,487	\$ 19,766,696	\$ 35,909,257	\$ 15,098,939	\$ 106,774,957
Federal Agency Obligations	58,619,482	31,475,346	22,061,446	-	2,019,270	114,175,544
Commercial Paper	2,875,812	-	-	-	-	2,875,812
Medium Term Corporate Notes	55,216,731	27,758,166	16,100,930	7,307,525	4,124,665	110,508,017
Municipal Bond	68,813	1,449,589	136,708	-	-	1,655,110
Negotiable CD	3,807,308	381,347	716,140	-	-	4,904,796
Asset-Backed Securities	5,212	1,603,141	3,471,605	3,407,986	4,607,755	13,095,698
Supranational	-	3,470,383	-	-	-	3,470,383
California Local Agency Investment Fund	59,871,081	-	-	-	-	59,871,081
CAMP	4,209,771	-	-	-	-	4,209,771
Money Market Funds	30,965,006	-	-	-	-	30,965,006
<i>Held by Trustees:</i>						
Money Market Funds	46,130,557	-	-	-	-	46,130,557
Total Investments	<u>\$ 286,448,352</u>	<u>\$ 77,459,460</u>	<u>\$ 62,253,524</u>	<u>\$ 46,624,769</u>	<u>\$ 25,850,628</u>	<u>\$ 498,636,732</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

E. Risk Disclosure (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. 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, 2023, for each investment-type as provided by Standard and Poor's investment rating system.

Investment Type	AA+/AA-	A+/A/A-	AAA/AAAm	A-1+/A-1/A-2	BBB+/BBB	Total
<i>Held by City:</i>						
Municipal Bonds	\$ 1,103,050	\$ -	\$ -	\$ -	\$ -	\$ 1,103,050
Asset-Backed Securities	-	-	7,422,100	-	-	7,422,100
Medium Term Corporate Notes	11,122,179	84,817,704	-	-	14,568,134	110,508,017
Federal Agency Obligations	101,929,265	-	-	-	-	101,929,265
Commercial Paper	-	-	-	2,875,812	-	2,875,812
Supranationals	-	-	3,470,383	-	-	3,470,383
Money Market Funds	-	-	7,245,066	-	-	7,245,066
Negotiable CDs	-	147,264	-	2,996,445	140,373	3,284,082
California Asset Management Program	-	-	4,209,771	-	-	4,209,771
<i>Held by Trustee:</i>						
Money Market Funds	-	-	46,130,557	-	-	46,130,557
Total Rated Investments	\$ 114,154,493	\$ 84,964,968	\$ 68,477,877	\$ -	\$ 14,708,507	\$ 288,178,102
<i>Not rated:</i>						
Municipal Bonds						552,061
Asset-Backed Securities						5,673,598
Federal Agency Obligations						12,246,280
California Local Agency Investment Fund						59,871,081
Negotiable CDs						1,620,714
Cash						23,719,940
<i>Exempt from credit rating disclosure:</i>						
U.S. Treasury Notes						106,774,957
Total Investments						\$ 498,636,732

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, 2023, 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	\$ 61,162,246
Federal Home Loan Bank	Federal Agency Obligations	\$ 42,214,477

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

E. Risk Disclosure (Continued)

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.

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, 2023, 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, 2023 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, 2023, the City had \$59,871,081 invested in LAIF, which had invested 2.78% 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, 2023, 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, 2023.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

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, 2023 was \$16.0 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, 2023 the amortized cost approximates the City's cost.

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, 2023, these loans totaled:

Housing Successor Loans:	
Commercial Rehabilitation Program	\$ 89,769
Mountain View Townhomes	1,074,885
Eden Housing Inc.	2,633,587
Habitat for Humanity	60,567
Down Payment Assistance Program	777,803
Tracy Place Associates	5,056,893
DHI Tracy Garden Associates, LP	2,895,485
Tracy Mall Partners, LP	1,674,364
Total Loans Receivable	\$ 14,263,353

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 \$89,769 at June 30, 2023.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Loans Receivable (Continued)

B. Housing Successor Loans (Continued)

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, 2023, principal and accrued interest totaled \$1,074,885.

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, 2023, principal and accrued interest totaled \$2,633,587.

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, 2023 is \$60,567.

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, 2023, principal and accrued interest totaled \$777,803.

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, 2023, the developer owes \$5,056,893, 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, 2023 is \$2,895,485.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Loans Receivable (Continued)

C. 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.

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 2023 did not exceed the threshold, therefore only \$80,031 of the annual repayment was forgiven. The cumulative shortage of sales tax collections was \$495,137 as of June 30, 2023 and the balance of the loan is \$1,674,364 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, 2023, the City recognized \$207,572 in lease revenue and \$28,140 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2023 is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022	Additions	Deletions		Due within One Year	Due in More Than One Year
Leases receivable	\$ 2,233,846	\$ -	\$ (193,373)	\$ 2,040,473	\$ 194,343	\$ 1,846,130
Total	\$ 2,233,846	\$ -	\$ (193,373)	\$ 2,040,473	\$ 194,343	\$ 1,846,130

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Lease Receivable (Continued)

A. Governmental Activities (Continued)

As of June 30, 2023, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
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	158,460	17,033	175,493
2029-2033	448,043	62,974	511,017
2034-2038	261,408	43,972	305,380
2039-2043	222,007	27,841	249,848
2044-2048	137,356	12,644	150,000
2047-2052	59,251	751	60,002
Total	\$ 2,040,473	\$ 255,083	\$ 2,295,556

As of June 30, 2023, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30,	Amortization Schedule
2024	\$ 207,572
2025	207,572
2026	207,572
2027	169,563
2028	160,277
2029-2033	500,797
2034-2038	208,822
2039-2043	205,502
2044-2048	116,236
2047-2052	25,185
Total	\$ 2,009,098

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, 2023, the City recognized \$300,247 in lease revenue and \$76,454 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Classification	
				Due within One Year	Due in More Than One Year	
Leases receivable	\$ 3,824,325	\$ -	\$ (256,319)	\$ 3,568,006	\$ 242,143	\$ 3,325,863
Total	\$ 3,824,325	\$ -	\$ (256,319)	\$ 3,568,006	\$ 242,143	\$ 3,325,863

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Lease Receivable (Continued)

B. Business-Type Activities (Continued)

As of June 30, 2023, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
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
2027	119,783	63,057	182,840
2028-2032	639,926	274,276	914,202
2033-2037	714,040	200,163	914,203
2038-2042	796,741	117,461	914,202
2043-2047	257,011	57,191	314,202
2048-2052	273,503	27,156	300,659
2053-2057	114,484	2,165	116,649
Total	\$ 3,568,006	\$ 1,019,623	\$ 4,587,629

As of June 30, 2023, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30,	Amortization Schedule
2024	\$ 283,458
2025	173,059
2026	140,267
2027	140,267
2027	140,267
2028-2032	841,600
2033-2037	561,067
2038-2042	701,333
2043-2047	224,578
2048-2052	210,896
2053-2057	65,585
Total	\$ 3,482,377

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023, there were five loans outstanding in the amount of \$1,116,743, 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, 2023 was \$743,076 and the unused balance of the capitalization contribution was \$256,924. The total deposits receivable balance as of June 30, 2023 was \$1,000,000.

Note 6 – Interfund Receivables, Payables, and Transfers

A. Due To / From Other Funds

Amounts due to and due from other funds at June 30, 2023, were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Transportation Development Special Revenue Fund	\$ 240,222	Overdrawn Cash
General Fund	Community Development Block Grant Special Revenue Fund	379,578	Overdrawn Cash
General Fund	COPS Grant Special Revenue Fund	20,120	Overdrawn Cash
General Fund	Municipal Airport Enterprise Fund	285,040	Overdrawn Cash
	Total	<u>\$ 924,960</u>	

B. Long-Term Advances

At June 30, 2023 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	\$ 1,000,000
	Total	<u>\$ 1,000,000</u>

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 2025. At June 30, 2023, the outstanding principal balance of the advance was \$1,000,000. 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, 2023

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

C. Transfers

Interfund transfers during the year ended June 30, 2023, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Capital Projects Fund	General Fund	\$ 24,728,572	Capital projects
Community Development Fees Special Revenue Fund	General Fund	2,172,340	Capital projects
Municipal Airport Enterprise Fund	General Fund	178,045	Capital projects
Landscaping District Special Revenue Fund	General Fund	87,475	Engineering costs
Lease Revenue Bonds Debt Service Fund	General Fund	2,672,141	Debt service
	Subtotal	29,838,573	
ARPA Grants Special Revenue Fund	General Capital Projects Fund	2,652,730	Capital projects
Housing Successor Agency Special Revenue Fund	General Capital Projects Fund	468,053	Capital projects
	Subtotal	3,120,783	
General Fund	ARPA Grants Special Revenue Fund	703,978	Capital projects
General Fund	CFD 2018-1 Services Special Revenue Fund	128,366	Capital projects
General Fund	Infill Projects Special Revenue Fund	88,451	Capital projects
	Subtotal	920,795	
Regional Transportation Impact Capital Projects Fund	Tracy Infrastructure Master Plans Capital Projects Fund	334,603	Capital projects
Gas Tax Special Revenue Fund	Community Development Block Grant Special Revenue Fund	150,000	Capital projects
	Total	\$ 34,364,754	

Note 7 – Due from Fiduciary Funds

Due from fiduciary funds as of June 30, 2023, was as follows:

Receivable Fund	Payable Fund	Amount
Lease Revenue Bonds Debt Service Fund	Successor Agency Private Purpose Trust Fund	\$ 4,612,958

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, 2023 was \$4,612,958.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Capital Assets

A. Governmental Activities

The summary of changes in governmental activities capital assets for the year ended June 30, 2023, is as follows:

	Balance June 30, 2022, as restated	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 180,467,520	\$ 588,000	\$ -	\$ -	\$ 181,055,520
Roads accounted for using the modified approach	325,969,689	1,089,566	-	-	327,059,255
Construction in progress	33,797,004	26,775,449	(189,390)	(1,556,442)	58,826,621
Total capital assets not being depreciated	<u>540,234,213</u>	<u>28,453,015</u>	<u>(189,390)</u>	<u>(1,556,442)</u>	<u>566,941,396</u>
Capital assets being depreciated:					
Buildings and improvements	146,097,436	-	-	1,378,390	147,475,826
Improvements	51,004,719	-	-	59,530	51,064,249
Grading, curb & gutter, sidewalk and driveway approaches	32,135,175	-	-	-	32,135,175
Traffic signals and street lights	31,888,436	68,640	-	-	31,957,076
Equipment	32,156,354	2,659,837	(304,904)	118,147	34,629,434
Infrastructure and drainage	12,218,531	-	-	-	12,218,531
Intangibles	1,367,376	-	-	375	1,367,751
Total capital assets being depreciated	<u>306,868,027</u>	<u>2,728,477</u>	<u>(304,904)</u>	<u>1,556,442</u>	<u>310,848,042</u>
Less accumulated depreciation for:					
Buildings and improvements	(65,675,745)	(4,792,970)	-	-	(70,468,715)
Improvements	(40,205,747)	(1,482,973)	-	-	(41,688,720)
Grading, curb & gutter, sidewalk and driveway approaches	(17,164,954)	(706,518)	-	-	(17,871,472)
Traffic signals and street lights	(17,324,433)	(920,361)	-	-	(18,244,794)
Equipment	(19,456,906)	(2,027,705)	278,478	-	(21,206,133)
Infrastructure and drainage	(4,971,389)	(237,176)	-	-	(5,208,565)
Intangibles	(705,035)	(113,689)	-	-	(818,724)
Total accumulated depreciation	<u>(165,504,209)</u>	<u>(10,281,392)</u>	<u>278,478</u>	<u>-</u>	<u>(175,507,123)</u>
Total capital assets being depreciated, net	<u>141,363,818</u>	<u>(7,552,915)</u>	<u>(26,426)</u>	<u>1,556,442</u>	<u>135,340,919</u>
Lease assets - buildings and improvements	405,958	688,227	-	-	1,094,185
Less: accumulated amortization	(173,982)	(279,300)	-	-	(453,282)
Total lease assets, being amortized, net	<u>231,976</u>	<u>408,927</u>	<u>-</u>	<u>-</u>	<u>640,903</u>
Subscription assets being amortized	2,192,028	92,087	-	-	2,284,115
Less accumulated amortization	-	(977,884)	-	-	(977,884)
Total subscription assets, being amortized, net	<u>2,192,028</u>	<u>(885,797)</u>	<u>-</u>	<u>-</u>	<u>1,306,231</u>
Governmental activities capital assets, net	<u>\$ 684,022,035</u>	<u>\$ 20,423,230</u>	<u>\$ (215,816)</u>	<u>\$ -</u>	<u>\$ 704,229,449</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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	\$	1,585,518
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		2,077,669
Total depreciation and amortization expense	\$	11,538,576

B. Business-Type Activities

The summary of changes in business-type activities capital assets for the year ended June 30, 2023, is as follows:

	Balance June 30, 2022	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 19,056,776	\$ -	\$ -	\$ -	\$ 19,056,776
Construction in progress	48,342,920	17,779,492	-	(2,593,402)	63,529,010
Total capital assets not being depreciated	<u>67,399,696</u>	<u>17,779,492</u>	<u>-</u>	<u>(2,593,402)</u>	<u>82,585,786</u>
Capital assets being depreciated:					
Buildings	171,165,547	-	-	-	171,165,547
Improvements	8,117,986	-	-	-	8,117,986
Equipment	47,814,258	193,770	(568,443)	-	47,439,585
Infrastructure	386,283,792	9,227,455	-	2,593,402	398,104,649
Intangibles	73,476,025	-	-	-	73,476,025
Total capital assets being depreciated	<u>686,857,608</u>	<u>9,421,225</u>	<u>(568,443)</u>	<u>2,593,402</u>	<u>698,303,792</u>
Less accumulated depreciation for:					
Buildings	(105,082,130)	(4,695,525)	-	-	(109,777,655)
Improvements	(3,112,404)	(643,578)	-	-	(3,755,982)
Equipment	(25,013,322)	(1,916,083)	568,443	-	(26,360,962)
Infrastructure	(173,226,988)	(7,504,030)	-	-	(180,731,018)
Intangibles	(53,286)	(20,590)	-	-	(73,876)
Total accumulated depreciation	<u>(306,488,130)</u>	<u>(14,779,806)</u>	<u>568,443</u>	<u>-</u>	<u>(320,699,493)</u>
Net capital assets being depreciated	<u>380,369,478</u>	<u>(5,358,581)</u>	<u>-</u>	<u>2,593,402</u>	<u>377,604,299</u>
Subscription assets being amortized	-	86,132	-	-	86,132
Less accumulated amortization	-	(7,178)	-	-	(7,178)
Net subscription assets being amortized	<u>-</u>	<u>78,954</u>	<u>-</u>	<u>-</u>	<u>78,954</u>
Business-Type activities capital assets, net	<u>\$ 447,769,174</u>	<u>\$ 12,499,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,269,039</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Capital Assets (Continued)

B. Business-Type Activities (Continued)

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

Water	\$	4,765,809
Sewer		5,949,330
Solid waste		7,178
Drainage operations		1,737,897
Municipal Airport		1,148,919
Municipal Transit		1,177,851
Total depreciation and amortization expense	\$	<u>14,786,984</u>

C. Component Unit

The summary of changes in component unit capital assets for the year ended June 30, 2023, is as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets being depreciated:				
Machinery and equipment	\$ 1,701,081	\$ 152,215	\$ -	\$ 1,853,296
Vehicles	2,659,590	90,228	-	2,749,818
Total capital assets being depreciated	<u>4,360,671</u>	<u>242,443</u>	<u>-</u>	<u>4,603,114</u>
Less accumulated depreciation	(3,239,007)	(233,561)	-	(3,472,568)
Component unit capital assets, net	<u>\$ 1,121,664</u>	<u>\$ 8,882</u>	<u>\$ -</u>	<u>\$ 1,130,546</u>

Depreciation expense for the component unit for the year ended June 30, 2023 was \$233,561.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Liabilities

A. Summary

	Final Maturity	Interest Rate	Annual Principal Installments	Original Issue Amounts	Outstanding at June 30, 2023
Governmental Activities					
Direct Borrowing:					
Lease Liability	2028	0.26% - 3.38%	\$162,526-\$83,373	\$ 1,094,186	\$ 575,495
Subscription Liability	2027	2.45% - 3.28%	\$998,890-\$8,024	2,173,991	1,213,488
Public Borrowing:					
Lease Revenue Refunding Bonds, Series 2020	2039	3.00% - 4.00%	\$670,000-\$1,295,000	18,190,000	16,405,000
Lease Revenue Bonds, Series 2022	2038	5.00%	\$800,000-\$1,615,000	18,275,000	17,465,000
Total Governmental Activities				<u>\$ 39,733,177</u>	<u>\$ 35,658,983</u>
Business-Type Activities					
Direct Borrowing:					
Subscription Liability	2026	2.45%	\$27,256-\$6	\$ 81,452	\$ 53,860
State of California Department of Public Health	2028	2.34%	\$621,686-\$1,221,886	20,000,000	5,343,212
Public Borrowing:					
Certificates of Participation, Series 2004 (Wastewater Treatment Plant Upgrade)	2037	2.00% - 4.75%	\$575,000-\$1,050,000	30,955,000	19,305,000
Total Business-Type Activities				<u>\$ 51,036,452</u>	<u>\$ 24,702,072</u>
Successor Agency					
Public Borrowing:					
Tax Allocation Refunding Bonds, Series 2016	2034	3.00% - 4.00%	\$380,000-\$2,730,000	\$ 33,720,000	\$ 24,410,000
Total Successor Agency				<u>\$ 33,720,000</u>	<u>\$ 24,410,000</u>

B. Governmental Activities

A summary of changes in the long-term liabilities of the governmental activities for the year ended June 30, 2023, is as follows:

	Balance				Classification	
	June 30, 2022, as restated	Debt Issued			Debt Retired	Balance June 30, 2023
Governmental Activities:						
Direct borrowings:						
Lease liability	\$ 236,112	\$ 688,227	\$ (348,844)	\$ 575,495	\$ 162,526	\$ 412,969
Subscription liability	2,081,905	92,086	(960,503)	1,213,488	998,890	214,598
Public borrowings:						
Lease revenue bonds:						
2020 Lease Revenue Refunding Bonds	17,040,000	-	(635,000)	16,405,000	670,000	15,735,000
plus: bond premium	3,409,037	-	(460,681)	2,948,356	-	2,948,356
2022 Lease Revenue Bonds	18,275,000	-	(810,000)	17,465,000	800,000	16,665,000
plus: bond premium	2,051,917	-	(138,931)	1,912,986	-	1,912,986
Total lease revenue bonds	<u>40,775,954</u>	<u>-</u>	<u>(2,044,612)</u>	<u>38,731,342</u>	<u>1,470,000</u>	<u>37,261,342</u>
Total	<u>\$ 43,093,971</u>	<u>\$ 780,313</u>	<u>\$ (3,353,959)</u>	<u>\$ 40,520,325</u>	<u>\$ 2,631,416</u>	<u>\$ 37,888,909</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

Lease Liability

The City has entered into leases for building space and equipment use. The terms of the agreements range from 2 to 5 years. The calculated interest rates vary from 0.26% to 3.38% based on the length of the lease. As of June 30, 2023, the capitalized right-to-use assets related to SBITAs were \$1,094,185 and the total subscription liability was \$575,495 of which \$162,526 is reported as a current liability representing the amount due within the next fiscal year.

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 162,526	\$ 15,478	\$ 178,004
2025	106,274	12,009	118,283
2026	109,826	8,457	118,283
2027	113,497	4,786	118,283
2028	83,372	584	83,956
Total	\$ 575,495	\$ 41,314	\$ 616,809

Subscription Liability

The City has entered into subscription-based information technology arrangements (SBITAs) for services related to cloud-based software applications, data storage and management services. Under the terms of these arrangements, the City does not take possession of the software at any time and the vendor provides ongoing services for the software's operation. The subscription periods vary, with initial non-cancellable terms ranging from 2 to 5 years. The calculated interest rate used was between 2.45% and 3.28%, depending on the length of the SBITA and date of the agreement.

As of June 30, 2023, the capitalized right-to-use assets related to SBITAs were \$2,284,115 and the total subscription liability was \$1,213,488, of which \$998,890 is reported as a current liability representing the amount due within the next fiscal year.

Principal and interest payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 998,890	\$ 10,746	\$ 1,009,636
2025	119,619	4,417	124,036
2026	86,955	1,962	88,917
2027	8,024	150	8,174
Total	\$ 1,213,488	\$ 17,275	\$ 1,230,763

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

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 2020 Bonds maturing on or before November 1, 2029 are not subject to annual redemption prior to maturity. The 2020 Bonds maturing on or after November 1, 2030 are subject to optional redemption prior to maturity on or after May 1, 2030 at the option of the TOP, as a whole or in part on any date at a redemption price equal to the principal amount of 2020 Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium. In the event of default, the TOP may not terminate the respective lease agreements or release the leased properties, but the City remains liable to pay all lease payments as they come due.

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

Year Ending June 30,	Principal	Interest	Total
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	845,000	522,700	1,367,700
2029-2033	5,005,000	2,050,900	7,055,900
2034-2038	6,345,000	903,300	7,248,300
2039	1,295,000	25,900	1,320,900
Total	\$ 16,405,000	\$ 5,902,500	\$ 22,307,500

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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

2022 Lease Revenue Bonds (Continued)

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
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	980,000	675,750	1,655,750
2029-2033	5,705,000	2,571,875	8,276,875
2034-2038	7,320,000	951,750	8,271,750
Total	\$ 17,465,000	\$ 7,357,125	\$ 24,822,125

C. Business-Type Activities

A summary of changes in the long-term liabilities of the business-type activities for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Debt Issued	Debt Retired	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Business-Type Activities:						
Direct borrowings:						
Subscription liability	\$ -	\$ 81,452	\$ (27,592)	\$ 53,860	\$ 26,598	\$ 27,262
Loans payable:						
State of California Department of Public Health	6,456,524	-	(1,113,312)	5,343,212	1,139,516	4,203,696
Public borrowings:						
Certificates of Participation:						
Wastewater, Series 2004	20,260,000	-	(955,000)	19,305,000	1,000,000	18,305,000
Total	\$ 26,716,524	\$ 81,452	\$ (2,095,904)	\$ 24,702,072	\$ 2,166,114	\$ 22,535,958

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Liabilities (Continued)

C. Business-Type Activities (Continued)

Subscription Liability

The City has entered into subscription-based information technology arrangements (SBITAs) for services related to cloud-based software applications, data storage and management services. Under the terms of these arrangements, the City does not take possession of the software at any time and the vendor provides ongoing services for the software's operation. The subscription periods vary, with initial non-cancellable terms ranging from 2 to 3 years. The calculated interest rate used was 2.45%.

As of June 30, 2023, the capitalized right-to-use assets related to SBITAs were \$86,132 and the total subscription liability was \$53,860, of which \$26,598 is reported as a current liability representing the amount due within the next fiscal year.

Principal and interest payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 26,598	\$ 1,212	\$ 27,810
2025	27,262	548	27,810
Total	\$ 53,860	\$ 1,760	\$ 55,620

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. For fiscal year 2023 net revenues amounted to \$9,081,714 which represented coverage of 722% of the \$1,257,950 of debt service. The pledge of net revenues ends upon repayment of the City's repayment of the remaining balance of \$5,660,637 which is scheduled to occur in 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
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
Total	\$ 5,343,212	\$ 317,425	\$ 5,660,637

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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 2023 net revenues amounted to \$460,806 which represented coverage of 24% of the \$1,887,865 of debt service. The pledge of net revenues ends upon repayment of the City’s repayment of the remaining balance of \$26,402,483 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
2024	\$ 1,000,000	\$ 887,900	\$ 1,887,900
2025	1,050,000	840,750	1,890,750
2026	1,095,000	790,868	1,885,868
2027	1,150,000	738,110	1,888,110
2028	1,200,000	682,885	1,882,885
2029-2033	6,945,000	2,485,439	9,430,439
2034-2037	6,865,000	671,531	7,536,531
Total	\$ 19,305,000	\$ 7,097,483	\$ 26,402,483

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, 2023, is as follows:

	Balance July 1, 2022	Debt Issued	Debt Retired	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Fiduciary Activities:						
Public borrowings:						
Tax allocation refunding bonds:						
Series 2016	\$ 26,070,000	\$ -	\$ (1,660,000)	\$ 24,410,000	\$ 1,740,000	\$ 22,670,000
Add: unamortized bond premiums	3,656,226	-	(304,686)	3,351,540	-	3,351,540
Total tax allocation refunding bonds	29,726,226	-	(1,964,686)	27,761,540	1,740,000	26,021,540
Total	\$ 29,726,226	\$ -	\$ (1,964,686)	\$ 27,761,540	\$ 1,740,000	\$ 26,021,540

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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
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	2,100,000	686,800	2,786,800
2029-2033	12,110,000	1,741,300	13,851,300
2034	2,730,000	40,950	2,770,950
Total	\$ 24,410,000	\$ 6,195,000	\$ 30,605,000

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 2023 calculated by the County Auditor-Controller was \$9,362,779, and the total received by the Successor Agency for fiscal year 2023 debt service was \$2,955,206, which the Agency used to pay the \$2,813,218 of fiscal year debt service.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023, is as follows:

Description	Fiscal Year		Underlying Assessment District Bonds	Outstanding June 30, 2023
	Issue Year	Maturity Year		
1996A Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	1997	2027		\$ 370,000
2002 Special Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	2003	2033		1,480,000
2003-01 Assessment District Limited Obligation Improvement Bonds (Berg Avenue)	2003	2029		355,000
2005A TOP JPA Revenue Bonds (Senior Lien) (98-1 Plan C)	2006	2029		23,545,000
2005B TOP JPA Revenue Bonds (Junior Lien) (98-3 Plan C)	2006	2036		190,000
2005C TOP JPA Revenue Bonds	2006	2036		8,240,000
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	3,710,000	
Total 2011A TOP JPA Revenue Bonds				4,810,000
2014A Tracy Public Financing Authority Revenue Bonds:				1,230,000
2018 Series Tracy Hills Special Tax Bonds Community Facilities District No. 2016-1	2019	2048		32,205,000
2019 Series Tracy Hills Phase I Special Tax Bonds Community Facilities District No. 2016-1	2020	2050		14,695,000
2019 Series ECFD Special Tax Bonds Community Facilities District No. 2016-2	2020	2050		15,060,000
2019 Series NEI Phase II Special Tax Refunding Bonds Community Facilities District No. 2006-01	2020	2037		7,475,000
2020 Series Tracy Hills Special Tax Bonds Community Facilities District No. 2016-1	2022	2051		18,040,000
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
Total				\$ 147,580,000

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023 is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022	Additions	Deletions		Due within One Year	Due in More Than One Year
Sick Leave Conversion	\$ 4,507,420	\$ 1,860,175	\$ (741,262)	\$ 5,626,333	\$ 1,125,267	\$ 4,501,066
Total	\$ 4,507,420	\$ 1,860,175	\$ (741,262)	\$ 5,626,333	\$ 1,125,267	\$ 4,501,066

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, 2023 is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022	Additions	Deletions		Due within One Year	Due in More Than One Year
Compensated absences	\$ 4,034,890	\$ 5,531,193	\$ (5,164,963)	\$ 4,401,120	\$ 1,562,838	\$ 2,838,282
Total	\$ 4,034,890	\$ 5,531,193	\$ (5,164,963)	\$ 4,401,120	\$ 1,562,838	\$ 2,838,282

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, 2023 is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022	Additions	Deletions		Due within One Year	Due in More Than One Year
Compensated absences	\$ 943,758	\$ 936,672	\$ (1,084,174)	\$ 796,256	\$ 308,582	\$ 487,674
Total	\$ 943,758	\$ 936,672	\$ (1,084,174)	\$ 796,256	\$ 308,582	\$ 487,674

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

Water Fund	\$ 260,069
Sewer Fund	342,161
Solid Waste Fund	107,154
Drainage Operations Fund	22,771
Municipal Airport Fund	24,032
Municipal Transit Fund	40,069
Total	\$ 796,256

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Compensated Absences (Continued)

C. Component Unit

A summary of changes in the compensated absences balances for the component unit for the year ended June 30, 2023 is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022	Additions	Deletions		Due within One Year	Due in More Than One Year
Compensated absences	\$ -	\$ 776,475	\$ -	\$ 776,475	\$ 776,475	\$ -
Total	\$ -	\$ 776,475	\$ -	\$ 776,475	\$ 776,475	\$ -

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, 2023, is as follows:

Total assets	\$ 153,984,502
Total liabilities	\$ 120,022,096
Net position	\$ 33,962,406
Operating revenues	\$ 73,024,624
Operating expenses	\$ 71,300,255
Nonoperating revenues (expenses)	\$ 64,143
Change in net position	\$ 1,788,512

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – Risk Management (Continued)

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.

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, 2023, the City contributed \$7,866,209 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, 2023

Note 14 – Pension Plans

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 5,366,915	1,859,307	\$ 7,226,222
CalPERS Safety	7,159,137	-	7,159,137
Total pension contribution made after measurement date	12,526,052	1,859,307	14,385,359
Change in assumption			
CalPERS Miscellaneous	3,724,517	1,290,318	5,014,835
CalPERS Safety	8,060,236	-	8,060,236
Total change in assumption	11,784,753	1,290,318	13,075,071
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	5,563,110	1,927,277	7,490,387
CalPERS Safety	9,306,351	-	9,306,351
actual earnings	14,869,461	1,927,277	16,796,738
Difference between expected and actual experience			
CalPERS Miscellaneous	1,012,412	350,738	1,363,150
CalPERS Safety	2,934,093	-	2,934,093
Total difference between expected and actual experience	3,946,505	350,738	4,297,243
Total deferred outflows of resources			
CalPERS Miscellaneous	15,666,954	5,427,640	21,094,594
CalPERS Safety	27,459,817	-	27,459,817
Total deferred outflows of resources	<u>\$ 43,126,771</u>	<u>\$ 5,427,640</u>	<u>\$ 48,554,411</u>
Net pension liability:			
CalPERS Miscellaneous	39,478,299	13,676,811	\$ 53,155,110
CalPERS Safety	69,334,973	-	69,334,973
Total net pension liability	<u>\$ 108,813,272</u>	<u>\$ 13,676,811</u>	<u>\$ 122,490,083</u>
Deferred inflows of resources:			
Difference between expected and actual experience			
CalPERS Miscellaneous	\$ 294,351	\$ 101,976	\$ 396,327
Total difference between expected and actual experience	294,351	101,976	396,327
Total deferred inflows of resources			
CalPERS Miscellaneous	294,351	101,976	396,327
Total deferred inflows of resources	<u>\$ 294,351</u>	<u>\$ 101,976</u>	<u>\$ 396,327</u>
Pension expenses:			
CalPERS Miscellaneous	\$ 6,365,199	\$ 2,205,151	\$ 8,570,350
CalPERS Safety	12,539,641	-	12,539,641
Total net pension expenses	<u>\$ 18,904,840</u>	<u>\$ 2,205,151</u>	<u>\$ 21,109,991</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2022, the measurement date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous Plan	Safety Plan	Total
Active employees	329	103	432
Transferred and terminated employees	300	139	439
Retired employees and beneficiaries	373	187	560
Total	1,002	429	1,431

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:

	Safety - Police		
	Classic Tier I	Classic Tier II	PEPRA
	April 8, 2012	April 8, 2012	January 1, 2013
Hire date			
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)		\$4,598,207	

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 14 – Pension Plans (Continued)

B. City (Continued)

Benefits Provided (Continued)

	Safety - Police		
	<u>Classic Tier I</u>	<u>Classic Tier II</u>	<u>PEPRA</u>
Hire date	April 8, 2012	April 8, 2012	January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9%	9%	13%
Required employer contribution rates	21.890%	21.890%	21.890%
Required UAL contribution (Police and Fire)	\$4,598,207		

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

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, 2023

Note 14 – Pension Plans (Continued)

B. City (Continued)

Contributions (Continued)

For the year ended June 30, 2023, the plan’s contributions made for the Plan was as follows:

	Miscellaneous Plan	Safety Plan
Contributions - employer	\$ 7,226,222	\$ 7,159,137

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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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, 2021 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	6.90%
Inflation	2.50%
Payroll Growth	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00%
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, 2021 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.

Change in Assumptions

The discount rate lowered from 7.15% in 2022 to 6.90% in 2023. The inflation rate lowered from 2.50% in 2022 to 2.30% in 2023. The payroll growth increased from 2.75% in 2022 to 2.80% in 2023. The investment rate of return lowered from 7.15% in 2022 to 6.90% in 2023. In the prior year, the actuarial report did not have any changes in assumptions.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 14 – Pension Plans (Continued)

B. City (Continued)

Discount Rate

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

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

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1-10 ²
Global Equity	30.00%	4.45%
Global Equity	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Liquidity	-5.00%	-0.59%

¹In the CalPERS' CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

²An expected inflation of 2.30% used for this period

The discount rate used to measure the total pension liability was 6.90% 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 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 Section.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 14 – Pension Plans (Continued)

B. City (Continued)

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

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

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(5.90%)	Rate (6.90%)	(7.90%)
Miscellaneous Plan	\$ 81,050,784	\$ 53,155,110	\$ 30,165,501
Safety Plan	\$ 107,447,174	\$ 69,334,973	\$ 38,405,777

Changes in the Net Pension Liability

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

Miscellaneous Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2021 (Valuation Date)	\$ 185,665,257	\$ 161,305,016	\$ 24,360,241
Changes in the year:			
Service cost	4,914,225	-	4,914,225
Interest on the total pension liabilities	13,185,418	-	13,185,418
Changes in assumptions	6,744,089	-	6,744,089
Differences between expected and actual experience	640,451	-	640,451
Benefit payments, including refunds of members contributions	(8,827,793)	(8,827,793)	-
Contributions - employer	-	6,787,574	(6,787,574)
Contributions - employee	-	2,313,097	(2,313,097)
Net investment income	-	(12,310,874)	12,310,874
Administrative expenses	-	(100,483)	100,483
Net changes	16,656,390	(12,138,479)	28,794,869
Balance at June 30, 2022 (Measurement Date)	\$ 202,321,647	\$ 149,166,537	\$ 53,155,110
Safety Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2021 (Valuation Date)	\$ 225,195,910	\$ 195,571,408	\$ 29,624,502
Changes in the year:			
Service cost	7,241,929	-	7,241,929
Interest on the total pension liabilities	16,232,792	-	16,232,792
Changes in assumptions	10,075,295	-	10,075,295
Differences between expected and actual experience	848,120	-	848,120
Benefit payments, including refunds of members contributions	(8,964,860)	(8,964,860)	-
Contributions - employer	-	7,549,397	(7,549,397)
Contributions - employee	-	2,207,206	(2,207,206)
Net investment income	-	(14,947,109)	14,947,109
Administrative expenses	-	(121,829)	121,829
Net changes	25,433,276	(14,277,195)	39,710,471
Balance at June 30, 2022 (Measurement Date)	\$ 250,629,186	\$ 181,294,213	\$ 69,334,973

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023, the City recognized pension expense in the amount of \$8,570,350 and \$12,539,641 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 2021-22 measurement period is 3.9 years, which was obtained by dividing the total service years of 3,743 (the sum of remaining service lifetimes of the active employees) by 952 (the total number of participants: active, inactive, and retired). For the Safety Plan, the EARSL for the Miscellaneous Plan for the 2021-22 measurement period is 5.0 years, which was obtained by dividing the total service years of 2,027 (the sum of remaining service lifetimes of the active employees) by 407 (the total number of participants: active, inactive, and retired).

At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 7,226,222	\$ -
Difference between projected and actual earning on pension plan investments	7,490,387	(396,327)
Changes in assumptions	5,014,835	-
Differences between expected and actual experience	1,363,150	-
Total	\$ 21,094,594	\$ (396,327)
Safety Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 7,159,137	\$ -
Difference between projected and actual earning on pension plan investments	9,306,351	-
Changes in assumptions	8,060,236	-
Differences between expected and actual experience	2,934,093	-
Total	\$ 27,459,817	\$ -

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 14 – Pension Plans (Continued)

B. City (Continued)

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

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 14,385,359	\$ -
Difference between projected and actual earning on pension plan investments	16,796,738	(396,327)
Changes in assumptions	13,075,071	-
Differences between expected and actual experience	4,297,243	-
Total	\$ 48,554,411	\$ (396,327)

For the General Information about Pension, for the Miscellaneous and Safety Plans, \$7,226,222 and \$7,159,137, 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, 2024. 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	
2024	\$ 3,763,048	\$ 5,145,516	\$ 8,908,564
2025	2,772,558	4,304,431	7,076,989
2026	2,247,381	2,974,434	5,221,815
2027	4,689,058	7,876,299	12,565,357
2028	-	-	-
Thereafter	-	-	-
	\$ 13,472,045	\$ 20,300,680	\$ 33,772,725

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 it was the first year last 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, 2023.

Deferred outflows is the amount of contributions paid by the Authority to CalPERS from July 1, 2022 through June 30, 2023 that will impact the valuation to be prepared for the year ended June 30, 2024.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 15 – Other Postemployment Benefits

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Employer contributions made subsequent to the measurement date	\$ 227,721	\$ 52,206	\$ 279,927
Difference between expected and actual experience	247,276	56,690	303,966
Changes in assumptions	242,875	55,681	298,556
Total deferred outflows of resources	\$ 717,872	\$ 164,577	\$ 882,449
Total OPEB liability:			
Total OPEB liability	\$ 4,931,661	\$ 1,130,614	\$ 6,062,275
Total OPEB liability	\$ 4,931,661	\$ 1,130,614	\$ 6,062,275
Deferred inflows of resources:			
Difference between expected and actual experience	\$ 241,712	\$ 55,415	\$ 297,127
Change in assumption	1,674,969	383,996	2,058,965
Total deferred inflows of resources	\$ 1,916,681	\$ 439,411	\$ 2,356,092
Total OPEB Expense	\$ 268,584	\$ 61,574	\$ 330,158

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 from the City 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 and management Safety 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, except managers, 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. Non-management 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, 2023

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, 2023, those costs for 25 retirees totaled \$621,430 and the total liability amount in the medical leave bank is \$5,626,333.

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, 2022, the date of the latest actuarial valuation:

Active employees	347
Transferred and terminated employees	-
Retired employees and beneficiaries	25
Total	372

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, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total OPEB liability at June 30, 2023 was \$6,062,275.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 15 – Other Postemployment Benefits (Continued)

B. General Information about OPEB (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.09%
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 2021 Experience Study
Mortality Improvement Scale	Macleod Watts Scale 2022
Healthcare Trend Rate	An annual healthcare cost trend rate of 4.8% initially reduced by decrements to an ultimate of 3.9% in 2076.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2021 through June 30, 2022.

Change in Assumption

The City's discount rate used to measure the total OPEB liability increased from 2.18% to 4.09% for the measurement period ended June 30, 2022.

Discount Rate

The discount rate used to measure the total OPEB liability 4.09%. 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

	Total OPEB Liability
Balance at June 30, 2021	\$ 7,055,491
Changes recognized for the measurement period:	
Service cost	504,444
Interest on the total OPEB liability	162,107
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	(1,412,084)
Benefit payments	(247,683)
Net changes during July 1, 2021 to June 30, 2022	(993,216)
Balance at June 30, 2022 (Measurement Date)	<u>\$ 6,062,275</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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 (3.09 percent) or 1-percentage-point higher (5.09 percent) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1% (3.09%)	Current Discount Rate (4.09%)	Discount Rate + 1% (5.09%)
\$ 6,599,178	\$ 6,062,275	\$ 5,571,628

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

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

Plan's Total OPEB Liability		
Healthcare Cost Trend Rates		
-1%		1%
\$ 5,529,281	\$ 6,062,275	\$ 6,669,921

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

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$487,918. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 279,927	\$ -
Difference between expected and actual experience	303,966	(297,126)
Changes of assumptions	298,555	(2,058,964)
Total	\$ 882,448	\$ (2,356,090)

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 13.77 years, which was determined as of June 30, 2021, 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, 2023

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, 2023, \$279,927 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2024	\$ (178,633)
2025	(178,633)
2026	(178,633)
2027	(178,633)
2028	(150,225)
Thereafter	(888,812)
	\$ (1,753,569)

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, 2023

Note 17 – Other Required Disclosures

A. Deficit Fund Balances/Net Position

At June 30, 2023, the following funds had a fund balances (deficit) or unrestricted net position (deficit), which will be eliminated through the reduction in future expenditures and/or the use of new funding sources:

Fund	Fund Type	Deficit
Community Development Block Grant Fund	Special Revenue Fund	\$ 2,926
Capital Projects Deposit	Capital Projects Fund	54,789
Central Garage Fund	Internal Service Fund	390,504
Central Services Fund	Internal Service Fund	763,741
Insurance Fund	Internal Service Fund	406,604
Successor Agency Private Purpose Trust Fund	Fiduciary Fund	25,350,730

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, 2023, expenditures exceeded appropriations in the following funds by function:

Fund	Function	Excess Expenditures over Appropriations
General Fund	Finance	\$ 1
General Fund	Non-departmental	350,434
General Fund	Community development: Parks and community services	728
General Fund	Capital outlay	603,193
General Fund	Debt service: Principal	32,253
General Fund	Debt service: Interest and fiscal charges	833,803
Housing Successor Special Revenue Fund	Capital outlay	535
Community Development Fees Special Revenue Fund	Debt service: Principal	12,774
Community Development Fees Special Revenue Fund	Debt service: Interest and fiscal charges	31
CARES/ARPA Grants Special Revenue Fund	Public safety: Police	1,311,671

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 18 – Fund Balance Classification

The City classifies fund balances, as shown on the *Balance Sheet – Governmental Funds*, as follows as of June 30, 2023:

	General Fund	Housing Successor Fund	Community	CARES/ARPA Fund	General Capital Projects Fund	Tracy	Non-major Governmental Funds	Total
			Development Fees Fund			Infrastructure Master Plans Fund		
Nonspendable								
Prepaid items	\$ 5,534,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,534,702
Total nonspendable	<u>5,534,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,534,702</u>
Restricted								
Housing	\$ -	\$ 1,039,730	\$ -	\$ -	\$ -	\$ 105,437,411	\$ -	\$ 106,477,141
Special area projects	-	-	7,734,906	-	-	-	85,824,280	93,559,186
Public safety	-	-	-	3,131,167	-	-	13,654	3,144,821
Debt service	-	-	-	-	-	-	9,962,109	9,962,109
Community development	-	-	-	-	-	-	208,672	208,672
Asset forfeiture	-	-	-	-	-	-	618,793	618,793
Streets and roads	-	-	-	-	-	-	16,650,225	16,650,225
Landscaping district	-	-	-	-	-	-	5,756,626	5,756,626
Cable TV	-	-	-	-	-	-	732,946	732,946
Drainage	-	-	-	-	-	-	2,601,719	2,601,719
Tracy GROW	-	-	-	-	-	-	1,000,000	1,000,000
Fire medical leave bank	622,886	-	-	-	-	-	-	622,886
Medical leave bank	2,972,665	-	-	-	-	-	-	2,972,665
Total restricted	<u>3,595,551</u>	<u>1,039,730</u>	<u>7,734,906</u>	<u>3,131,167</u>	<u>-</u>	<u>105,437,411</u>	<u>123,369,024</u>	<u>244,307,789</u>
Committed								
Affordable housing development	-	4,000,000	-	-	-	-	-	4,000,000
Contingency/emergency	16,489,000	-	-	-	-	-	-	16,489,000
Total committed	<u>16,489,000</u>	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,489,000</u>
Assigned								
Animal control trust	22,193	-	-	-	-	-	-	22,193
Economic/budget stability	12,609,000	-	-	-	-	-	-	12,609,000
Prior year reappropriations	320,865	-	-	-	-	-	-	320,865
Capital projects	-	-	-	-	101,781,732	-	-	101,781,732
Total assigned	<u>12,952,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,781,732</u>	<u>-</u>	<u>-</u>	<u>114,733,790</u>
Unassigned	<u>1,857,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,303)</u>	<u>1,656,891</u>
Total fund balances	<u>\$ 40,428,505</u>	<u>\$ 5,039,730</u>	<u>\$ 7,734,906</u>	<u>\$ 3,131,167</u>	<u>\$ 101,781,732</u>	<u>\$ 105,437,411</u>	<u>\$ 123,168,721</u>	<u>\$ 386,722,172</u>

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	\$ 704,229,449	\$ 460,269,039	\$ 1,164,498,488
Less capital-related liabilities:			
Retention payable	(5,147,470)	-	(5,147,470)
Lease liability	(575,495)	-	(575,495)
Subscription liability	(1,213,488)	(53,860)	(1,267,348)
Lease revenue bonds	(38,731,342)	-	(38,731,342)
Loans payable	-	(5,343,212)	(5,343,212)
Certificates of participation	-	(19,305,000)	(19,305,000)
Net investment in capital assets	<u>\$ 658,561,654</u>	<u>\$ 435,566,967</u>	<u>\$ 1,094,128,621</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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.

During fiscal year 2023, the SSJCFA incurred costs of \$26.0 million, of which \$15.6 million was paid by the City and \$9.4 million was paid by the District. The City’s balance Due from the Component Unit as of June 30, 2023, was \$2,223,143. The City prepaid their annual membership dues to SSJCFA for fiscal year 2024 in the amount of \$5,534,702, this balance is reported by the City and SSJCFA in prepaid items and unearned revenue, respectively.

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, 2023

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, 2023

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 – Prior Period Adjustments

A. Government-Wide Financial Statements

The beginning net position at July 1, 2022 of the Government-Wide Financial Statements was restated as follows:

	Governmental Activities
Net position, as previously reported, at July 1, 2022	\$ 948,917,401
To implement GASB 96 <i>Subscription-based information technology arrangements (SBITAs)</i>	110,123
Net position at July 1, 2022, as restated	\$ 949,027,524
	Component Unit South San Joaquin County Fire Authority
Net position, as previously reported, at July 1, 2022	\$ 2,510,096
To match beginning net position	(44,894)
Net position at July 1, 2022, as restated	\$ 2,465,202

Note 23 – 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, 2023, the City has not recorded revenues from the Hospital.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 23 – Commitments and Contingencies (Continued)

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, 2023 was \$10,487,942. Measure V is a general tax of the City and the revenues were deposited in the City's General Fund. Expenditures for a variety of City functions were made from the City's General Fund utilizing the Measure V and other revenue of the City.

F. Location Agreements

In December 2015, the City entered into a Location Agreement with a manufacturer and distributor of healthcare products and services to make payments to the Corporation in return for the Corporation establishing, locating and operating a sales office in the City. Under the terms of the agreement, the City has agreed to pay the Corporation fifty per cent (50%) of the quarterly local sales tax revenues attributable to the Corporation's taxable sales for each fiscal quarter, excluding penalty assessments, commencing with the quarter beginning January 1, 2017 and ending on December 31, 2036, unless otherwise extended in accordance with the agreement. The City paid \$3,993,536 to the Corporation during the year ended June 30, 2023.

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 \$2,303,798 to the Corporation during the year ended June 30, 2023.

In December 2019, the City entered into a Location Agreement with a distributor of retail products 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 2022 and ending on January 2042, unless otherwise extended in accordance with the agreement. The City paid \$626,304 to the Corporation during the year ended June 30, 2023.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 23 – Commitments and Contingencies (Continued)

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, 2023 were as follows:

General Fund	\$	1,261,917
TEA Grant Special Revenue Fund		42,063
Community Development Fees Special Revenue Fund		1,201,411
CARES/ARPA Special Revenue Fund		1,129,959
General Projects Capital Projects Fund		6,622,776
Tracy Infrastructure Master Plan Capital Projects Fund		672,503
Non-Major Governmental Funds		1,425,437
		1,425,437
	\$	12,356,066

H. Housing Successor Excess Surplus

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

The Housing Successor Special Revenue Fund serves as the housing successor and as of July 1, 2019 had an excess surplus balance of \$137,971, and \$-0- as of June 30, 2023. In June 2020, the City entered into an agreement with a developer to loan \$4,000,000 for the construction of 39 units of low income housing. The project was delayed due to the Covid pandemic but construction is now scheduled to start in 2024.

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.

REQUIRED SUPPLEMENTARY INFORMATION

City of Tracy
Required Supplementary Information (Unaudited)
Modified Approach to Reporting Street Pavement Costs
For the Year Ended June 30, 2023

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, 2023

The City's preservation costs are budgeted to be \$7,949,575 in fiscal year 2024. 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	5,587,759
2023	64	5,920,343	7,385,863
2024		7,949,575	

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 payment along with minor roughness that could be noticeable to drivers traveling at posted speed. The City expended \$7,385,863 for street preservation for fiscal year 2023.

City of Tracy
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2023

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 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, 2023

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 118,410,184	\$ 107,913,896	\$ 107,913,897	\$ 1
Licenses, permits and fees	4,353,234	5,037,220	5,032,217	(5,003)
Fines and penalties	60,974	195,195	195,193	(2)
Investment income (loss)	616,801	(1,338,124)	1,729,339	3,067,463
Intergovernmental	1,652,107	3,808,748	3,808,738	(10)
Charges for current services	12,014,530	13,475,933	13,811,311	335,378
Special assessments	485,766	494,066	494,066	-
Contributions	151,738	-	-	-
Other revenue	327,118	449,120	1,202,563	753,443
Total revenues	138,072,452	130,036,054	134,187,324	4,151,270
EXPENDITURES:				
Current:				
General government				
General government	18,871,232	19,853,064	19,549,418	303,646
Finance	934,910	1,825,891	1,825,892	(1)
Non-departmental	92,906	-	350,434	(350,434)
Public safety				
Police	43,086,327	44,928,410	44,811,730	116,680
Fire	16,699,993	15,909,279	15,909,273	6
Public ways and facilities				
Development and engineering	-	55,310	55,306	4
Public works	5,632,565	6,241,087	6,228,092	12,995
Community development				
Parks and community services	11,208,774	11,044,907	11,045,635	(728)
Capital outlay	321,910	1,253,020	1,856,213	(603,193)
Debt service:				
Principal	-	-	32,253	(32,253)
Interest and fiscal charges	-	-	833,803	(833,803)
Total expenditures	96,848,617	101,110,968	102,498,049	(1,387,081)
REVENUES OVER (UNDER) EXPENDITURES	41,223,835	28,925,086	31,689,275	2,764,189
OTHER FINANCING SOURCES (USES):				
Inception of lease agreement	-	-	688,227	688,227
Inception of subscription agreement	-	-	92,086	92,086
Transfers in	61,800	920,796	920,795	(1)
Transfers out	(41,165,902)	(33,838,573)	(29,838,573)	4,000,000
Total other financing sources (uses)	(41,104,102)	(32,917,777)	(28,137,465)	4,780,312
Net change in fund balance	\$ 119,733	\$ (3,992,691)	3,551,810	\$ 7,544,501
FUND BALANCE:				
Beginning of year			36,876,695	
End of year			<u>\$ 40,428,505</u>	

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Housing Successor Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 30,048	\$ (27,935)	\$ 105,308	\$ 133,243
Other revenue	56,229	17,453	17,453	-
Total revenues	86,277	(10,482)	122,761	133,243
EXPENDITURES:				
Capital outlay	-	186,933	187,468	(535)
Total expenditures	-	186,933	187,468	(535)
REVENUES OVER (UNDER) EXPENDITURES	86,277	(197,415)	(64,707)	132,708
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	468,053	468,053
Total other financing sources (uses)	-	-	468,053	468,053
Net change in fund balance	\$ 86,277	\$ (197,415)	403,346	\$ 600,761
FUND BALANCE:				
Beginning of year			4,636,384	
End of year			<u>5,039,730</u>	

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Community Development Fees Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 17,452,812	\$ 11,399,678	\$ 11,399,680	\$ 2
Investment income (loss)	-	(306,220)	176,077	482,297
Intergovernmental	600,000	135,169	135,170	1
Charges for current services	107,316	171,941	171,941	-
Other revenue	-	4,257	4,257	-
Total revenues	<u>18,160,128</u>	<u>11,404,825</u>	<u>11,887,125</u>	<u>482,300</u>
EXPENDITURES:				
Current:				
General government				
Finance	1,116,840	1,116,840	1,116,840	-
Public ways and facilities				
Development and engineering	15,810,160	13,093,533	13,080,626	12,907
Debt service:				
Principal	-	-	12,774	(12,774)
Interest and fiscal charges	-	-	31	(31)
Total expenditures	<u>16,927,000</u>	<u>14,210,373</u>	<u>14,210,271</u>	<u>102</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,233,128</u>	<u>(2,805,548)</u>	<u>(2,323,146)</u>	<u>482,402</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,172,340	2,172,340	2,172,340	-
Total other financing sources (uses)	<u>2,172,340</u>	<u>2,172,340</u>	<u>2,172,340</u>	<u>-</u>
Net change in fund balance	<u>\$ 3,405,468</u>	<u>\$ (633,208)</u>	<u>(150,806)</u>	<u>\$ 482,402</u>
FUND BALANCE:				
Beginning of year			7,885,712	
End of year			<u>\$ 7,734,906</u>	

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – CARES/ARPA Grants Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ (124,029)	\$ (124,029)	\$ -
Intergovernmental	-	3,836,120	3,836,120	-
Total revenues	-	3,712,091	3,712,091	-
EXPENDITURES:				
Current:				
General government				
General government	399,972	2,109,025	2,109,022	3
Non-departmental	3,650,000	3,650,000	-	3,650,000
Public safety				
Police	-	613,183	1,924,854	(1,311,671)
Fire	47,226	-	-	-
Capital outlay	1,391,000	3,020,519	-	3,020,519
Total expenditures	5,488,198	9,392,727	4,033,876	5,358,851
REVENUES OVER (UNDER) EXPENDITURES	(5,488,198)	(5,680,636)	(321,785)	5,358,851
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,652,730	2,652,730
Transfers out	-	(703,979)	(703,978)	1
Total other financing sources (uses)	-	(703,979)	1,948,752	2,652,731
Net change in fund balance	\$ (5,488,198)	\$ (6,384,615)	1,626,967	\$ 8,011,582
FUND BALANCE:				
Beginning of year			1,504,200	
End of year			\$ 3,131,167	

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, 2023

Miscellaneous Plan

Total Pension Liability	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Service cost	\$ 4,914,225	\$ 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	13,185,418	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	640,451	(813,515)	3,547,669	1,781,080	1,406,163	70,396	(3,013,865)	(3,592,113)	-
Changes in assumptions	6,744,089	-	-	-	(1,198,922)	8,362,562	-	(2,261,183)	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(8,827,793)	(8,166,291)	(7,115,731)	(6,479,285)	(6,628,099)	(5,445,878)	(4,956,786)	(4,804,924)	(4,447,727)
Net change in total pension liability	16,656,390	7,957,958	12,850,145	10,365,300	7,686,572	16,401,681	4,279,709	1,265,058	7,332,910
Total pension liability - beginning	185,665,257	177,707,299	164,857,154	154,491,854	146,805,282	130,403,601	126,123,892	124,858,834	117,525,924
Total pension liability - ending (a)	\$202,321,647	\$185,665,257	\$177,707,299	\$164,857,154	\$154,491,854	\$146,805,282	\$130,403,601	\$126,123,892	\$124,858,834
Plan fiduciary net position									
Contributions - employer	6,787,574	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	2,313,097	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)	(12,310,874)	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	(8,827,793)	(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	(100,483)	(131,162)	(175,606)	(83,023)	(459,215)	(144,490)	(59,400)	(101,304)	-
Net change in plan fiduciary net position	(12,138,479)	30,003,287	6,736,618	7,844,232	8,023,288	10,833,002	399,947	1,366,298	13,907,601
Plan fiduciary net position - beginning	161,305,016	131,301,729	124,565,111	116,720,879	108,697,591	97,864,589	97,464,642	96,098,344	82,190,743
Plan fiduciary net position - ending (b)	\$149,166,537	\$161,305,016	\$131,301,729	\$124,565,111	\$116,720,879	\$108,697,591	\$ 97,864,589	\$ 97,464,642	\$ 96,098,344
Net pension liability - ending (a)-(b)	\$ 53,155,110	\$ 24,360,241	\$ 46,405,570	\$ 40,292,043	\$ 37,770,975	\$ 38,107,691	\$ 32,539,012	\$ 28,659,250	\$ 28,760,490
Plan fiduciary net position as a percentage of the total pension liability									
	73.73%	86.88%	73.89%	75.56%	75.55%	74.04%	75.05%	77.28%	76.97%
Covered payroll	\$ 28,939,453	\$ 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									
	183.68%	87.12%	169.15%	166.94%	175.18%	187.88%	175.76%	158.81%	158.64%

Notes to Schedule:

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

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Safety Plan

Total Pension Liability	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Service cost	\$ 7,241,929	\$ 6,319,026	\$ 5,954,133	\$ 5,341,283	\$ 5,100,415	\$ 4,863,739	\$ 4,239,783	\$ 4,491,843	\$ 4,767,092
Interest on total pension liability	16,232,792	15,086,876	14,167,518	13,132,663	12,156,431	11,508,306	10,762,768	10,281,540	9,861,726
Differences between expected and actual experience	848,120	470,585	3,242,995	3,440,318	(9,610)	433,771	(2,662,887)	(3,530,865)	-
Changes in assumptions	10,075,295	-	-	-	(761,909)	10,655,271	-	(2,807,525)	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(8,964,860)	(8,111,466)	(7,721,638)	(7,378,049)	(6,949,949)	(6,358,409)	(5,917,646)	(5,470,177)	(5,016,343)
Net change in total pension liability	25,433,276	13,765,021	15,643,008	14,536,215	9,535,378	21,102,678	6,422,018	2,964,816	9,612,475
Total pension liability - beginning	225,195,910	211,430,889	195,787,881	181,251,666	171,716,288	150,613,610	144,191,592	141,226,776	131,614,301
Total pension liability - ending (a)	\$ 250,629,186	\$ 225,195,910	\$ 211,430,889	\$ 195,787,881	\$ 181,251,666	\$ 171,716,288	\$ 150,613,610	\$ 144,191,592	\$ 141,226,776
Plan fiduciary net position									
Contributions - employer	7,549,397	7,379,587	6,693,746	5,822,621	5,132,782	4,604,350	4,433,276	4,171,390	4,341,816
Contributions - employee	2,207,206	2,523,099	2,355,865	2,104,947	1,985,924	1,590,493	1,421,949	1,380,651	1,458,951
Investment income (net of administrative expenses)	(14,947,109)	36,190,585	7,445,354	9,222,427	10,913,236	12,957,627	584,528	2,531,449	16,826,945
Benefit payments	(8,964,860)	(8,111,466)	(7,721,638)	(7,378,049)	(6,949,949)	(6,358,409)	(5,917,646)	(5,470,177)	(5,016,343)
Other	(121,829)	(157,580)	(210,313)	(99,235)	(615,373)	(171,890)	(70,678)	(130,531)	-
Net change in plan fiduciary net position	(14,277,195)	37,824,225	8,563,014	9,672,711	10,466,620	12,622,171	451,429	2,482,782	17,611,369
Plan fiduciary net position - beginning	195,571,408	157,747,183	149,184,169	139,511,458	129,044,838	116,422,667	115,971,238	113,488,456	95,877,087
Plan fiduciary net position - ending (b)	\$ 181,294,213	\$ 195,571,408	\$ 157,747,183	\$ 149,184,169	\$ 139,511,458	\$ 129,044,838	\$ 116,422,667	\$ 115,971,238	\$ 113,488,456
Net pension liability - ending (a)-(b)	\$ 69,334,973	\$ 29,624,502	\$ 53,683,706	\$ 46,603,712	\$ 41,740,208	\$ 42,671,450	\$ 34,190,943	\$ 28,220,354	\$ 27,738,320
Plan fiduciary net position as a percentage of the total pension liability									
	72.34%	86.85%	74.61%	76.20%	76.97%	75.15%	77.30%	80.43%	80.36%
Covered payroll	\$ 22,133,035	\$ 20,745,326	\$ 19,470,677	\$ 17,559,035	\$ 16,322,896	\$ 15,501,462	\$ 15,245,537	\$ 15,927,959	\$ 16,357,591
Net pension liability as a percentage of covered payroll	313.26%	142.80%	275.72%	265.41%	255.72%	275.27%	224.27%	177.17%	169.57%

Notes to Schedule:

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

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pension
For the Year Ended June 30, 2023

Miscellaneous Plan									
Fiscal Year:	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15 ¹
Contractually determined contribution (actuarially determined)	\$ 7,226,222	\$ 6,787,574	\$ 6,067,472	\$ 5,566,882	\$ 4,749,293	\$ 4,050,711	\$ 3,873,007	\$ 3,499,868	\$ 3,460,280
Contributions in relation to the actuarially determined contributions	(7,226,222)	(6,787,574)	(6,067,472)	(5,566,882)	(4,749,293)	(4,050,711)	(3,873,007)	(3,499,868)	(3,460,280)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 29,807,637	\$ 28,939,453	\$ 27,962,432	\$ 27,601,313	\$ 25,887,652	\$ 23,989,506	\$ 20,465,522	\$ 19,352,925	\$ 19,031,601
Contributions as a percentage of covered payroll	24.24%	23.45%	21.70%	20.17%	18.35%	16.89%	18.92%	18.08%	18.18%

Notes to Schedule

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2023:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 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.

¹ 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, 2023

Safety Plan									
Fiscal Year:	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15 ¹
Contractually determined contribution (actuarially determined)	\$ 7,159,137	\$ 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	(7,159,137)	(7,549,380)	(7,379,603)	(6,437,044)	(5,643,974)	(5,148,037)	(4,604,350)	(4,477,450)	(3,522,006)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 15,751,133	\$ 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	45.45%	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, 2023:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 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.

¹ 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, 2023

Fiscal year ending:	<u>6/30/2023</u>	<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>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017¹</u>
Total OPEB liability						
Service cost	\$ 504,444	\$ 450,489	\$ 443,619	\$ 417,193	\$ 318,114	\$ 343,641
Interest	162,107	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	(1,412,084)	287,043	(388,970)	101,040	(391,232)	(334,977)
Benefit payments, including refunds of member contributions	(247,683)	(211,025)	(209,370)	(195,363)	(174,114)	(138,947)
Net change in total OPEB liability	(993,216)	704,632	(315,713)	515,688	219,362	23,650
Total OPEB liability - beginning	7,055,491	6,350,859	6,666,572	6,150,884	5,931,522	5,907,872
Total OPEB liability - ending (a)	\$ 6,062,275	\$ 7,055,491	\$ 6,350,859	\$ 6,666,572	\$ 6,150,884	\$ 5,931,522
OPEB fiduciary net position²						
Contributions - employer	\$ 247,683	\$ 211,025	\$ 209,370	\$ 195,363	\$ 174,114	\$ 138,947
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(247,683)	(211,025)	(209,370)	(195,363)	(174,114)	(138,947)
Administrative expense	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan net OPEB liability - ending (a) - (b)	\$ 6,062,275	\$ 7,055,491	\$ 6,350,859	\$ 6,666,572	\$ 6,150,884	\$ 5,931,522
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 45,365,528	\$ 40,530,944	\$ 38,076,958	\$ 36,576,729	\$ 34,460,922	\$ 23,997,600
Plan net OPEB liability as a percentage of covered-employee payroll	13.36%	17.41%	16.68%	18.23%	17.85%	24.72%

¹ Information only presented from the implementation year

² The City has no assets accumulated in a trust that meets the requirements of GASB. Therefore no OPEB fiduciary net position balance is noted.

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - OPEB
For the Year Ended June 30, 2023

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17¹</u>
Actuarially determined contribution ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 764,705	\$ 138,947
Contractually determined contribution ²	279,927	247,683	211,025	209,370	195,363	-	-
Contributions in relation to the actuarially determined or contractually required contribution	<u>(279,927)</u>	<u>(247,683)</u>	<u>(211,025)</u>	<u>(211,025)</u>	<u>(195,363)</u>	<u>(174,114)</u>	<u>(138,947)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,655)</u>	<u>\$ -</u>	<u>\$ 590,591</u>	<u>\$ -</u>
Covered-employee payroll	\$ 42,999,278	\$ 41,746,872	\$ 40,530,944	\$ 38,076,958	\$ 36,576,729	\$ 34,460,922	\$ 23,997,600
Contributions as a percentage of covered-employee payroll	0.65%	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, 2023 were as follows:

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	6/30/2022
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, 2021
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	6.8% for 2024, decreasing to an ultimate rate of 3.9% in 2075;
Projected salary growth and increase	Not applicable
Mortality	Based on CalPERS 2021 experience study report using data for the period from 1997 to 2019

¹ Information only presented from the implementation year

² The City did not obtain an actuarially determined contribution in the fiscal years 2019 through 2022, therefore contractually required contributions are reported.

This page intentionally left blank.

SUPPLEMENTARY INFORMATION

Non-Major Governmental Funds

Special Revenue Funds:

TEA Grant Fund - 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 2020 and 2022.

Capital Projects Funds:

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.

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 Deposit 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.

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.

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, 2023

Special Revenue

	TEA Grant	Business Improvement District	Asset Forfeiture	Transportation Development	Proposition K Transportation	State Gas Tax Street
ASSETS						
Cash and investments	\$ 432,988	\$ 1,311	\$ 654,307	\$ -	\$ 8,415,553	\$ 7,053,039
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	10,848	-
Intergovernmental receivable	-	-	-	142,193	531,504	397,842
Interest receivable	-	-	4,314	-	55,520	56,700
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-	-
Total assets	\$ 432,988	\$ 1,311	\$ 658,621	\$ 142,193	\$ 9,013,425	\$ 7,507,581
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 5,705	\$ -	\$ 39,828	\$ 44,559	\$ 37,561	\$ 209,133
Accrued payroll	-	-	-	-	4,193	47,177
Due to other funds	-	-	-	240,222	-	-
Deposits payable	-	-	-	-	-	-
Total liabilities	5,705	-	39,828	284,781	41,754	256,310
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted	427,283	1,311	618,793	-	8,971,671	7,251,271
Unassigned (deficit)	-	-	-	(142,588)	-	-
Total fund balances	427,283	1,311	618,793	(142,588)	8,971,671	7,251,271
Total liabilities, deferred inflows of resources, and fund balances	\$ 432,988	\$ 1,311	\$ 658,621	\$ 142,193	\$ 9,013,425	\$ 7,507,581

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2023

Special Revenue

	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy	COPS Grant
ASSETS						
Cash and investments	\$ -	\$ 5,875,322	\$ 207,305	\$ 690,979	\$ -	\$ -
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	37,408	-	-
Intergovernmental receivable	391,774	-	-	-	-	41,125
Interest receivable	-	38,756	1,367	4,559	-	-
Deposits	-	-	-	-	1,000,000	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-	-
Total assets	\$ 391,774	\$ 5,914,078	\$ 208,672	\$ 732,946	\$ 1,000,000	\$ 41,125
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 12,297	\$ 123,502	\$ -	\$ -	\$ -	\$ -
Accrued payroll	2,825	33,950	-	-	-	7,351
Due to other funds	379,578	-	-	-	-	20,120
Deposits payable	-	-	-	-	-	-
Total liabilities	394,700	157,452	-	-	-	27,471
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted	-	5,756,626	208,672	732,946	1,000,000	13,654
Unassigned (deficit)	(2,926)	-	-	-	-	-
Total fund balances	(2,926)	5,756,626	208,672	732,946	1,000,000	13,654
Total liabilities, deferred inflows of resources, and fund balances	\$ 391,774	\$ 5,914,078	\$ 208,672	\$ 732,946	\$ 1,000,000	\$ 41,125

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2023

	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	Infill Projects
ASSETS						
Cash and investments	\$ 2,857	\$ 2,151,176	\$ 898,313	\$ 2,584,671	\$ 1,768,796	\$ 2,478
Cash and investments with fiscal agents	-	-	-	-	8,193,313	-
Accounts receivable, net	-	-	8,002	-	-	-
Intergovernmental receivable	-	-	-	-	-	-
Interest receivable	-	14,196	5,926	17,048	-	-
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	4,612,958	-
Total assets	<u>\$ 2,857</u>	<u>\$ 2,165,372</u>	<u>\$ 912,241</u>	<u>\$ 2,601,719</u>	<u>\$ 14,575,067</u>	<u>\$ 2,478</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 352,460	\$ 17,922	\$ -	\$ -	\$ -
Accrued payroll	-	3,277	6,393	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	-	1,146,039	100,000	-	-	-
Total liabilities	<u>-</u>	<u>1,501,776</u>	<u>124,315</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	4,612,958	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,612,958</u>	<u>-</u>
Fund Balances:						
Restricted	2,857	663,596	787,926	2,601,719	9,962,109	2,478
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>2,857</u>	<u>663,596</u>	<u>787,926</u>	<u>2,601,719</u>	<u>9,962,109</u>	<u>2,478</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,857</u>	<u>\$ 2,165,372</u>	<u>\$ 912,241</u>	<u>\$ 2,601,719</u>	<u>\$ 14,575,067</u>	<u>\$ 2,478</u>

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2023

Capital Projects

	Urban Management Plan Facilities	Capital Projects Deposit	Redevelopment Obligations	Tracy Gateway Area	Residential Specific Plan Project	Ellis Area
ASSETS						
Cash and investments	\$ 10,780,445	\$ 4,031,296	\$ 1,074,627	\$ 1,977,596	\$ 2,842,952	\$ 11,667,966
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-
Interest receivable	45,013	26,592	7,088	13,043	18,751	76,931
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	1,674,364	-
Due from Fiduciary Funds	-	-	-	-	-	-
Total assets	\$ 10,825,458	\$ 4,057,888	\$ 1,081,715	\$ 1,990,639	\$ 4,536,067	\$ 11,744,897
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 836,534	\$ -	\$ -	\$ 1,485	\$ -	\$ 16,811
Accrued payroll	10,196	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	4,863,311	4,112,677	3,000	-	-	765,730
Total liabilities	5,710,041	4,112,677	3,000	1,485	-	782,541
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	1,674,364	-
Total deferred inflows of resources	-	-	-	-	1,674,364	-
Fund Balances:						
Restricted	5,115,417	-	1,078,715	1,989,154	2,861,703	10,962,356
Unassigned (deficit)	-	(54,789)	-	-	-	-
Total fund balances	5,115,417	(54,789)	1,078,715	1,989,154	2,861,703	10,962,356
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,825,458	\$ 4,057,888	\$ 1,081,715	\$ 1,990,639	\$ 4,536,067	\$ 11,744,897

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2023

	<u>Capital Projects</u>		
	<u>CORE Capital Projects</u>	<u>Regional Transportation Impact</u>	<u>Total Non-Major Funds</u>
ASSETS			
Cash and investments	\$ 47,135,941	\$ 15,691,258	\$ 125,941,176
Cash and investments with fiscal agents	-	-	8,193,313
Accounts receivable, net	-	-	56,258
Intergovernmental receivable	-	-	1,504,438
Interest receivable	344,874	103,512	834,190
Deposits	-	-	1,000,000
Loans receivable	-	-	1,674,364
Due from Fiduciary Funds	-	-	4,612,958
Total assets	<u>\$ 47,480,815</u>	<u>\$ 15,794,770</u>	<u>\$ 143,816,697</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 91,826	\$ 247,345	\$ 2,036,968
Accrued payroll	1,396	-	116,758
Due to other funds	-	-	639,920
Deposits payable	-	576,251	11,567,008
Total liabilities	<u>93,222</u>	<u>823,596</u>	<u>14,360,654</u>
Deferred inflows of resources:			
Unavailable revenue	-	-	6,287,322
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>6,287,322</u>
Fund Balances:			
Restricted	47,387,593	14,971,174	123,369,024
Unassigned (deficit)	-	-	(200,303)
Total fund balances	<u>47,387,593</u>	<u>14,971,174</u>	<u>123,168,721</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 47,480,815</u>	<u>\$ 15,794,770</u>	<u>\$ 143,816,697</u>

(Concluded)

City of Tracy
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue					
	TEA Grant	Business Improvement District	Asset Forfeiture	Transportation Development	Proposition K Transportation	State Gas Tax Street
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ 142,193	\$ 2,190,639	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	146,799	-	-	-
Investment income (loss)	(97)	-	13,177	1,290	45,975	82,303
Intergovernmental	486,042	-	-	-	10,848	4,461,357
Charges for current services	-	-	-	-	-	-
Special assessments	-	142,148	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	485,945	142,148	159,976	143,483	2,247,462	4,543,660
EXPENDITURES:						
Current:						
General government						
Economic development	-	-	-	-	-	-
General government	-	71,167	-	-	-	-
Finance	-	-	-	-	-	120,083
Public safety						
Police	-	-	-	-	-	-
Public ways and facilities						
Public works	-	-	-	-	-	1,637,928
Community development						
Capital outlay	425,039	-	335,166	433,054	242,413	2,445,060
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	425,039	71,167	335,166	433,054	242,413	4,203,071
REVENUES OVER (UNDER) EXPENDITURES	60,906	70,981	(175,190)	(289,571)	2,005,049	340,589
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	150,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	150,000
NET CHANGES IN FUND BALANCES	60,906	70,981	(175,190)	(289,571)	2,005,049	490,589
FUND BALANCES (DEFICIT):						
Beginning of year	366,377	(69,670)	793,983	146,983	6,966,622	6,760,682
End of year	<u>\$ 427,283</u>	<u>\$ 1,311</u>	<u>\$ 618,793</u>	<u>\$ (142,588)</u>	<u>\$ 8,971,671</u>	<u>\$ 7,251,271</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, 2023

	Special Revenue					COPS Grant
	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy	
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	152,785	-	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	-	61,899	2,599	4,170	-	2,518
Intergovernmental	374,525	-	-	-	-	273,864
Charges for current services	-	-	-	285	-	-
Special assessments	-	3,725,521	-	-	-	-
Other revenue	-	1,500	-	-	-	-
Total revenues	374,525	3,788,920	2,599	157,240	-	276,382
EXPENDITURES:						
Current:						
General government						
Economic development	149,339	-	-	-	-	-
General government	-	-	-	-	-	-
Finance	-	241,169	-	-	-	-
Public safety						
Police	-	-	-	-	-	394,872
Public ways and facilities						
Public works	-	3,349,284	-	-	-	-
Community development						
Capital outlay	1,085	61	-	2,579	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	150,424	3,590,514	-	2,579	-	394,872
REVENUES OVER (UNDER) EXPENDITURES	224,101	198,406	2,599	154,661	-	(118,490)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	87,475	-	-	-	-
Transfers out	(150,000)	-	-	-	-	-
Total other financing sources (uses)	(150,000)	87,475	-	-	-	-
NET CHANGES IN FUND BALANCES	74,101	285,881	2,599	154,661	-	(118,490)
FUND BALANCES (DEFICIT):						
Beginning of year	(77,027)	5,470,745	206,073	578,285	1,000,000	132,144
End of year	<u>\$ (2,926)</u>	<u>\$ 5,756,626</u>	<u>\$ 208,672</u>	<u>\$ 732,946</u>	<u>\$ 1,000,000</u>	<u>\$ 13,654</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, 2023

	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	Infill Projects
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	-	1,582	8,622	32,431	701	2,478
Intergovernmental	-	-	-	-	-	-
Charges for current services	-	-	-	-	-	-
Special assessments	-	700,048	507,996	-	-	-
Other revenue	-	-	-	-	289,571	-
Total revenues	-	701,630	516,618	32,431	290,272	2,478
EXPENDITURES:						
Current:						
General government						
Economic development	-	-	-	-	-	-
General government	-	-	-	-	-	-
Finance	-	-	300,433	-	-	-
Public safety						
Police	-	-	-	-	-	-
Public ways and facilities						
Public works	-	578,740	332	-	-	-
Community development						
Capital outlay	-	-	-	-	11,807,418	-
Debt service:						
Principal	-	-	-	-	1,445,000	-
Interest and fiscal charges	-	-	-	-	1,499,929	-
Total expenditures	-	578,740	300,765	-	14,752,347	-
REVENUES OVER (UNDER) EXPENDITURES	-	122,890	215,853	32,431	(14,462,075)	2,478
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	2,672,141	-
Transfers out	-	-	(128,366)	-	-	(88,451)
Total other financing sources (uses)	-	-	(128,366)	-	2,672,141	(88,451)
NET CHANGES IN FUND BALANCES	-	122,890	87,487	32,431	(11,789,934)	(85,973)
FUND BALANCES (DEFICIT):						
Beginning of year	2,857	540,706	700,439	2,569,288	21,752,043	88,451
End of year	<u>\$ 2,857</u>	<u>\$ 663,596</u>	<u>\$ 787,926</u>	<u>\$ 2,601,719</u>	<u>\$ 9,962,109</u>	<u>\$ 2,478</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, 2023

	Capital Projects					
	Urban Management Plan Facilities	Capital Projects Deposit	Redevelopment Obligations	Tracy Gateway Area	Residential Specific Plan Projects	Ellis Area
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	109,687	47,662	13,483	27,421	99,616	199,486
Intergovernmental	-	-	-	-	-	-
Charges for current services	853,906	-	-	-	-	(2,106,796)
Special assessments	-	-	-	-	-	-
Other revenue	-	-	-	-	-	765,000
Total revenues	963,593	47,662	13,483	27,421	99,616	(1,142,310)
EXPENDITURES:						
Current:						
General government						
Economic development	-	-	-	-	-	-
General government	-	-	-	-	-	-
Finance	50,581	-	-	-	-	-
Public safety						
Police	-	-	-	-	-	-
Public ways and facilities						
Public works	-	-	-	-	-	-
Community development						
Capital outlay	1,120,556	-	-	86,909	63,945	254,435
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	1,171,137	-	-	86,909	63,945	254,435
REVENUES OVER (UNDER) EXPENDITURES	(207,544)	47,662	13,483	(59,488)	35,671	(1,396,745)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGES IN FUND BALANCES	(207,544)	47,662	13,483	(59,488)	35,671	(1,396,745)
FUND BALANCES (DEFICIT):						
Beginning of year	5,322,961	(102,451)	1,065,232	2,048,642	2,826,032	12,359,101
End of year	<u>\$ 5,115,417</u>	<u>\$ (54,789)</u>	<u>\$ 1,078,715</u>	<u>\$ 1,989,154</u>	<u>\$ 2,861,703</u>	<u>\$ 10,962,356</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, 2023

	Capital Projects		
	CORE Capital Projects	Regional Transportation Impact	Total Non-Major Funds
REVENUES:			
Taxes	\$ -	\$ -	\$ 2,332,832
Licenses, permits and fees	-	-	152,785
Fines and penalties	-	-	146,799
Investment income (loss)	620,259	171,634	1,548,896
Intergovernmental	-	-	5,606,636
Charges for current services	1,671,640	1,961,616	2,380,651
Special assessments	-	-	5,075,713
Other revenue	-	-	1,056,071
Total revenues	<u>2,291,899</u>	<u>2,133,250</u>	<u>18,300,383</u>
EXPENDITURES:			
Current:			
General government			
Economic development	-	-	149,339
General government	-	-	71,167
Finance	-	-	712,266
Public safety			
Police	-	-	394,872
Public ways and facilities			
Public works	-	-	5,566,284
Community development			
Capital outlay	174,589	25,100	17,417,409
Debt service:			
Principal	-	-	1,445,000
Interest and fiscal charges	-	-	1,499,929
Total expenditures	<u>174,589</u>	<u>25,100</u>	<u>27,256,266</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,117,310</u>	<u>2,108,150</u>	<u>(8,955,883)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	334,603	3,244,219
Transfers out	-	-	(366,817)
Total other financing sources (uses)	<u>-</u>	<u>334,603</u>	<u>2,877,402</u>
NET CHANGES IN FUND BALANCES	2,117,310	2,442,753	(6,078,481)
FUND BALANCES (DEFICIT):			
Beginning of year	45,270,283	12,528,421	129,247,202
End of year	<u>\$ 47,387,593</u>	<u>\$ 14,971,174</u>	<u>\$ 123,168,721</u>

(Concluded)

This page intentionally left blank.

City of Tracy
Budgetary Comparison Schedule
General Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable/ (Unfavorable)
REVENUES:				
Investment income (loss)	\$ -	\$ 11,496,305	\$ (311,113)	\$ (11,807,418)
Intergovernmental	-	5,531,540	5,531,539	(1)
Total revenues	<u>-</u>	<u>17,027,845</u>	<u>5,220,426</u>	<u>(11,807,419)</u>
EXPENDITURES:				
Capital outlay	44,832,881	77,751,003	4,788,770	72,962,233
Total expenditures	<u>44,832,881</u>	<u>77,751,003</u>	<u>4,788,770</u>	<u>72,962,233</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(44,832,881)</u>	<u>(60,723,158)</u>	<u>431,656</u>	<u>61,154,814</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	31,611,818	11,396,841	24,728,572	13,331,731
Transfers out	-	-	(3,120,783)	(3,120,783)
Total other financing sources (uses)	<u>31,611,818</u>	<u>11,396,841</u>	<u>21,607,789</u>	<u>10,210,948</u>
Net change in fund balance	<u>\$ (13,221,063)</u>	<u>\$ (49,326,317)</u>	22,039,445	<u>\$ 71,365,762</u>
FUND BALANCE:				
Beginning of year			79,742,287	
End of year			<u>\$ 101,781,732</u>	

City of Tracy
Budgetary Comparison Schedule
Tracy Infrastructure Master Plans Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ (1,690,194)	\$ 894,561	\$ 2,584,755
Charges for current services	27,574,385	17,581,319	17,581,325	6
Total revenues	<u>27,574,385</u>	<u>15,891,125</u>	<u>18,475,886</u>	<u>2,584,761</u>
EXPENDITURES:				
Current:				
General government				
Non-departmental	-	2,012,765	-	2,012,765
Capital outlay	15,298,164	29,070,791	3,572,964	25,497,827
Total expenditures	<u>15,298,164</u>	<u>31,083,556</u>	<u>3,572,964</u>	<u>27,510,592</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>12,276,221</u>	<u>(15,192,431)</u>	<u>14,902,922</u>	<u>30,095,353</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(334,603)	(334,603)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(334,603)</u>	<u>(334,603)</u>
Net change in fund balance	<u>\$ 12,276,221</u>	<u>\$ (15,192,431)</u>	14,568,319	<u>\$ 29,760,750</u>
FUND BALANCE:				
Beginning of year			90,869,092	
End of year			<u>\$ 105,437,411</u>	

City of Tracy
Budgetary Comparison Schedule
TEA Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ (97)	\$ (97)	\$ -
Intergovernmental	642,176	486,043	486,042	(1)
Total revenues	<u>642,176</u>	<u>485,946</u>	<u>485,945</u>	<u>(1)</u>
EXPENDITURES:				
Capital outlay	600,000	26,822,601	425,039	26,397,562
Total expenditures	<u>600,000</u>	<u>26,822,601</u>	<u>425,039</u>	<u>26,397,562</u>
Net change in fund balance	<u>\$ 42,176</u>	<u>\$ (26,336,655)</u>	60,906	<u>\$ 26,397,561</u>
FUND BALANCE:				
Beginning of year			<u>366,377</u>	
End of year			<u>\$ 427,283</u>	

City of Tracy
Budgetary Comparison Schedule
Business Improvement District Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Special assessments	\$ 137,802	\$ 142,149	\$ 142,148	\$ (1)
Total revenues	<u>137,802</u>	<u>142,149</u>	<u>142,148</u>	<u>(1)</u>
EXPENDITURES:				
Current:				
General government				
General government	137,802	71,168	71,167	1
Total expenditures	<u>137,802</u>	<u>71,168</u>	<u>71,167</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 70,981</u>	70,981	<u>\$ -</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>(69,670)</u>	
End of year			<u>\$ 1,311</u>	

City of Tracy
Budgetary Comparison Schedule
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Fines and penalties	\$ -	\$ 146,800	\$ 146,799	\$ (1)
Investment income (loss)	-	(9,766)	13,177	22,943
Total revenues	-	137,034	159,976	22,942
EXPENDITURES:				
Current:				
General government				
Non-departmental	54,255	250,000	-	250,000
Public safety				
Police	63,654	-	-	-
Capital outlay	-	335,166	335,166	-
Total expenditures	117,909	585,166	335,166	250,000
REVENUES OVER (UNDER) EXPENDITURES	(117,909)	(448,132)	(175,190)	272,942
Net change in fund balance	\$ (117,909)	\$ (448,132)	(175,190)	\$ 272,942
FUND BALANCE:				
Beginning of year			793,983	
End of year			\$ 618,793	

City of Tracy
Budgetary Comparison Schedule
Transportation Development Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ 142,193	\$ 142,193	\$ -
Investment income (loss)	23,599	(132)	1,290	1,422
Total revenues	<u>23,599</u>	<u>142,061</u>	<u>143,483</u>	<u>1,422</u>
EXPENDITURES:				
Current:				
General government				
Capital outlay	925,000	1,810,016	433,054	1,376,962
Total expenditures	<u>925,000</u>	<u>1,810,016</u>	<u>433,054</u>	<u>1,376,962</u>
Net change in fund balance	<u>\$ (901,401)</u>	<u>\$ (1,667,955)</u>	(289,571)	<u>\$ 1,378,384</u>
FUND BALANCE (DEFICIT):				
Beginning of year			146,983	
End of year			<u>\$ (142,588)</u>	

City of Tracy
Budgetary Comparison Schedule
Proposition K Transportation Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 2,472,000	\$ 2,190,638	\$ 2,190,639	\$ 1
Investment income (loss)	-	(132,530)	45,975	178,505
Intergovernmental	-	10,848	10,848	-
Total revenues	<u>2,472,000</u>	<u>2,068,956</u>	<u>2,247,462</u>	<u>178,506</u>
EXPENDITURES:				
Current:				
Community development				
Parks and community services	75,000	75,000	-	75,000
Capital outlay	540,000	8,149,996	242,413	7,907,583
Total expenditures	<u>615,000</u>	<u>8,224,996</u>	<u>242,413</u>	<u>7,982,583</u>
Net change in fund balance	<u>\$ 1,857,000</u>	<u>\$ (6,156,040)</u>	2,005,049	<u>\$ 8,161,089</u>
FUND BALANCE:				
Beginning of year			<u>6,966,622</u>	
End of year			<u>\$ 8,971,671</u>	

City of Tracy
Budgetary Comparison Schedule
State Gas Tax Street Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 31,715	\$ (135,580)	\$ 82,303	\$ 217,883
Intergovernmental	4,881,675	4,461,358	4,461,357	(1)
Total revenues	<u>4,913,390</u>	<u>4,325,778</u>	<u>4,543,660</u>	<u>217,882</u>
EXPENDITURES:				
Current:				
General government				
Finance	120,083	120,083	120,083	-
Public ways and facilities				
Public works	3,000,260	6,592,924	1,637,928	4,954,996
Community development				
Capital outlay	1,260,000	3,994,230	2,445,060	1,549,170
Total expenditures	<u>4,380,343</u>	<u>10,707,237</u>	<u>4,203,071</u>	<u>6,504,166</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>533,047</u>	<u>(6,381,459)</u>	<u>340,589</u>	<u>6,722,048</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	150,000	150,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Net change in fund balance	<u>\$ 533,047</u>	<u>\$ (6,381,459)</u>	490,589	<u>\$ 6,872,048</u>
FUND BALANCE:				
Beginning of year			<u>6,760,682</u>	
End of year			<u>\$ 7,251,271</u>	

City of Tracy
Budgetary Comparison Schedule
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 438,553	\$ 374,525	\$ 374,525	\$ -
Total revenues	<u>438,553</u>	<u>374,525</u>	<u>374,525</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government				
Economic development	503,511	149,341	149,339	2
Capital outlay	36,921	162,876	1,085	161,791
Total expenditures	<u>540,432</u>	<u>312,217</u>	<u>150,424</u>	<u>161,793</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(101,879)</u>	<u>62,308</u>	<u>224,101</u>	<u>161,793</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(150,000)	(150,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>
Net change in fund balance	<u>\$ (101,879)</u>	<u>\$ 62,308</u>	74,101	<u>\$ 11,793</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(77,027)	
End of year			<u>\$ (2,926)</u>	

City of Tracy
Budgetary Comparison Schedule
Landscaping District Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ (93,145)	\$ 61,899	\$ 155,044
Special assessments	3,657,219	3,725,522	3,725,521	(1)
Other revenue	-	1,500	1,500	-
Total revenues	<u>3,657,219</u>	<u>3,633,877</u>	<u>3,788,920</u>	<u>155,043</u>
EXPENDITURES:				
Current:				
General government				
Finance	241,169	241,169	241,169	-
Public ways and facilities				
Public works	3,289,123	3,349,303	3,349,284	19
Community development				
Parks and community services	124,359	-	-	-
Capital outlay	475,545	475,060	61	474,999
Total expenditures	<u>4,130,196</u>	<u>4,065,532</u>	<u>3,590,514</u>	<u>475,018</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(472,977)</u>	<u>(431,655)</u>	<u>198,406</u>	<u>630,061</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	88,782	87,475	87,475	-
Total other financing sources (uses)	<u>88,782</u>	<u>87,475</u>	<u>87,475</u>	<u>-</u>
Net change in fund balance	<u><u>\$ (384,195)</u></u>	<u><u>\$ (344,180)</u></u>	<u>285,881</u>	<u><u>\$ 630,061</u></u>
FUND BALANCE:				
Beginning of year			<u>5,470,745</u>	
End of year			<u><u>\$ 5,756,626</u></u>	

City of Tracy
Budgetary Comparison Schedule
Residential and Commercial Rehabilitation Loan Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 138	\$ (3,174)	\$ 2,599	\$ 5,773
Total revenues	<u>\$ 138</u>	<u>\$ (3,174)</u>	2,599	<u>\$ 5,773</u>
FUND BALANCE:				
Beginning of year			206,073	
End of year			<u>\$ 208,672</u>	

City of Tracy
Budgetary Comparison Schedule
Community Access CTV Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 86,952	\$ 152,785	\$ 152,785	\$ -
Investment income (loss)	-	(10,916)	4,170	15,086
Charges for current services	308	285	285	-
Total revenues	<u>87,260</u>	<u>142,154</u>	<u>157,240</u>	<u>15,086</u>
EXPENDITURES:				
Capital outlay	155,900	95,368	2,579	92,789
Total expenditures	<u>155,900</u>	<u>95,368</u>	<u>2,579</u>	<u>92,789</u>
Net change in fund balance	<u>\$ (68,640)</u>	<u>\$ 46,786</u>	154,661	<u>\$ 107,875</u>
FUND BALANCE:				
Beginning of year			<u>578,285</u>	
End of year			<u>\$ 732,946</u>	

City of Tracy
Budgetary Comparison Schedule
COPS Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 6,630	\$ 517	\$ 2,518	\$ 2,001
Intergovernmental	195,700	273,865	273,864	(1)
Total revenues	<u>202,330</u>	<u>274,382</u>	<u>276,382</u>	<u>2,000</u>
EXPENDITURES:				
Current:				
Public safety				
Police	306,728	394,873	394,872	1
Total expenditures	<u>306,728</u>	<u>394,873</u>	<u>394,872</u>	<u>1</u>
Net change in fund balance	<u>\$ (104,398)</u>	<u>\$ (120,491)</u>	(118,490)	<u>\$ 2,001</u>
FUND BALANCE:				
Beginning of year			132,144	
End of year			<u>\$ 13,654</u>	

City of Tracy
Budgetary Comparison Schedule
CFD Services 2016-2 Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ (35,982)	\$ 1,582	\$ 37,564
Special assessments	423,792	700,048	700,048	-
Total revenues	<u>423,792</u>	<u>664,066</u>	<u>701,630</u>	<u>37,564</u>
EXPENDITURES:				
Current:				
Public ways and facilities				
Public works	294,859	578,741	578,740	1
Total expenditures	<u>295,859</u>	<u>578,741</u>	<u>578,740</u>	<u>1</u>
Net change in fund balance	<u>\$ 127,933</u>	<u>\$ 85,325</u>	122,890	<u>\$ 37,565</u>
FUND BALANCE:				
Beginning of year			<u>540,706</u>	
End of year			<u>\$ 663,596</u>	

City of Tracy
Budgetary Comparison Schedule
CFD Services 2018-1 Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ (14,291)	\$ 8,622	\$ 22,913
Special assessments	164,218	507,997	507,996	(1)
Total revenues	<u>164,218</u>	<u>493,706</u>	<u>516,618</u>	<u>22,912</u>
EXPENDITURES:				
Current:				
General government				
Finance	226,095	300,438	300,433	5
Public ways and facilities				
Public works	469	333	332	1
Total expenditures	<u>226,564</u>	<u>300,771</u>	<u>300,765</u>	<u>6</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(62,346)</u>	<u>192,935</u>	<u>215,853</u>	<u>22,918</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(60,000)	(128,366)	(128,366)	-
Total other financing sources (uses)	<u>(60,000)</u>	<u>(128,366)</u>	<u>(128,366)</u>	<u>-</u>
Net change in fund balance	<u>\$ (122,346)</u>	<u>\$ 64,569</u>	87,487	<u>\$ 22,918</u>
FUND BALANCE:				
Beginning of year			700,439	
End of year			<u>\$ 787,926</u>	

City of Tracy
Budgetary Comparison Schedule
North East Industrial Plan Area Storm Drain Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ (39,551)	\$ 32,431	\$ 71,982
Total revenues	<u>-</u>	<u>(39,551)</u>	<u>32,431</u>	<u>71,982</u>
EXPENDITURES:				
Capital outlay	-	2,500,000	-	2,500,000
Total expenditures	<u>-</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,539,551)</u>	32,431	<u>\$ 2,571,982</u>
FUND BALANCE:				
Beginning of year			<u>2,569,288</u>	
End of year			<u>\$ 2,601,719</u>	

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Lease Revenue Bonds Debt Service Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 483	\$ 701	\$ 701	\$ -
Other revenue	-	289,571	289,571	-
Total revenues	<u>483</u>	<u>290,272</u>	<u>290,272</u>	<u>-</u>
EXPENDITURES:				
Capital outlay	-	-	11,807,418	(11,807,418)
Debt service:				
Principal	1,445,000	1,445,000	1,445,000	-
Interest and fiscal charges	1,516,713	1,522,215	1,499,929	22,286
Total expenditures	<u>2,961,713</u>	<u>2,967,215</u>	<u>14,752,347</u>	<u>(11,785,132)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,961,230)</u>	<u>(2,676,943)</u>	<u>(14,462,075)</u>	<u>(11,785,132)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,961,713	2,672,141	2,672,141	-
Total other financing sources (uses)	<u>2,961,713</u>	<u>2,672,141</u>	<u>2,672,141</u>	<u>-</u>
Net change in fund balance	<u>\$ 483</u>	<u>\$ (4,802)</u>	(11,789,934)	<u>\$ (11,785,132)</u>
FUND BALANCE:				
Beginning of year			21,752,043	
End of year			<u>\$ 9,962,109</u>	

This page intentionally left blank.

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, 2023

	Municipal Airport Fund	Municipal Transit Fund	Total
ASSETS			
Current assets:			
Cash and investments	\$ -	\$ 1,275,502	\$ 1,275,502
Accounts receivable, net	189,012	-	189,012
Intergovernmental receivable	-	8,877,107	8,877,107
Interest receivable	-	8,388	8,388
Lease receivable - due within one year	78,416	-	78,416
Total current assets	267,428	10,160,997	10,428,425
Noncurrent assets:			
Lease receivable - due in more than one year	1,863,694	-	1,863,694
Capital assets:			
Non-depreciable\amortizable	15,826	1,588,335	1,604,161
Depreciable\amortizable, net	13,408,270	11,341,376	24,749,646
Total capital assets, net	13,424,096	12,929,711	26,353,807
Total noncurrent assets	15,287,790	12,929,711	28,217,501
Total assets	15,555,218	23,090,708	38,645,926
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	4,236	7,324	11,560
Related to pensions	139,224	242,588	381,812
Total deferred outflows of resources	143,460	249,912	393,372
LIABILITIES			
Current liabilities:			
Accounts payable	36,341	392,790	429,131
Accrued payroll	17,999	27,652	45,651
Due to other funds	285,040	-	285,040
Deposits payable	55,998	-	55,998
Unearned revenue	-	75,822	75,822
Compensated absences - due within one year	9,001	16,035	25,036
Total current liabilities	404,379	512,299	916,678
Noncurrent liabilities:			
Net OPEB liability	29,099	50,317	79,416
Net pension liability	350,824	611,284	962,108
Compensated absences - due in more than one year	15,031	24,034	39,065
Total noncurrent liabilities	394,954	685,635	1,080,589
Total liabilities	799,333	1,197,934	1,997,267
DEFERRED INFLOWS OF RESOURCES			
Related to leases	1,907,018	-	1,907,018
Related to OPEB	11,309	19,556	30,865
Related to pensions	2,616	4,558	7,174
Total deferred inflows of resources	1,920,943	24,114	1,945,057
NET POSITION			
Net investment in capital assets	13,424,096	12,929,711	26,353,807
Unrestricted (deficit)	(445,694)	9,188,861	8,743,167
Total net position	\$ 12,978,402	\$ 22,118,572	\$ 35,096,974

City of Tracy
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2023

	Municipal Airport Fund	Municipal Transit Fund	Total
OPERATING REVENUES:			
Sales and charges for services	\$ 731,734	\$ 9,579,739	\$ 10,311,473
Other operating revenue	120,828	-	120,828
Total operating revenues	852,562	9,579,739	10,432,301
OPERATING EXPENSES:			
Maintenance and operation	1,125,732	2,059,950	3,185,682
Administration	106,721	4,081,988	4,188,709
Depreciation and amortization	1,148,919	1,177,851	2,326,770
Total operating expenses	2,381,372	7,319,789	9,701,161
OPERATING INCOME (LOSS)	(1,528,810)	2,259,950	731,140
NONOPERATING REVENUES (EXPENSES):			
Investment income (loss)	37,495	5,202	42,697
Total nonoperating revenues (expenses)	37,495	5,202	42,697
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,491,315)	2,265,152	773,837
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contributions	23,544	52,129	75,673
Transfers in	178,045	-	178,045
Total transfers	201,589	52,129	253,718
Changes in net position	(1,289,726)	2,317,281	1,027,555
NET POSITION:			
Beginning of year	14,268,128	19,801,291	34,069,419
End of year	<u>\$ 12,978,402</u>	<u>\$ 22,118,572</u>	<u>\$ 35,096,974</u>

City of Tracy
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2023

	Municipal Airport Fund	Municipal Transit Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/grantors	\$ 751,604	\$ 8,890,892	\$ 9,642,496
Cash payments to suppliers for goods and services/other funds	(810,259)	(5,652,944)	(6,463,203)
Cash payments to employees for services	(358,259)	(554,901)	(913,160)
Receipts from other operating revenues	120,828	-	120,828
Net cash provided by (used in) operating activities	(296,086)	2,683,047	2,386,961
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Repayment to other funds	57,002	(1,297,610)	(1,240,608)
Transfers from other funds	178,045	-	178,045
Net cash provided by (used in) noncapital financing activities	235,047	(1,297,610)	(1,062,563)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions from developers and others	23,544	52,129	75,673
Acquisition of capital assets	-	(159,405)	(159,405)
Net cash provided by (used in) capital and related financing activities	23,544	(107,276)	(83,732)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	37,495	(2,659)	34,836
Net cash provided by investing activities	37,495	(2,659)	34,836
Net change in cash and cash equivalents	-	1,275,502	1,275,502
CASH AND CASH EQUIVALENTS:			
Beginning of year	-	-	-
End of year	\$ -	\$ 1,275,502	\$ 1,275,502

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
For the Year Ended June 30, 2023

	Municipal Airport Fund	Municipal Transit Fund	Total
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,528,810)	\$ 2,259,950	\$ 731,140
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,148,919	1,177,851	2,326,770
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	(17,237)	-	(17,237)
Intergovernmental receivable	53,211	(704,130)	(650,919)
Lease receivable	93,749	-	93,749
Deferred outflows - OPEB related	(1,146)	(2,199)	(3,345)
Deferred outflows - pension related	(83,818)	(149,650)	(233,468)
Accounts payable	25,507	(139,285)	(113,778)
Accrued payroll	5,049	3,580	8,629
Deposits payable	2,287	-	2,287
Unearned revenue	-	15,283	15,283
Compensated absences	5,934	7,398	13,332
Net OPEB liability	171	2,340	2,511
Net pension liability	199,791	357,937	557,728
Deferred inflows - lease related	(112,140)	-	(112,140)
Deferred inflows - OPEB related	7,102	12,578	19,680
Deferred inflows - pension related	(94,655)	(158,606)	(253,261)
Total adjustments	<u>1,232,724</u>	<u>423,097</u>	<u>1,655,821</u>
Net cash provided by (used in) operating activities	<u>\$ (296,086)</u>	<u>\$ 2,683,047</u>	<u>\$ 2,386,961</u>

(Concluded)

This page intentionally left blank.

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, 2023

	Central Garage	Central Services	Equipment Acquisition
ASSETS			
Current assets:			
Cash and investments	\$ 145,730	\$ 620,536	\$ 7,727,873
Interest receivable	964	4,099	50,964
Prepaid items	-	-	101,590
Total current assets	146,694	624,635	7,880,427
Noncurrent assets:			
Capital assets:			
Depreciable, net	6,363	-	12,139,299
Total capital assets, net	6,363	-	12,139,299
Total noncurrent assets	6,363	-	12,139,299
Total assets	153,057	624,635	20,019,726
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	6,795	19,149	-
Related to pensions	223,603	632,838	-
Total deferred outflows of resources	230,398	651,987	-
LIABILITIES			
Current liabilities:			
Accounts payable	91,584	56,500	99,004
Accrued payroll	30,012	62,606	2,800
Deposits payable	-	-	-
Compensated absences - due within one year	14,530	43,819	-
Long-term debt, due within one year	-	-	472,278
Total current liabilities	136,126	162,925	574,082
Noncurrent liabilities:			
Net OPEB liability	46,680	131,551	-
Net pension liability	563,444	1,594,653	-
Compensated absences - due in more than one year	5,366	88,217	-
Long term debt - due in more than one year	-	-	131
Total noncurrent liabilities	615,490	1,814,421	131
Total liabilities	751,616	1,977,346	574,213
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	18,142	51,127	-
Related to pensions	4,201	11,890	-
Total deferred inflows of resources	22,343	63,017	-
NET POSITION			
Investment in capital assets	6,363	-	12,139,299
Unrestricted (deficit)	(396,867)	(763,741)	7,306,214
Total net position	\$ (390,504)	\$ (763,741)	\$ 19,445,513

(Continued)

City of Tracy
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2023

	Building Maintenance	Insurance	Total
ASSETS			
Current assets:			
Cash and investments	\$ 3,553,658	\$ 244,504	\$ 12,292,301
Interest receivable	23,448	1,617	81,092
Prepaid items	-	-	101,590
Total current assets	3,577,106	246,121	12,474,983
Noncurrent assets:			
Capital assets:			
Depreciable, net	3,069	-	12,148,731
Total capital assets, net	3,069	-	12,148,731
Total noncurrent assets	3,069	-	12,148,731
Total assets	3,580,175	246,121	24,623,714
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	10,325	9,177	45,446
Related to pensions	339,623	301,653	1,497,717
Total deferred outflows of resources	349,948	310,830	1,543,163
LIABILITIES			
Current liabilities:			
Accounts payable	82,625	7,736	337,449
Accrued payroll	39,469	28,377	163,264
Deposits payable	6,758	-	6,758
Compensated absences - due within one year	19,768	19,280	97,397
Long-term debt, due within one year	-	-	472,278
Total current liabilities	148,620	55,393	1,077,146
Noncurrent liabilities:			
Net OPEB liability	70,929	63,048	312,208
Net pension liability	855,797	760,118	3,774,012
Compensated absences - due in more than one year	49,886	54,826	198,295
Long term debt - due in more than one year	-	-	131
Total noncurrent liabilities	976,612	877,992	4,284,646
Total liabilities	1,125,232	933,385	5,361,792
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	27,566	24,503	121,338
Related to pensions	6,381	5,667	28,139
Total deferred inflows of resources	33,947	30,170	149,477
NET POSITION			
Investment in capital assets	3,069	-	12,148,731
Unrestricted (deficit)	2,767,875	(406,604)	8,506,877
Total net position	\$ 2,770,944	\$ (406,604)	\$ 20,655,608

(Concluded)

City of Tracy
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2023

	Central Garage	Central Services	Equipment Acquisition
OPERATING REVENUES:			
Sales and charges for services	\$ 2,549,698	\$ 3,480,255	\$ 1,898,665
Other operating revenue	-	-	-
Total operating revenues	<u>2,549,698</u>	<u>3,480,255</u>	<u>1,898,665</u>
OPERATING EXPENSES:			
Maintenance and operation	2,434,286	3,037,565	111,220
Administration	-	351,883	-
Insurance costs and claims	-	-	-
Depreciation	499	-	2,076,909
Total operating expenses	<u>2,434,785</u>	<u>3,389,448</u>	<u>2,188,129</u>
OPERATING INCOME (LOSS)	<u>114,913</u>	<u>90,807</u>	<u>(289,464)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income (loss)	(2,993)	1,261	112,170
Interest expense	-	-	(10,475)
Gain (loss) on sale of capital assets	-	-	(24,497)
Total nonoperating revenues (expenses)	<u>(2,993)</u>	<u>1,261</u>	<u>77,198</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>111,920</u>	<u>92,068</u>	<u>(212,266)</u>
TRANSFERS:			
Capital contributions	-	-	894,109
Total transfers	<u>-</u>	<u>-</u>	<u>894,109</u>
Changes in net position	111,920	92,068	681,843
NET POSITION (DEFICIT):			
Beginning of year	(502,424)	(855,809)	18,763,670
End of year	<u>\$ (390,504)</u>	<u>\$ (763,741)</u>	<u>\$ 19,445,513</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, 2023

	Building Maintenance	Insurance	Total
OPERATING REVENUES:			
Sales and charges for services	\$ 3,016,931	\$ 8,380,811	\$ 19,326,360
Other operating revenue	2,997	906,495	909,492
Total operating revenues	3,019,928	9,287,306	20,235,852
OPERATING EXPENSES:			
Maintenance and operation	2,266,288	1,538,059	9,387,418
Administration	117,746	659,067	1,128,696
Insurance costs and claims	-	7,910,803	7,910,803
Depreciation	261	-	2,077,669
Total operating expenses	2,384,295	10,107,929	20,504,586
OPERATING INCOME (LOSS)	635,633	(820,623)	(268,734)
NONOPERATING REVENUES (EXPENSES):			
Investment income (loss)	25,380	20,788	156,606
Interest expense	-	-	(10,475)
Gain (loss) on sale of capital assets	-	-	(24,497)
Total nonoperating revenues (expenses)	25,380	20,788	121,634
INCOME (LOSS) BEFORE TRANSFERS	661,013	(799,835)	(147,100)
TRANSFERS:			
Capital contributions	-	-	894,109
Total transfers	-	-	894,109
Changes in net position	661,013	(799,835)	747,009
NET POSITION (DEFICIT):			
Beginning of year	2,109,931	393,231	19,908,599
End of year	\$ 2,770,944	\$ (406,604)	\$ 20,655,608

(Concluded)

City of Tracy
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2023

	Central Garage	Central Services	Equipment Acquisition
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 2,549,698	\$ 3,480,255	\$ 1,898,665
Cash payments to suppliers for goods and services/other funds	(1,703,550)	(1,825,895)	(129,159)
Cash payments to employees for services	(878,951)	(1,532,701)	(5,353)
Receipts from other operating activities	-	-	-
Net cash provided by (used in) operating activities	<u>(32,803)</u>	<u>121,659</u>	<u>1,764,153</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions from developers and others	-	-	894,109
Acquisition of capital assets	-	-	(3,617,584)
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(2,251,066)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	(3,957)	(1,348)	99,401
Net cash provided by (used in) investing activities	<u>(3,957)</u>	<u>(1,348)</u>	<u>99,401</u>
Net change in cash and cash equivalents	(36,760)	120,311	(387,512)
CASH AND CASH EQUIVALENTS:			
Beginning of year	182,490	500,225	8,115,385
End of year	<u>\$ 145,730</u>	<u>\$ 620,536</u>	<u>\$ 7,727,873</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ 145,730	\$ 620,536	\$ 7,727,873
Total cash and cash equivalents	<u>\$ 145,730</u>	<u>\$ 620,536</u>	<u>\$ 7,727,873</u>

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	Central Garage	Central Services	Equipment Acquisition
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 114,913	\$ 90,807	\$ (289,464)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	499	-	2,076,909
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	-	-	-
Prepaid items	-	-	(36,058)
Deferred outflows - OPEB related	968	(4,679)	-
Deferred outflows - pension related	(82,408)	(370,109)	-
Accounts payable	28,438	(24,052)	9,966
Accrued payroll	335	3,226	2,800
Compensated absences	(11,998)	(30,146)	-
Net OPEB liability	(25,992)	(3,914)	-
Net pension liability	178,552	878,462	-
Deferred inflows - OPEB related	7,573	31,426	-
Deferred inflows - pension related	(243,683)	(449,362)	-
Total adjustments	(147,716)	30,852	2,053,617
Net cash provided by (used in) operating activities	\$ (32,803)	\$ 121,659	\$ 1,764,153

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	Building Maintenance	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 3,016,931	\$ 8,380,811	\$ 19,326,360
Cash payments to suppliers for goods and services/other funds	(1,450,258)	(9,094,140)	(14,203,002)
Cash payments to employees for services	(980,517)	(999,829)	(4,397,351)
Receipts from other operating activities	2,997	906,495	909,492
Net cash provided by (used in) operating activities	589,153	(806,663)	1,635,499
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions from developers and others	-	-	894,109
Acquisition of capital assets	-	-	(3,617,584)
Net cash (used in) capital and related financing activities	-	-	(2,251,066)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	10,774	22,236	127,106
Net cash provided by (used in) investing activities	10,774	22,236	127,106
Net change in cash and cash equivalents	599,927	(784,427)	(488,461)
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,953,731	1,028,931	12,780,762
End of year	<u>\$ 3,553,658</u>	<u>\$ 244,504</u>	<u>\$ 12,292,301</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ 3,553,658	\$ 244,504	\$ 12,292,301
Total cash and cash equivalents	\$ 3,553,658	\$ 244,504	\$ 12,292,301

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	Building Maintenance	Insurance	Total
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 635,633	\$ (820,623)	\$ (268,734)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	261	-	2,077,669
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	-	-	-
Prepaid items	-	-	(36,058)
Deferred outflows - OPEB related	(1,055)	(1,942)	(6,708)
Deferred outflows - pension related	(170,726)	(171,182)	(794,425)
Accounts payable	20,998	(3,349)	32,001
Accrued payroll	2,287	(334)	8,314
Compensated absences	(2,586)	(268)	(44,998)
Net OPEB liability	(15,854)	(4,685)	(50,445)
Net pension liability	395,388	404,458	1,856,860
Deferred inflows - OPEB related	14,945	14,652	68,596
Deferred inflows - pension related	(290,138)	(223,390)	(1,206,573)
Total adjustments	(46,480)	13,960	1,904,233
Net cash provided by (used in) operating activities	\$ 589,153	\$ (806,663)	\$ 1,635,499

(Concluded)

This page intentionally left blank.

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.

Community Facilities District 2021-01 Hillview Fund - This fund is used to account for the assets held on behalf of the 2021-01 Assessment District property owners until they are remitted to the bond trustee.

Tracy Rural Fire Medical Leave Bank Fund - This fund is used to account for the assets contributed by the Tracy Rural Fire District towards the Fire Medical Leave Bank.

City of Tracy
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2023

	Community Facilities District 89-1	Assessment District 94-1	Community Facilities District 93-1	Community Facilities District 98-1	Community Facilities District 98-3	Community Facilities District 99-1
ASSETS						
Cash and investments	\$ 337,835	\$ 45,869	\$ 4,032,117	\$ 249,954	\$ 72,394	\$ 549,947
Cash and investments with fiscal agent	680,407	398,636	549,658	6,337,282	682,662	567,000
Total assets	1,018,242	444,505	4,581,775	6,587,236	755,056	1,116,947
LIABILITIES						
Accounts payable	-	-	585	910	-	910
Deposits payable	-	-	-	-	-	-
Total liabilities	-	-	585	910	-	910
NET POSITION						
Held for:						
Individuals, organizations, and other governments	1,018,242	444,505	4,581,190	6,586,326	755,056	1,116,037
Total Net Position	\$ 1,018,242	\$ 444,505	\$ 4,581,190	\$ 6,586,326	\$ 755,056	\$ 1,116,037

(Continued)

City of Tracy
Combining Statement of Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
June 30, 2023

	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
ASSETS						
Cash and investments	\$ 166,423	\$ 1,204,432	\$ 309,277	\$ 301,146	\$ 1,403,044	\$ 76,257
Cash and investments with fiscal agent	1,076,056	1,396,362	1,877,686	139,373	2,044,977	-
Total assets	<u>1,242,479</u>	<u>2,600,794</u>	<u>2,186,963</u>	<u>440,519</u>	<u>3,448,021</u>	<u>76,257</u>
LIABILITIES						
Accounts payable	390	650	-	-	520	-
Deposits payable	-	-	-	298,184	-	-
Total liabilities	<u>390</u>	<u>650</u>	<u>-</u>	<u>298,184</u>	<u>520</u>	<u>-</u>
NET POSITION						
Held for:						
Individuals, organizations, and other governments	<u>1,242,089</u>	<u>2,600,144</u>	<u>2,186,963</u>	<u>142,335</u>	<u>3,447,501</u>	<u>76,257</u>
Total Net Position	<u>\$ 1,242,089</u>	<u>\$ 2,600,144</u>	<u>\$ 2,186,963</u>	<u>\$ 142,335</u>	<u>\$ 3,447,501</u>	<u>\$ 76,257</u>

(Continued)

City of Tracy
Combining Statement of Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
June 30, 2023

	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
ASSETS					
Cash and investments	\$ 714,364	\$ 22,271	\$ 37,696	\$ 621,430	\$ 10,144,456
Cash and investments with fiscal agent	3,870,211	14,890,316	1,192,333	-	35,702,959
Total assets	4,584,575	14,912,587	1,230,029	621,430	45,847,415
LIABILITIES					
Accounts payable	2,785	1,690	910	-	9,350
Deposits payable	-	-	-	-	298,184
Total liabilities	2,785	1,690	910	-	307,534
NET POSITION					
Held for:					
Individuals, organizations, and other governments	4,581,790	14,910,897	1,229,119	621,430	45,539,881
Total Net Position	\$ 4,581,790	\$ 14,910,897	\$ 1,229,119	\$ 621,430	\$ 45,539,881

(Concluded)

City of Tracy
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2023

	Community Facilities District 89-1	Assessment District 94-1	Community Facilities District 93-1	Community Facilities District 98-1	Community Facilities District 98-3	Community Facilities District 99-1
ADDITIONS:						
Fee collections for other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments for other governments	-	-	279,380	6,124,311	468,632	672,665
Investment income (loss)	17,894	13,980	13,607	92,347	18,506	29,253
Proceeds from debt issuance	-	-	-	-	-	-
Total additions	17,894	13,980	292,987	6,216,658	487,138	701,918
DEDUCTIONS:						
Administration	-	1,000	20,339	19,576	15,120	14,254
Payments on conduit bonds - principal	-	-	130,000	4,675,000	575,000	570,000
Payments on conduit bonds - interest	-	-	119,760	1,130,575	31,125	64,725
Project payments	-	-	-	-	-	-
Payments to other governments	-	225,500	-	167,094	-	-
Total deductions	-	226,500	270,099	5,992,245	621,245	648,979
Changes in net position	17,894	(212,520)	22,888	224,413	(134,107)	52,939
NET POSITION:						
Beginning of year	1,000,348	657,025	4,558,302	6,361,913	889,163	1,063,098
End of year	<u>\$ 1,018,242</u>	<u>\$ 444,505</u>	<u>\$ 4,581,190</u>	<u>\$ 6,586,326</u>	<u>\$ 755,056</u>	<u>\$ 1,116,037</u>

(Continued)

City of Tracy
Combining Statement of Changes in Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2023

	Assessment District 2000-01	2006-01 NE Industrial #2	I-205 Residential Reassessment District 1999	Assessment District 2003-01	2011 TOP JPA Revenue Bonds	CFD 2011-01 Tracy 580 Business Park
ADDITIONS:						
Fee collections for other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments for other governments	1,165,043	698,790	225,500	78,778	1,314,726	-
Investment income (loss)	14,834	52	78,869	3,263	92,977	-
Proceeds from debt issuance	-	-	-	-	-	-
Total additions	1,179,877	698,842	304,369	82,041	1,407,703	-
DEDUCTIONS:						
Administration	18,976	17,040	2,000	10,383	30,213	-
Payments on conduit bonds - principal	695,000	280,000	220,000	50,000	1,070,000	-
Payments on conduit bonds - interest	403,138	369,300	5,500	19,938	271,206	-
Project payments	-	-	-	-	-	-
Payments to other governments	-	1,313,301	-	-	-	-
Total deductions	1,117,114	1,979,641	227,500	80,321	1,371,419	-
Changes in net position	62,763	(1,280,799)	76,869	1,720	36,284	-
NET POSITION:						
Beginning of year	1,179,326	3,880,943	2,110,094	140,615	3,411,217	76,257
End of year	<u>\$ 1,242,089</u>	<u>\$ 2,600,144</u>	<u>\$ 2,186,963</u>	<u>\$ 142,335</u>	<u>\$ 3,447,501</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, 2023

	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
ADDITIONS:					
Fee collections for other governments	\$ -	\$ -	\$ -	\$ 335,390	\$ 335,390
Special assessments for other governments	2,326,178	4,927,963	429,151	-	18,711,117
Investment income (loss)	262	678	193	-	376,715
Proceeds from debt issuance	-	-	-	-	-
Total additions	2,326,440	4,928,641	429,344	335,390	19,423,222
DEDUCTIONS:					
Administration	94,238	56,661	-	-	299,800
Payments on conduit bonds - principal	70,000	370,000	-	-	8,705,000
Payments on conduit bonds - interest	1,257,000	3,049,550	279,943	-	7,001,760
Project payments	2,050,920	-	-	-	2,050,920
Payments to other governments	-	-	5,788,661	30,391	7,524,947
Total deductions	3,472,158	3,476,211	6,068,604	30,391	25,582,427
Changes in net position	(1,145,718)	1,452,430	(5,639,260)	304,999	(6,159,205)
NET POSITION:					
Beginning of year	5,727,508	13,458,467	6,868,379	316,431	51,699,086
End of year	<u>\$ 4,581,790</u>	<u>\$ 14,910,897</u>	<u>\$ 1,229,119</u>	<u>\$ 621,430</u>	<u>\$ 45,539,881</u>

(Concluded)

This page intentionally left blank.

STATISTICAL SECTION
(Unaudited)

This page intentionally left blank.

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

CONTENTS	PAGE
Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	
1 Net Position by Component	200
2 Changes in Net Position	202
3 Program Revenues by Function/Program	208
4 Fund Balances of Governmental Funds	210
5 Changes in Fund Balances of Governmental Funds	212
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
6 Governmental Activities Tax Revenues by Source	215
7 Assessed Value of Taxable Property	216
8 Direct and Overlapping Property Tax Rates	218
9 Principal Property Taxpayers	220
10 Property Tax Levies and Collections	221
11 Sales Tax Rates - Direct and Overlapping Governments	223
12 Taxable Sales by Category	224
13 Principal Sales Tax Producers	226
14 Water and Wastewater Rates	227
Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	
15 Ratios of Outstanding Debt by Type	228
16 Ratios of General Bonded Debt Outstanding	230
17 Direct and Overlapping Governmental Activities Debt	231
18 Legal Debt Margin Information	232
19 Pledged Revenue Coverage	234
Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
20 Demographics and Economic Statistics	236
21 Principal Employers	238
Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
22 Full-Time and Part-Time City Employees	239
23 Operating Indicators by Function/Program	240
24 Capital Asset Statistics by Function/Program	242

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				
	2023	2022	2021	2020	2019
Governmental activities					
Net investment in capital assets	\$ 658,562	\$ 640,818	\$ 653,646	\$ 638,464	\$ 626,220
Restricted	244,307	237,567	217,130	201,440	199,212
Unrestricted	96,917	70,533	1,254	(36,566)	(22,474)
Total governmental activities net assets	<u>999,786</u>	<u>948,918</u>	<u>872,030</u>	<u>803,338</u>	<u>802,958</u>
Business-type activities:					
Net investment in capital assets	\$ 435,567	\$ 421,052	\$ 412,464	\$ 397,487	\$ 370,880
Restricted	2	-	-	518	1
Unrestricted	49,685	66,078	51,960	62,495	48,068
Total business-type activities	<u>\$ 485,254</u>	<u>\$ 487,130</u>	<u>\$ 464,424</u>	<u>\$ 460,500</u>	<u>\$ 418,949</u>
Primary government:					
Net investment in capital assets	\$ 1,094,129	\$ 1,061,870	\$ 1,066,110	\$ 1,035,951	\$ 997,100
Restricted	244,309	237,567	217,130	201,958	199,213
Unrestricted	146,602	136,611	53,214	25,929	26,594
Total primary government	<u>\$ 1,485,040</u>	<u>\$ 1,436,048</u>	<u>\$ 1,336,454</u>	<u>\$ 1,263,838</u>	<u>\$ 1,222,907</u>

Source: City of Tracy, Finance Department:

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Governmental activities					
Net investment in capital assets	\$ 609,080	\$ 581,394	\$ 553,914	\$ 526,467	\$ 518,181
Restricted	183,594	155,947	145,381	152,380	100,403
Unrestricted	(10,576)	(1,272)	(5,343)	(11,671)	42,063
Total governmental activities net assets	<u>782,098</u>	<u>736,069</u>	<u>693,952</u>	<u>667,176</u>	<u>660,647</u>
Business-type activities:					
Net investment in capital assets	\$ 359,213	\$ 357,628	\$ 302,888	\$ 314,492	\$ 327,065
Restricted	-	350	348	346	247
Unrestricted	48,616	41,657	39,357	31,221	31,101
Total business-type activities	<u>\$ 407,829</u>	<u>\$ 399,635</u>	<u>\$ 342,593</u>	<u>\$ 346,059</u>	<u>\$ 358,413</u>
Primary government:					
Net investment in capital assets	\$ 968,293	\$ 939,022	\$ 856,802	\$ 840,959	\$ 845,246
Restricted	183,594	156,297	145,729	152,726	100,650
Unrestricted	38,040	40,385	34,014	19,550	73,164
Total primary government	<u>\$ 1,189,927</u>	<u>\$ 1,135,704</u>	<u>\$ 1,036,545</u>	<u>\$ 1,013,235</u>	<u>\$ 1,019,060</u>

Source: City of Tracy, Finance Department:

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Expenses:					
Governmental activities:					
General Government	\$ 25,434	\$ 26,685	\$ 22,135	\$ 14,661	\$ 14,455
Public safety	79,271	55,696	56,194	60,125	54,075
Public works	10,638	34,402	32,034	34,151	42,693
Culture and leisure	17,987	4,800	3,848	4,044	3,920
Interest on long-term debt	10,632	990	675	1,338	1,271
Unallocated depreciation	935	-	-	-	-
Total Governmental Activities Expenses	144,897	122,573	114,886	114,319	116,414
Business-type Activities:					
Water	\$ 26,068	\$ 24,886	\$ 21,177	\$ 21,458	\$ 19,941
Wastewater	23,258	23,435	21,238	18,991	18,961
Solid waste	33,375	28,418	25,986	25,275	22,289
Drainage operations	2,336	2,114	2,195	2,610	2,558
Municipal airport	2,381	2,228	1,144	1,363	1,123
Municipal transit	7,320	6,080	5,352	5,485	5,017
Total Business-Type Activities	94,738	87,161	77,092	75,182	69,889
Total Primary Governmental Expenses	\$ 239,635	\$ 209,734	\$ 191,978	\$ 189,501	\$ 186,303

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Program revenues:					
Governmental activities:					
Charges for Services:					
Development fees	\$ 11,572	\$ 17,279	\$ 11,151	\$ 7,731	\$ 10,068
Other public works	2,721	2,721	2,721	2,721	2,831
Parks and community services	1,425	884	222	522	666
Other activities	9,604	9,159	8,728	8,165	7,227
Operating grants and contributions	17,282	13,576	8,330	14,969	15,142
Capital grants and contributions	33,225	63,193	52,673	39,662	36,408
Total Governmental Activities Program Revenues	75,829	106,812	83,825	73,770	72,342
Business-type Activities:					
Charges for Services:					
Water	\$ 22,457	\$ 22,407	\$ 23,406	\$ 20,328	\$ 16,497
Wastewater	15,649	14,973	15,051	14,552	14,168
Solid waste	31,478	25,758	24,309	23,072	21,550
Drainage operations	848	731	750	737	686
Municipal airport	732	582	854	662	658
Municipal transit	9,580	7,571	62	103	117
Operating grants and contributions	31	1,688	6,988	4,263	3,733
Capital grants and contributions	10,195	12,703	5,801	22,818	20,936
Total Business-Types Activities Program Revenues	90,970	86,413	77,221	86,535	78,345
Total Primary Government Program Revenues	\$ 166,799	\$ 193,225	\$ 161,046	\$ 160,305	\$ 150,687
Net (expense)/revenue					
Governmental activities	\$ (69,068)	\$ (15,761)	\$ (31,061)	\$ (40,549)	\$ (44,072)
Business-type activities	(3,768)	(748)	129	11,353	8,456
Total primary government net (expense) revenue	\$ (72,836)	\$ (16,509)	\$ (30,932)	\$ (29,196)	\$ (35,616)

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

	Fiscal Year				
	2023	2022	2021	2020	2019
General revenues and other changes in net assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 30,093	\$ 27,241	\$ 25,736	\$ 24,082	\$ 22,723
Sales and use taxes	73,724	75,112	56,649	37,039	37,083
Franchise taxes	5,127	4,265	4,258	3,864	3,545
Other taxes	4,704	5,615	4,802	3,692	3,703
Motor vehicle in lieu, unrestricted	97	114	70	73	44
Investment income (loss)	4,418	(8,949)	242	1,543	1,395
Miscellaneous	1,841	14,204	1,388	87	407
Transfers	(178)	(24,954)	(3,609)	(27,355)	(2,016)
Gain on Transfer of assets'	-	-	-	-	-
Special item - Transfer of assets	-	-	-	(2,098)	-
Total governmental activities	119,826	92,648	89,536	40,927	66,884
Business-type activities:					
Interest earnings	1,306	(1,819)	145	1,835	1,576
Miscellaneous	407	320	40	9	66
Transfers	178	24,954	3,609	27,355	2,016
Total business-type activities	1,891	23,455	3,794	29,199	3,658
Total primary government	\$ 121,717	\$ 116,103	\$ 93,330	\$ 70,126	\$ 70,542
Change in net position					
Governmental activities	\$ 50,758	\$ 76,887	\$ 58,475	\$ 380	\$ 22,812
Business-type activities	(1,877)	22,707	3,923	40,552	12,114
Total primary government	\$ 48,881	\$ 99,594	\$ 62,398	\$ 40,932	\$ 34,926

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				
	2018	2017	2016	2015	2014
Expenses:					
Governmental activities:					
General Government	\$ 13,480	\$ 12,412	\$ 13,629	\$ 7,907	\$ 6,412
Public safety	52,785	41,326	37,858	37,562	37,974
Public works	34,183	26,330	31,874	27,572	32,358
Culture and leisure	3,395	2,830	3,134	3,288	4,668
Interest on long-term debt	1,288	1,304	1,345	1,337	1,342
Unallocated depreciation	-	-	-	-	586
Total Governmental Activities Expenses	<u>105,131</u>	<u>84,202</u>	<u>87,840</u>	<u>77,666</u>	<u>83,340</u>
Business-type Activities:					
Water	\$ 19,087	\$ 18,980	\$ 22,659	\$ 23,610	\$ 22,300
Wastewater	18,601	15,079	16,522	17,040	16,442
Solid waste	20,958	20,541	20,899	19,477	18,923
Drainage	2,791	3,027	3,485	3,436	3,404
Airport	1,475	901	775	703	629
Transit	5,571	3,953	3,169	2,968	2,556
Total Business-Type Activities	<u>68,483</u>	<u>62,481</u>	<u>67,509</u>	<u>67,234</u>	<u>64,254</u>
Total Primary Governmental Expenses	<u>\$ 173,614</u>	<u>\$ 146,683</u>	<u>\$ 155,349</u>	<u>\$ 144,900</u>	<u>\$ 147,594</u>

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Program revenues:					
Governmental activities:					
Charges for Services:					
Development fees	\$ 8,784	\$ 8,769	\$ 6,816	\$ 6,124	\$ 3,039
Other public works	2,722	2,721	3,093	2,968	5,040
Parks and community services	762	701	1,047	940	838
Other activities	7,252	1,805	1,864	1,104	1,879
Operating grants and contributions	14,191	12,680	12,811	13,097	10,964
Capital grants and contributions	68,535	39,966	37,084	40,451	18,166
Total Governmental Activities Program Revenues	102,246	66,642	\$ 62,715	\$ 64,684	\$ 39,926
Business-type Activities:					
Charges for Services:					
Water	\$ 16,307	\$ 14,935	\$ 13,101	\$ 14,379	\$ 18,700
Wastewater	14,836	14,034	13,616	13,086	12,940
Solid waste	20,973	23,333	25,156	22,356	21,521
Drainage	691	644	609	603	546
Airport	732	478	403	504	395
Transit	117	116	96	109	1,631
Operating grants and contributions	6,397	1,516	2,041	1,608	-
Capital grants and contributions	9,181	4,268	3,302	8,652	6,337
Total Business-Types Activities Program Revenues	69,234	59,324	\$ 58,324	\$ 61,297	\$ 62,070
Total Primary Government Program Revenues	\$ 171,480	\$ 125,966	\$ 121,039	\$ 125,981	\$ 101,996
Net (expense)/revenue					
Governmental activities	\$ (2,885)	\$ (17,560)	\$ (25,125)	\$ (12,982)	\$ (43,414)
Business-type activities	751	(3,157)	(9,185)	(5,937)	(2,184)
Total primary government net (expense) revenue	\$ (2,134)	\$ (20,717)	\$ (34,310)	\$ (18,919)	\$ (45,598)

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

	Fiscal Year				
	2018	2017	2016	2015	2014
General revenues and other changes in net assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 20,857	\$ 20,393	\$ 19,638	\$ 17,709	\$ 15,700
Sales and use taxes	30,761	23,291	24,371	24,280	22,722
Franchise taxes	3,558	2,829	2,776	2,728	2,593
Other taxes	3,756	2,719	2,562	2,304	1,952
Motor vehicle in lieu, unrestricted	48	40	34	35	36
Investment income (loss)	545	435	1,000	610	1,129
Miscellaneous	1,926	2,022	3,497	1,311	1,634
Transfers	(8,692)	(4,968)	(5,141)	-	-
Gain on Transfer of assets'	-	-	-	-	-
Special item - Transfer of assets	(3,347)	-	3,162	-	-
Total governmental activities	49,412	46,761	51,899	48,977	45,766
Business-type activities:					
Interest earnings	531	626	551	585	264
Miscellaneous	84	24	25	42	-
Transfers	8,692	4,968	5,141	-	-
Total business-type activities	9,307	5,618	5,717	627	264
Total primary government	\$ 58,719	\$ 52,379	\$ 57,616	\$ 49,604	\$ 46,030
Change in net position					
Governmental activities	\$ 46,527	\$ 29,201	\$ 26,774	\$ 35,995	\$ 2,352
Business-type activities	10,059	2,461	(3,468)	(5,310)	(1,920)
Total primary government	\$ 56,586	\$ 31,662	\$ 23,306	\$ 30,685	\$ 432

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				
	2023	2022	2021	2020	2019
Governmental activities:					
General Government	\$ 22,320	\$ 13,565	\$ 9,898	\$ 9,126	\$ 8,988
Police	3,661	2,464	1,922	2,134	2,277
Fire	360	32	-	10,339	6,445
Development and engineering	11,572	17,279	11,171	7,751	10,585
Public works	36,492	72,546	60,072	43,031	43,510
Parks and community services	1,424	927	762	1,390	1,000
Subtotal governmental activities	75,829	106,813	83,825	73,771	72,805
Business-type activities:					
Water	\$ 29,921	\$ 29,403	\$ 25,029	\$ 31,134	\$ 20,307
Wastewater	15,892	20,282	16,905	22,584	29,337
Solid waste	31,664	26,386	24,329	23,134	21,553
Drainage operations	3,106	1,537	1,843	760	1,509
Municipal airport	755	704	989	2,382	1,725
Municipal transit	9,632	8,101	8,127	6,543	3,914
Subtotal business-type activities	90,970	86,413	77,222	86,537	78,345
Total primary government	\$ 166,799	\$ 193,226	\$ 161,047	\$ 160,308	\$ 151,150

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

Function/Program	Fiscal Year				
	2018	2017	2016	2015	2014
Governmental activities:					
General Government	\$ 11,204	\$ 2,700	\$ 3,099	\$ 3,850	\$ 2,892
Police	3,085	1,972	2,052	2,847	1,775
Fire	7,172	6,556	6,539	6,792	6,980
Development and engineering	9,363	9,213	7,209	6,505	3,410
Public works	70,310	45,234	42,437	43,198	23,621
Parks and community services	1,112	967	1,380	1,492	1,248
Subtotal governmental activities	<u>102,246</u>	<u>66,642</u>	<u>62,716</u>	<u>64,684</u>	<u>39,926</u>
Business-type activities:					
Water	\$ 21,397	\$ 15,220	\$ 13,801	\$ 17,659	\$ 16,877
Wastewater	16,610	14,805	13,849	14,533	13,438
Solid waste	20,973	23,354	25,156	22,356	20,352
Drainage operations	808	644	686	659	3,424
Municipal airport	2,906	1,514	2,622	4,060	731
Municipal transit	6,540	3,787	2,210	2,030	1,171
Subtotal business-type activities	<u>69,234</u>	<u>59,324</u>	<u>58,324</u>	<u>61,297</u>	<u>55,993</u>
Total primary government	<u>\$ 171,480</u>	<u>\$ 125,966</u>	<u>\$ 121,040</u>	<u>\$ 125,981</u>	<u>\$ 95,919</u>

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

	Fiscal Year				
	2023	2022	2021	2020	2019
General Fund:					
Nonspendable	\$ 5,535	\$ -	\$ 40	\$ 40	\$ 470
Restricted	3,596	3,175	2,348	-	-
Committed	16,489	16,401	16,401	14,479	14,883
Assigned	12,952	11,277	11,277	6,112	15,213
Unassigned	1,857	6,024	3,964	-	-
Total General Fund	\$ 40,429	\$ 36,877	\$ 34,030	\$ 20,631	\$ 30,566
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	240,712	234,392	195,384	155,058	164,057
Committed	4,000	-	-	-	-
Assigned	101,782	79,742	38,508	26,193	12,192
Unassigned (deficit)	-	-	-	-	-
Special revenue funds	(145)	(147)	-	(3,131)	(6,609)
Capital projects funds	(55)	(102)	(2,176)	(2,174)	(2,382)
Total all other governmental funds	\$ 346,294	\$ 313,885	\$ 231,716	\$ 175,946	\$ 167,258

Source: City of Tracy, Finance Department

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

	Fiscal Year				
	2018	2017	2016	2015	2014
General Fund:					
Nonspendable	\$ 1,525	\$ 5,117	\$ 5,873	\$ 6,640	\$ 782
Restricted	-	-	-	-	346
Committed	14,961	11,716	-	-	-
Assigned	20,997	11,455	358	1,152	523
Unassigned	842	12,483	34,425	29,861	33,420
Total General Fund	\$ 38,325	\$ 40,771	\$ 40,656	\$ 37,653	\$ 35,071
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	153,595	124,932	-	4	57
Committed	-	-	110,191	113,064	97,402
Assigned	5,909	4,438	-	-	-
Unassigned (deficit)	-	-	5,588	13,360	-
Special revenue funds	(8,192)	(517)	-	-	-
Capital projects funds	-	-	(4,431)	(610)	(1,278)
Total all other governmental funds	\$ 151,312	\$ 128,853	\$ 111,348	\$ 125,818	\$ 96,181

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				
	2023	2022	2021	2020	2019
Revenues:					
Taxes	\$ 110,247	\$ 110,165	\$ 88,626	\$ 65,927	\$ 65,931
Licenses, premits and fees	16,585	14,084	10,015	7,418	8,161
Fines and forfeits	342	255	1,098	630	880
Use of money and property	4,019	(8,081)	483	5,604	6,003
Intergovernmental	18,918	11,462	8,221	12,770	16,733
Charges of services	33,945	69,914	50,130	41,841	34,752
Special assessments	5,570	5,116	4,305	4,060	4,646
Contributions from assessment districts	-	-	156	3,434	1,697
Other	2,280	11,122	1,353	58	147
Total revenues	191,906	214,037	164,387	141,742	138,950
Expenditures:					
Current:					
General government	25,884	19,063	17,658	15,136	14,544
Police	47,132	40,094	35,935	33,708	30,575
Fire	15,909	16,448	15,933	21,909	21,404
Development and engineering	13,136	12,413	12,413	11,258	11,327
Public works	11,794	13,345	11,997	11,547	13,391
Parks and community services	11,046	4,042	3,038	3,181	3,245
Capital outlay	27,823	15,937	9,108	29,699	28,802
Debt service:					
Principal	2,292	765	555	21,315	405
Interest and fiscal charges	1,532	1,040	720	1,565	1,276
Total expenditures	156,548	123,147	107,357	149,318	124,969
Excess of revenues over (under) expenditures	35,358	90,890	57,030	(7,576)	13,981
Other financing sources (uses):					
Issuance of debt (including premium)	781	20,327	-	21,737	-
Contributions	-	-	-	3,930	-
Transfers in	34,187	118,206	20,489	27,601	36,154
Transfers out	(34,365)	(144,408)	(24,562)	(46,971)	(40,004)
Proceeds from sale of property	-	-	-	33	8
Total other financing sources (uses):	603	(5,875)	(4,073)	6,330	(3,842)
Net change in fund balances	\$ 35,961	\$ 85,015	\$ 52,957	\$ (1,246)	\$ 10,139
Debt service as a percentage of non-capital expenditures	3.06%	1.68%	1.31%	17.41%	1.56%

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues:					
Taxes	\$ 59,838	\$ 47,540	\$ 49,118	\$ 46,915	\$ 43,804
Licenses, premits and fees	7,792	7,191	5,236	4,706	4,008
Fines and forfeits	1,559	510	673	972	863
Use of money and property	1,462	1,356	2,936	1,277	1,699
Intergovernmental	21,127	27,127	20,413	16,235	12,928
Charges of services	54,269	9,472	9,997	9,165	8,894
Special assessments	3,597	24,886	14,977	29,899	7,181
Contributions from assessment districts	5,121	3,372	3,574	3,444	4,346
Other	1,589	3,460	3,501	1,410	1,767
Total revenues	156,354	124,914	110,425	114,023	85,490
Expenditures:					
Current:					
General government	13,579	13,763	14,900	7,748	7,050
Police	27,078	24,690	23,717	22,012	21,592
Fire	22,251	18,483	16,692	16,033	15,869
Development and engineering	13,549	8,828	9,042	7,793	6,467
Public works	10,156	9,292	9,372	9,093	8,471
Parks and community services	2,683	2,287	3,110	3,019	3,113
Capital outlay	38,631	28,645	41,456	20,582	27,179
Debt service:					
Principal	434	398	368	328	245
Interest and fiscal charges	1,292	1,308	1,322	1,334	1,345
Total expenditures	129,653	107,694	119,979	87,942	91,331
Excess of revenues over (under) expenditures	26,701	17,220	(9,554)	26,081	(5,841)
Other financing sources (uses):					
Issuance of debt (including premium)	-	-	-	248	-
Contributions	-	-	-	-	-
Transfers in	13,040	5,226	6,009	11,723	1,214
Transfers out	(16,731)	(5,226)	(8,750)	(11,745)	(1,236)
Proceeds from sale of property	350	5	829	420	-
Total other financing sources (uses):	(3,341)	5	(1,912)	646	(22)
Net change in fund balances	\$ 23,360	\$ 17,225	\$ (11,466)	\$ 26,727	\$ (5,863)
Debt service as a percentage of non-capital expenditures	1.70%	1.97%	1.94%	2.34%	2.12%

This page intentionally left blank.

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
2023	\$ 30,093,248	\$ 5,127,129	\$ 73,724,308	\$ 2,185,441	\$ 738,856	\$ 1,779,260	\$ 113,648,242
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

Source: Finance Department, City of Tracy

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

Category	Fiscal Years				
	2023	2022	2021	2020	2019
Residential	\$ 10,872,703,960	\$ 9,760,318,294	\$ 9,143,911,871	\$ 8,555,296,590	\$ 8,039,865,942
Commercial	1,083,958,507	1,063,194,692	1,030,981,316	955,735,852	947,333,003
Industrial	2,058,957,773	1,725,889,800	1,497,816,029	1,317,064,070	1,174,162,150
Agricultural	10,060,103	15,740,791	9,954,085	13,112,309	14,680,140
Govt. Owned	402,603	394,710	390,665	383,006	58,141
Institutional	13,819,306	13,241,969	17,778,493	14,022,064	13,108,380
Miscellaneous	1,188,739	1,181,722	1,059,690	1,040,944	1,020,538
Recreational	14,332,332	14,051,314	13,907,241	13,655,823	13,397,875
Vacant	795,102,051	542,638,869	450,516,491	390,395,541	224,337,103
SBE Nonunitary	13,423,381	13,423,381	13,423,381	11,939,960	11,939,960
Cross Reference	11,232,816	8,944,462	7,908,510	6,625,995	6,538,593
Unsecured	738,816,903	586,803,473	608,053,111	558,315,419	537,094,969
Exempt	-	-	-	-	-
Unknown	315,231	309,051	305,883	336,600	692,500
Totals	\$ 15,614,313,705	\$ 13,746,132,528	\$ 12,796,006,766	\$ 11,837,924,173	\$ 10,984,229,294
Total Direct Rate	12.70%	13.34%	13.70%	13.87%	14.29%

*Table updated as of FY22-23

Source: The HdL Company

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

Category	Fiscal Years				
	2018	2017	2016	2015	2014
Residential	\$ 7,507,417,694	\$ 7,068,856,191	\$ 6,659,567,812	\$ 6,338,819,597	\$ 5,483,285,494
Commercial	929,006,663	885,051,665	813,724,348	809,032,343	780,671,922
Industrial	1,096,123,367	985,768,269	729,448,654	731,830,268	643,307,116
Agricultural	16,512,544	16,157,722	64,987,156	50,838,834	15,845,815
Govt. Owned	57,001	55,884	1,096,359	1,213,712	53,723
Institutional	14,530,172	5,720,691	9,515,260	9,692,380	8,872,850
Miscellaneous	1,000,531	904,446	32,517,596	31,703,360	31,765,357
Recreational	13,135,180	12,877,684	16,769,125	16,557,457	16,461,155
Vacant	237,333,513	245,602,494	298,360,191	130,690,678	132,775,224
SBE Nonuitary	11,939,960	11,939,960	12,164,031	12,164,031	12,164,031
Cross Reference	6,436,773	6,326,367	6,166,763	5,447,560	5,285,640
Unsecured	577,931,679	514,650,372	385,687,795	362,915,054	283,642,728
Exempt	(14,741,007)	(14,691,821)	(13,653,324)	(11,108,238)	(10,494,903)
Unknown	-	-	-	-	65,332,242
Totals	\$ 10,396,684,070	\$ 9,739,219,924	\$ 9,016,351,766	\$ 8,489,797,036	\$ 7,468,968,394
Total Direct Rate	14.39%	14.56%	14.90%	15.03%	15.27%

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

Agency	Fiscal Year				
	2023	2022	2021	2020	2019
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Banta Elementary	0.00000	0.00040	0.00150	0.00210	0.00270
Banta Unified	0.01120	0.00000	0.00000	0.00000	0.00000
Jefferson Elementary	0.02410	0.02500	0.02610	0.02590	0.02730
Lammersville Joint Usd 2016A	0.04670	0.03880	0.03950	0.04870	0.05500
San Joaquin Delta College District	0.01440	0.01630	0.01830	0.01990	0.02250
Tracy Sfid3 2008 Bond	0.02040	0.00000	0.00000	0.00000	0.00000
Tracy Sfid3 2014 Bond	0.03660	0.00000	0.00000	0.00000	0.00000
Tracy Unified School District	0.01120	0.06130	0.06320	0.06470	0.06420
Tracy-Lammersville School District	0.00000	0.00000	0.01390	0.01510	0.01620
Tracy-Lammersville Usd	0.00000	0.01370	0.00000	0.00000	0.00000
Total Direct & Overlapping² Tax Rates	1.16460	1.15550	1.16250	1.17640	1.18790
City's Share of 1% Levy Per Prop 13 ³	0.16903	0.16903	0.16903	0.16903	0.16903
Voter Approved City Debt Rate					
Redevelopment Rate ⁴			1.00000		
Total Direct Rate ⁵	0.12704	0.13342	0.13701	0.13869	0.14291

*Table updated as of FY22-23

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed, amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

³City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

⁴Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABXI 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

⁵Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposed of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

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

Agency	Fiscal Year				
	2018	2017	2016	2015	2014
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Banta Elementary	0.00350	0.00510	0.00700	0.00870	0.00820
Banta Unified	0.00000	0.00000	0.00000	0.00000	0
Jefferson Elementary	0.02640	0.02690	0.02710	0.02900	0.02850
Lammersville Joint Usd 2016A	0.05340	0.00000	0.00000	0.00000	0.00000
San Joaquin Delta College District	0.01800	0.01800	0.01980	0.02330	0.01940
Tracy Sfid3 2008 Bond	0.00000	0.00000	0.00000	0.00000	0
Tracy Sfid3 2014 Bond	0.00000	0.00000	0.00000	0.00000	0
Tracy Unified School District	0.03320	0.06690	0.07010	0.02120	0.03270
Tracy-Lammersville School District	0.01720	0.01850	0.02010	0.02130	0.01480
Tracy-Lammersville School District	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct & Overlapping² Tax Rates	1.15170	1.13540	1.14410	1.10350	1.10360
City's Share of 1% Levy Per Prop 13 ³	0.16903	0.16903	0.16903	0.16903	0.16903
Voter Approved City Debt Rate					
Redevelopment Rate ⁴					
Total Direct Rate ⁵	0.14394	0.14564	0.14895	0.15031	0.15266

*Table updated as of FY22-23

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed, amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

³City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

⁴Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABXI 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

⁵Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposed of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

City of Tracy
Principal Property Tax Payers
Current Fiscal Year and Nine Years Ago

Taxpayer Name	2022-2023			2013-2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Prologis	\$ 714,191,872	1	4.57%	\$ 79,870,518	3	1.07%
Amazon Com Services Inc	274,757,310	2	1.76%	-		0.00%
Grant Chrisman LLC	161,818,454	3	1.04%	-		0.00%
Lennar Homes of California Inc	157,290,496	4	1.01%	-		0.00%
USLP Tracy IV LP	141,500,000	5	0.91%	-		0.00%
Fedex Ground Package System Inc	128,811,026	6	0.82%	-		0.00%
OLLIX LLC	96,269,492	7	0.62%	-		0.00%
Leprino Foods Company Corporation	94,875,242	8	0.61%	92,061,575	2	1.23%
LTMT Tracy LLC	88,277,678	9	0.57%	-		0.00%
West Valley Holdings LLC	85,757,804	10	0.55%	-		0.00%
Tracy Mall Partners LP	-		0.00%	102,099,947	1	1.37%
PAC Corporate Center Tracy	-		0.00%	53,658,630	4	0.72%
Central Valley LLC	-		0.00%	53,225,560	5	0.71%
Duke Realty LP	-		0.00%	48,694,184	6	0.65%
Inland Container Corpotation	-		0.00%	35,659,351	7	0.48%
TCE Tracy LLC	-		0.00%	32,712,488	8	0.44%
Car Corral Hollow LLC	-		0.00%	31,168,129	9	0.42%
US Cold Storage of California	-		0.00%	30,724,020	10	0.41%
Top Ten Total	\$ 1,943,549,374		12.45%	\$ 559,874,402		7.49%
Total Taxable Assessed Value	\$ 15,614,313,705		100%	\$ 7,479,463,297		100%

Source: The HdL Company

City of Tracy
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent of Levy Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Value of City Property Subject to Local Tax Rate
2014	\$ 10,175,469	\$ 10,175,469	100.00%	0.00	\$ 10,175,469	100.00%	\$ 7,479,463,297
2015	11,403,560	11,403,560	100.00%	0.00	11,403,560	100.00%	8,500,905,274
2016	12,406,318	12,406,318	100.00%	0.00	12,406,318	100.00%	9,030,005,090
2017	13,134,172	13,134,172	100.00%	0.00	13,134,172	100.00%	9,753,911,745
2018	13,862,573	13,862,573	100.00%	0.00	13,862,573	100.00%	10,411,425,077
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	16,987,177	16,987,177	100.00%	0.00	16,987,177	100.00%	13,746,132,528
2023	18,475,370	18,475,370	100.00%	0.00	18,475,370	100.00%	15,614,313,705

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

This page intentionally left blank.

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
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%
2023	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				
	2023	2022	2021	2020	2019
Apparel Stores	\$ -	\$ 42,528	\$ 44,011	\$ 29,574	\$ 45,993
General Merchandise	-	238,840	241,016	211,069	215,827
Food Stores	-	54,981	53,721	52,373	44,419
Eating and Drinking Places	-	217,644	202,125	158,797	178,219
Building Materials	-	262,415	233,436	202,653	189,871
AutoDealers and Supplies	-	405,550	442,727	370,211	350,651
Service Stations	-	250,752	193,568	139,332	182,184
Other Retail Stores	-	177,792	181,165	152,281	157,680
All Other Outlets	-	5,336,640	5,187,486	1,542,922	1,340,169
Total	\$ -	\$ 6,987,142	\$ 6,779,255	\$ 2,859,212	\$ 2,705,013
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				
	2018	2017	2016	2015	2014
Apparel Stores	\$ 48,375	\$ 45,092	\$ 42,751	\$ 37,505	\$ 36,141
General Merchandise	213,121	211,023	204,715	194,285	189,643
Food Stores	41,464	39,602	40,058	38,770	38,310
Eating and Drinking Places	170,760	166,207	156,362	144,094	129,855
Building Materials	181,962	159,800	143,846	133,261	107,213
AutoDealers and Supplies	370,201	378,882	346,181	322,604	299,641
Service Stations	183,816	160,010	145,865	160,612	189,487
Other Retail Stores	165,256	156,220	156,056	152,281	139,558
All Other Outlets	941,140	759,860	334,697	291,081	303,531
Total	\$ 2,316,095	\$ 2,076,696	\$ 1,570,531	\$ 1,474,493	\$ 1,433,379
City Direct sales tax rate	1%	1%	1%	1%	1%
City Measure E sales tax rate (a)	-	-	0.5%	0.5%	0.5%
City Measure V sales tax (b)	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
Principal Sales Tax Producers
Current Calendar Year and Ten Years Ago

2023		2014	
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
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Chevron	Service Stations	Barbosa Cabinets	Contractors
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	Dematic	Warehse/Farm/Const. Equip.
Independent Electric Supply	Plumbing/Electrical Supplies	Home Depot	Building Materials
Medline Industries	Medical/Biotech	Independent Electric Supply	Plumbing/Electrical Supplies
Nixon Egli Equipment	Warehse/Farm/Const. Equip.	Macys	Department Stores
Platinum Hyundai	New Motor Vehicle Dealers	Nixon Egli Equipment	Warehse/Farm/Const. Equip.
Safeway Fuel	Service Stations	Premier Hyundai of Tracy	New Motor Vehicle Dealers
Target	Discount Dept Stores	Safeway Fuel	Service Stations
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
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
2023	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)	Lease Payable (a)	Subscription Payable (a)
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	20,910,000	-	-	8,630,809	22,115,000	-	-
2020	20,875,000	-	-	8,606,933	22,050,000	-	-
2021	20,390,000	-	-	7,544,235	21,175,000	-	-
2022	35,315,000	-	-	6,456,524	20,260,000	59,687	-
2023	33,870,000	-	-	5,343,213	19,305,000	412,969	214,598

Note: Special Assessment Bonds have no City commitment.

Source: (a) Finance Department, City of Tracy
(b) The HdL Company

City of Tracy
Ratios of Outstanding Debt by Type (Continued)
Least Ten Fiscal Years

Business Activity

Fiscal Year	Airport Notes Payable (a)	Total Primary Government	Per Capita (b)	Population (b)
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	-	62,031,524	656	94,538
2023	-	58,518,213	612	95,615

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
2014	\$ 23,000,000	\$ -	\$ 23,000,000	0.31%	\$ 270
2015	22,725,000	-	22,725,000	0.27%	266
2016	22,420,000	-	22,420,000	0.25%	258
2017	22,085,000	-	22,085,000	0.23%	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	35,315,000	-	35,315,000	0.26%	374
2023	33,870,000	-	33,870,000	0.22%	354

Source: Finance Department, City of Tracy

City of Tracy
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023

2022-2023 Assessed Valuation: \$ 15,614,313,705

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2023	% Applicable (a)	City's Share of Debt 06/30/2023
San Joaquin Delta Community College District	\$ 175,675,000	14.513%	\$ 25,495,713
Lammersville Joint Unified School District	55,850,000	13.107%	7,320,260
Tracy Unified School District	28,805,000	60.133%	17,321,311
Tracy Unified School District School Facilities Improvement District No. 3	99,274,900	92.156%	91,487,777
Banta School District	320,000	12.641%	40,451
Jefferson School District	44,302,117	77.683%	34,415,214
City of Tracy Community Facilities District No. 93-1	1,850,000	100%	1,850,000
City of Tracy Community Facilities District No. 98-1	22,540,000	100%	22,540,000
City of Tracy Community Facilities District No. 98-3	190,000	100%	190,000
City of Tracy Community Facilities District No. 99-1	1,230,000	100%	1,230,000
City of Tracy Community Facilities District No. 99-2	4,420,000	100%	4,420,000
City of Tracy Community Facilities District No. 2000-1	8,000,000	100%	8,000,000
City of Tracy Community Facilities District No. 2006-1	7,475,000	100%	7,475,000
City of Tracy Community Facilities District No. 2016-1 I.A No. 1	64,940,000	100%	64,940,000
City of Tracy Community Facilities District No. 2016-2 I.A No. 1	15,060,000	100%	15,060,000
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	690,000	100%	690,000
California Statewide Community Development Authority 1915 Act Bonds	7,936,262	100%	7,936,262
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 330,296,988
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Joaquin County Certificates of Participation	54,940,000	15.712%	\$ 8,632,173
Lammersville Joint Unified School District General Fund Obligations	13,930,000	13.107%	1,825,805
City of Tracy Governmental Activities Obligations	35,658,983	100%	35,658,983
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:			\$ 46,116,961
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 24,410,000	100%	\$ 24,410,000
TOTAL DIRECT DEBT			\$ 35,658,983
TOTAL OVERLAPPING DEBT:			\$ 365,164,966
COMBINED TOTAL DEBT			\$ 400,823,949 (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 2022-23 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.34%
Total Direct Debt (\$35,658,983).....	0.23%
Combined Total Debt.....	2.57%

Ratios to Redevelopment Incremental Valuation (\$1,362,022,421)

Total Overlapping Tax Increment Debt.....	1.79%
---	-------

Source: CalMuni - Avenu Insights & Analytics City of Tracy

City of Tracy
Legal Debt Margin information
Last Ten Fiscal Years
(in millions)

	Fiscal Year				
	2023	2022	2021	2020	2019
Assessed Value	\$ 15,614	\$ 13,746	\$ 12,796	\$ 11,837	\$ 10,984
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,904	3,437	3,199	2,959	2,746
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	586	515	480	444	412
Total net debt applicable to limit	58	62	49	51	54
Legal debt margin	<u>\$ 528</u>	<u>\$ 453</u>	<u>\$ 431</u>	<u>\$ 393</u>	<u>\$ 358</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				
	2018	2017	2016	2015	2014
Assessed Value	\$ 10,336	\$ 10,495	\$ 8,941	\$ 8,387	\$ 7,341
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,584	2,624	2,235	2,097	1,835
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	388	394	335	315	275
Total net debt applicable to limit	56	58	60	63	65
Legal debt margin	<u>\$ 332</u>	<u>\$ 336</u>	<u>\$ 275</u>	<u>\$ 252</u>	<u>\$ 210</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				
	2023	2022	2021	2020	2019
Water revenue bonds/State Loan					
Water revenue	\$ 22,773,326	\$ 29,403,252	\$ 23,910,369	\$ 20,475,348	\$ 16,702,467
Less: Operating Expenses	(21,155,835)	(18,752,844)	(16,388,854)	(16,711,869)	(15,110,318)
Net available revenue	<u>1,617,491</u>	<u>10,650,408</u>	<u>7,521,515</u>	<u>3,763,479</u>	<u>1,592,149</u>
Debt service:					
Principal	1,113,312	1,062,698	1,038,261	1,014,385	991,059
Interest	144,608	195,222	219,659	243,535	266,861
Total Debt Service	<u>1,257,920</u>	<u>1,257,920</u>	<u>1,257,920</u>	<u>1,257,920</u>	<u>1,257,922</u>
Coverage	1.29	8.47	5.98	2.99	1.27
Wastewater revenue bonds:					
Wastewater revenue	\$ 16,408,713	\$ 20,282,263	\$ 16,904,623	23,835,116	24,825,340
Less: Operating expenses	(16,379,280)	(15,337,137)	(14,485,122)	(12,605,193)	(12,340,258)
Net available revenue	<u>29,433</u>	<u>4,945,126</u>	<u>2,419,501</u>	<u>11,229,923</u>	<u>12,485,082</u>
Debt service:					
Principal	955,000	915,000	875,000	840,000	805,000
Interest	932,865	975,418	1,014,818	1,051,480	1,086,235
Total Debt Service	<u>1,887,865</u>	<u>1,890,418</u>	<u>1,889,818</u>	<u>1,891,480</u>	<u>1,891,235</u>
Coverage	0.02	2.62	1.28	5.94	6.60

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				
	2018	2017	2016	2015	2014
Water revenue bonds/State Loan					
Water revenue	\$ 16,352,909	\$ 15,433,348	\$ 15,438,772	\$ 17,675,668	\$ 18,713,676
Less: Operating Expenses	(14,246,407)	(13,671,219)	(13,380,117)	(13,976,245)	(12,785,056)
Net available revenue	<u>2,106,502</u>	<u>1,762,129</u>	<u>2,058,655</u>	<u>3,699,423</u>	<u>5,928,620</u>
Debt service:					
Principal	968,269	946,003	924,249	902,995	882,230
Interest	289,651	311,917	33,671	354,925	375,690
Total Debt Service	<u>1,257,920</u>	<u>1,257,920</u>	<u>1,132,923</u>	<u>1,390,419</u>	<u>1,257,919</u>
Coverage	1.67	1.40	1.82	2.66	4.71
Wastewater revenue bonds:					
Wastewater revenue	15,196,599	14,434,402	14,092,302	14,558,438	13,030,930
Less: Operating expenses	(12,467,159)	(8,003,091)	(7,449,704)	(7,823,215)	(7,211,266)
Net available revenue	<u>2,729,440</u>	<u>6,431,311</u>	<u>6,642,598</u>	<u>6,735,223</u>	<u>5,819,664</u>
Debt service:					
Principal	775,000	745,000	720,000	695,000	1,015,000
Interest	1,119,028	1,153,480	1,182,670	1,208,468	1,236,956
Total Debt Service	<u>1,894,028</u>	<u>1,898,480</u>	<u>1,902,670</u>	<u>1,903,468</u>	<u>2,251,956</u>
Coverage	1.44	3.39	3.49	3.54	2.58

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 (4)	Labor Force (1)	Employment (1)	Unemployment		Census Ratios
				Rate (1)	Number (1)	Employed (1)
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
2023	97,328	47,900	45,600	4.8%	2,300	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 (4)	Labor		Unemployment	
			Force (1)	Employment (1)	Rate (1)	Number (1)
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
2023	N/A	793,229	349,500	329,000	5.90%	20,600

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 Eight Years Ago

Taxpayer Name	2023			2015		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
AMAZON - MULTIPLE SITES	5,841	1	12.17%	1,853	1	9.86%
FEDEX GROUND PACKAGE SYSTEM, INC.	1,589	2	3.31%			
TRACY UNIFIED SCHOOL DISTRICT	1,234	3	2.57%			
TAYLOR FARMS PACIFIC INC	727	4	1.51%	433	4	2.30%
MEDLINE INDUSTRIES	700	5	1.46%			
SUTTER TRACY COMMUNITY HOSPITAL	578	6	1.20%			
CITY OF TRACY	485	7	1.01%			
WALMART SUPERCENTER*	389	8	0.81%	377	6	2.01%
LEPRINO FOODS**	341	9	0.71%	309	9	1.64%
THE HOME DEPOT (#5641)*	320	10	0.67%	442	3	2.35%
SMX LLC				840	2	4.47%
BARBOSA CABINETS INC				384	5	2.04%
RESTORATION HARDWARE				355	7	1.89%
BEST BUY				332	8	1.77%
ORCHARD SUPPLY HARDWARE				279	10	1.48%
Total Top 10 Employers	<u>12,204</u>		25.42%	<u>5,604</u>		29.81%
Total City Labor Force	<u>48,000</u>					

Source: MuniServices, LLC / Avenu Insights & Analytics

Results based on direct correspondence with local businesses within City limits.

* Includes Full & Part Time Employees

** Business has not responded to Avenu's inquires, prior year count applied.

(1) 2015 year data provided by previous published ACFR. 2014 historical data not available.

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City Attorney	4	4	4	4	3	4	4	4	4	4
City Council	5	5	5	5	5	5	5	5	5	5
City Manager's Office	18	15		31.5	-	-	-	-	-	-
City Clerk Office	2	2	12	-	-	-	-	-	-	-
Cultural Arts Division	25	16	13.5	-	-	-	-	-	-	-
Economic Development Division	3	2	2	-	2	3	3	3	3	2
Community Engagement and Public Information Division	1	1	-	-	-	-	-	-	-	-
Information Technology	9	9	8	-	-	-	-	-	-	-
Development Services	63	63	35	55.5	66	61	61	39	37	40
Finance	25	22	22	25	30	34	32	26	27	24
City Treasurer	1	1	1	1	1	1	1	1	1	1
South County Fire Authority	100	100	97	83	89	82	81	80	79	78
Human Resources	11	12	10	10	9	10	9	6	6	5
Parks and Recreation	-	-	39.5	15	48 ^a	14	13	23	38	35
Administration	11	6	-	-	-	-	-	-	-	-
Maintenance	42	22	-	-	-	-	-	-	-	-
Recreation	53	60	-	-	-	-	-	-	-	-
Community Facilities	20	19	10.5	-	-	-	-	-	-	-
Transit	4	4	3	-	3	3	3	3	2	2
Airport	2	2	2	-	2	2	2	2	2	2
Police	176	160	151.5	157	144	143	139	133	136	135
Public Works	-	-	-	96	92	85	84	61	46	46
Administrative Services	19	14	14	-	9	8	8	7	7	7
Solid Waste and Recycling	7	4	4	-	4	1	1	1	1	1
Internal	20	11	12	-	-	-	-	-	-	-
Aquatics	-	-	-	-	-	-	-	-	-	-
Utilities Maintenance	20	21	19	-	-	-	-	-	-	-
Water	9	8	18	-	31	31	30	35	39	39
Wastewater	11	11	7	-	43	25	25	26	26	27
Street, Community Preservation, Concrete and Traffic Maintenance	53	51	71	-	5	3	3	3	3	3
Total	714	645	561	483	586	515	504*	458	462	456

Note 1: Table updated as of FY22-23

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				
	2023	2022	2021	2020	2019
General Government					
Building Permits Issued	3,791	3,930	3,552	3,184	3,050
Building Inspections requested	29,089	35,160	38,937	22,337	20,384
Police:					
Arrests	1,774	1,642	1,156	1,859	2,705
Parking citations issued	1,009	773	427	618	1,291
Traffic violations	3,413	3,094	1,968	2,524	4,063
Fire:					
Number of emergency calls	5,552	10,644	9,029	9,014	9,031
Inspections	1,989	2,868	2,187	2,005	3,002
Water:					
Water Mains (miles)	485	480	472	465	452
New connections	307	882	653	383	295
Maximum Daily Capacity (gallons) (millions of gallons)	57	57	57	57	57
Average daily consumptions (gallons) (millions of gallons)	17	17	18	18	15
Sewer:					
Sanitary Sewer (miles)	480	475	465	460	450
New connections	286	858	644	373	285
Average daily treatment (gallons) (millions of gallons)	11	10	10	10	9
Airport:					
Hangar rentals	76	94	79	69	68
Solid waste:					
Refuse collected (tons per day)	290	328	301	285	278
Recyclables collected (tons per day)	90	84	89	86	86
Transit:					
Average daily passengers	326	273	174	432	552
Total fixed route miles	277,529	264,472	265,926	272,622	344,724

Source: City of Tracy Departments

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

	Fiscal Year				
	2018	2017	2016	2015	2014
General Government					
Building Permits Issued	2,988	2,904	2,736	2,852	1,924
Building Inspections requested	18,028	16,260	17,025	13,824	9,128
Police:					
Arrests	2,768	2,894	2,732	2,502	2,541
Parking citations issued	1,022	1,335	1,685	1,160	1,454
Traffic violations	3,320	4,630	6,341	5,450	3,798
Fire:					
Number of emergency calls	8,811	7,351	6,924	6,811	6,443
Inspections	3,374	3,785	5,164	4,071	3,333
Water:					
Water Mains (miles)	440	431	426	426	420
New connections	256	1,173	228	74	45
Maximum Daily Capacity (gallons) (millions of gallons)	57	57	57	57	57
Average daily consumptions (gallons) (millions of gallons)	17	16	13	14	15
Sewer:					
Sanitary Sewer (miles)	440	426	421	421	415
New connections	256	650	227	74	45
Average daily treatment (gallons) (millions of gallons)	8.88	10	10.0	9.5	9.5
Airport:					
Hangar rentals	76	76	62	76	76
Solid waste:					
Refuse collected (tons per day)	266	264	252	221	211
Recyclables collected (tons per day)	81	86	76	69	66
Transit:					
Average daily passengers	546	585	505	519	444
Total fixed route miles	341,126	302,039	358,405	313,380	228,817

Source: City of Tracy Departments

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Police:					
Number of stations	1	1	1	1	1
Fire:					
Number of stations	7	7	6	6	6
Public works:					
Number of street lights	6,979	6,929	6,928	6,142	6,141
Number of traffic signals	77	77	77	76	75
Parks and recreation:					
Number of parks	81	77	77	77	77
Number of community centers	3	3	3	3	3
Water:					
Water mains (miles)	485	480	472	465	450
Wastewater					
Sanitary sewers (miles)	480	475	465	460	452
Airport:					
Number of hangars	94	94	79	69	68
Transit:					
Number of vehicles	17	17	15	15	15

Source: City of Tracy Departments

City of Tracy
Capital Asset Statistics by Function / Program (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2018	2017	2016	2015	2014
Police:					
Number of stations	1	1	1	1	1
Fire:					
Number of stations	6	6	6	7	7
Public works:					
Number of street lights	6,141	6,110	6,110	6,004	5,430
Number of traffic signals	75	85	85	84	84
Parks and recreation:					
Number of parks	77	77	77	76	76
Number of community centers	3	3	3	3	3
Water:					
Water mains (miles)	440	431	426	426	420
Wastewater					
Sanitary sewers (miles)	440	426	421	421	415
Airport:					
Number of hangars	76	76	62	76	76
Transit:					
Number of vehicles	15	15	15	15	15

Source: City of Tracy Departments

This page intentionally left blank.