



**Comprehensive  
Annual  
Financial  
Report  
for the  
Fiscal Year  
Ended  
June 30, 2009**

Think Inside the Triangle



About the Cover:



On the cover is a depiction of the new City of Tracy logo. The Tracy logo is composed of six graphic elements: the Tracy wordmark, the small and large triangles, the leaf, the earth lines and the tagline.

The story of Tracy - - its past, present and future - - is represented by two reflecting triangles.

The top triangle is peaked to represent the vision: aspirations of growth along with the idea of a rooftop, which suggests community. A smaller triangle is nestled within the larger triangle. The open spaces suggest that while Tracy's center sits within a triangle of highways, beyond that is a triangle of major California cities and recreation destinations. The smaller triangle also echoes the tagline. Here is the "Think" that is inside the triangle - - the human thinking center of the logo. The open space between the smaller and larger triangle represents the pathways that flow - - transforming thoughts and ideas.

The bottom triangle represents Tracy's strong history and tradition: the earth/history of agriculture & railroads, the emblematic hills of Altamont Pass and of course, the highways. The leaf helps to identify the land and emphasizes Tracy's concern for sustaining its environment and caring for nature.

Note that the logo is designed purposely to have both representational and metaphorical content as described above - - this gives it broader appeal and longer life.

Tracy sits boldly between the two triangles. The serif, airy font respects the community value of tradition and is a link between the past and the future.

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

of the

CITY OF TRACY, CALIFORNIA

for the fiscal year ended

June 30, 2009

Prepared by the Finance and  
Administrative Services Department

**ZANE H. JOHNSTON**

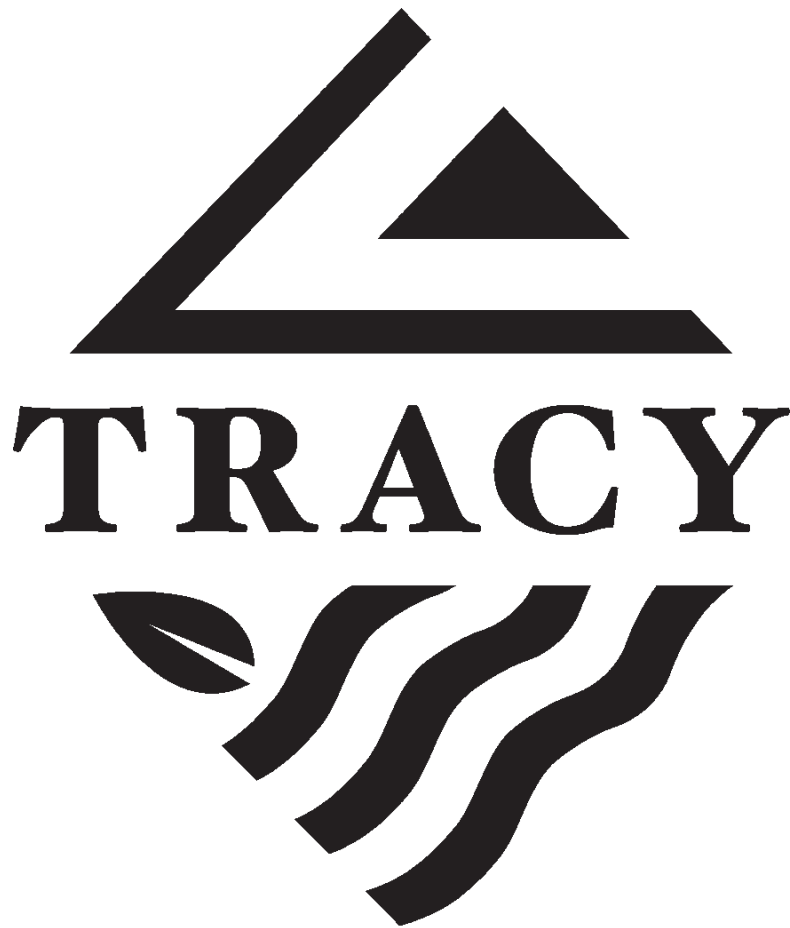
Director of Finance and Administrative Services

**LINDA L. BISCOCHO**

Accounting Officer

ALLAN J. BORWICK - Budget Officer  
ROCKI CHAPARRO - Accounting Technician  
LINDA DASSE - Executive Assistant  
CAROL GORRIE - Accounting Technician  
DON HIGGINS - Accounting Assistant  
PHYLLIS KIESTER - Accounting Assistant  
LINDA MONIZ - Accounting Technician  
DEBBIE PINE - Payroll Coordinator  
PEGGY POTKONJAK - Accounting Technician  
ROSEMARIE MARQUEZ - Accounting Assistant  
GRACE SEGURA - Senior Accounting Assistant  
EILEEN SOLARIO - Senior Accounting Assistant  
CANDICE VALADAO - Accounting Technician  
RAQUEL VOTAW - Accounting Assistant  
ISABEL YAMADA - Accounting Assistant

# Introductory Section



Think Inside the Triangle™

CITY OF TRACY  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 June 30, 2009

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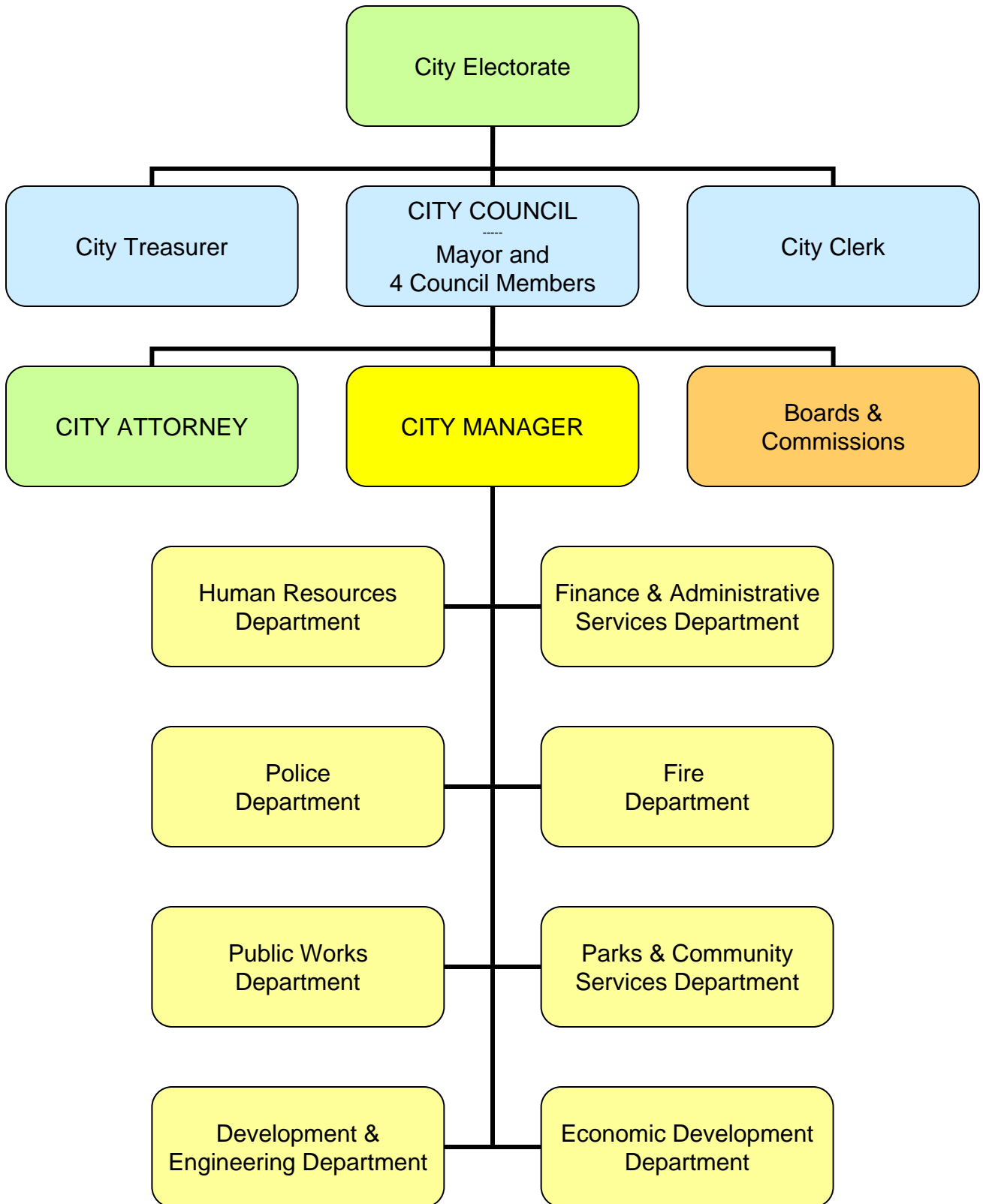
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**City of Tracy  
Organization Chart  
FY08-09**





CITY OF TRACY, CALIFORNIA  
COUNCIL – MANAGER FORM OF GOVERNMENT  
JUNE 30, 2009



Suzanne Tucker  
Mayor Pro Tem



Brent Ives  
Mayor



Evelyn Tolbert  
Council Member



Steve Abercrombie  
Council Member



Michael Maciel  
Council Member



Ray McCray  
Treasurer



Sandra Edwards  
City Clerk

# CITY OF TRACY, CALIFORNIA

## COUNCIL - MANAGER FORM OF GOVERNMENT

June 30, 2009

---

Leon Churchill, Jr.  
City Manager

Maria Hurtado  
Assistant City Manager

Zane H. Johnston  
Finance & Administrative Services Director

Chris Bosch  
Fire Chief

Janet Thiessen  
Police Chief

Kevin Tobeck  
Public Works Director

Maria Olvera  
Human Resources Director

Rod Buchanan  
Parks and Community Services Director

Ursula Luna-Reynoso  
Economic Development Director

Andrew Malik  
Development & Engineering Services Director

Dan Sodergren  
City Attorney

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tracy  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

Executive Director



Think Inside the Triangle™

## CITY OF TRACY

Office of City Manager  
333 Civic Center Plaza  
Tracy, CA 95376

Telephone: (209) 831-6000  
Fax: (209) 831-6120

December 11, 2009

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

The Tracy Municipal Code requires that all funds, accounts, and financial transactions of the City be subjected to an annual audit by an independent certified public accountant that is selected by the City Council. The Municipal Code further specifies that after the close of the fiscal year, an annual financial report covering all funds and financial operations shall be prepared and submitted to the City Council. This report is published to fulfill that requirement for the fiscal year ended June 30, 2009.

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 it has 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.

### *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. It was incorporated as a city in 1910. For many decades, it served both as a railroad center and farm market town. Since World War II, it has been the location of a defense supply center. By 1960, the City's employment base included a few food-processing plants and small-related manufacturing operations. A state correctional facility as well as a federal and a state water project facility are located nearby.

During the 1980s, Tracy experienced a period of major growth influenced by the East Bay area of the San Francisco Bay region with its high cost of housing. Tracy, with more affordable housing than the Bay area, continues to be an attractive residential location for many Bay area workers. Tracy is now considered an outer suburb of the Bay area, rather than a small agricultural and industrial town.

The population and size of Tracy has increased from 18,428 and 7.0 square miles in 1980 to 81,714 and 21 square miles in 2009.

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.

Moss, Levy and Hartzheim, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Tracy’s financial statements for the fiscal year ended June 30, 2009. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter and should be read in conjunction with it.

### *Local Economy*

California’s economy including Northern California and Tracy has not been immune to the dismal national economy. The slowing economy was rocked by continued upheaval in the financial markets. This in turn has led to an economy that has landed in a deep recession and all that comes with that – reduced consumer spending and increased unemployment. Over the past year, consumer spending has pulled back substantially. Notably, sales of automobiles and light trucks were depressed throughout FY 08-09 so much so that the Federal Government introduced a “cash for clunkers” program in the summer of 2009. Would-be buyers appear to have been discouraged by tight credit standards. Household purchases were likely curtailed by declines in stock market wealth, low levels of consumer sentiment, and a deteriorating labor market.

Nationally the unemployment rate stood at around 10 percent in the fall of 2009 and shows no sign of easing for any time soon. The Federal Reserve Bank forecasts the economy will be slowed coming out of the recession by a continued high unemployment rate.

Unemployment in San Joaquin County was 16.1% in October 2009. Because agriculture still remains an important segment of the San Joaquin Valley economies, seasonal unemployment is always much higher than the national average. Tracy however, historically has been much lower in unemployment than San Joaquin County as a whole, with unemployment typically mirroring national averages and not the average for San Joaquin County. Tracy’s unemployment rate stood at 10.2% in October 2009 – very close to the national average. This is true because Tracy residents are more likely to work in the East Bay, San Jose, and Livermore Valley areas, where the economy is not greatly influenced by seasonal agriculture production or the more recent negative economic influence in the San Joaquin Valley, the virtual halt to residential construction and the resulting collapse of the housing market. Certainly the East Bay economy is also being pulled down by those influences negatively affecting the U.S. economy as a whole. But this economy is currently more stable than that found in the San Joaquin Valley.

The Tracy economy, therefore, has twin influences – that of a more diverse Bay area economy where many Tracy residents are employed, and that of the Central Valley economy currently being heavily influenced by the downturn in home construction. This strong reduction in all things related to housing is cause for concern in that the current real estate environment is expected to continue for several years. Already, property tax revenue to the City has decreased by nearly 25% in just the past two years. In addition, sales tax has fallen for three straight years. As a result the City is moving quickly to implement budget and other cost cutting steps to keep the City in a sound financial position during the next several years which by all indications will continue to be extremely challenging financial times.

## ***Long-term Financial Planning***

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 of Tracy's financial planning and control. The budget is prepared by fund, by department (e.g. Police), and by program (i.e. Patrol Services, Traffic Enforcement, etc). Department heads may transfer resources within a department as they see fit with the approval of the City Manager. Transfer between departments; however, need special approval from the City Council.

As evidenced by this financial report, the City continues to take measures to respond to the deteriorating General Fund revenue environment. The ending General Fund balance as of June 30, 2009 is \$17,923,473 and the Economic Uncertainty Fund had a balance of \$16,878,312. Together, these two sources total \$34,801,785. While this is a decrease of \$1,715,728 in reserves from the year before, it compares favorably to an original budget for FY 08-09 that expected reserves to be reduced by \$5 million.

### ***Major Initiatives***

#### Refinance of City's General Fund Debt

The City was successful in getting its bond rating increased to A+ and also in obtaining bond insurance for its 2008 Lease Revenue bonds. These bonds restructured the City's existing General Fund debt and because of bond insurance they were rated AAA. The bonds were sold in December 2008. As a result, by keeping approximately the same annual payment as the prior debt, the City was able to issue the 2008 Lease Revenue bonds and create a new project fund of \$9 million. These funds were then allocated to various capital improvement projects.

#### Local Economic Stimulus

The City Council approved a \$500 gift card program in May 2009 to provide an incentive to purchase a new car at the Tracy Auto Mall. The program was very successful and received state and national news. Auto sales improved with the majority of buyers coming from outside of Tracy. The \$500 VISA gift cards were also overwhelmingly spent in Tracy as the City promoted these through an additional campaign website called "shopinsidethetriangle.com" where local merchants offered specials and discounts for redemption of the gift cards. The City Council also allocated \$1 million to a small business loan program. Also the City jump started its Capital Improvement Program to help create local jobs.

#### New Police Chief Hired

After the retirement of the City's former Police Chief, the City embarked on a nation-wide recruitment. This resulted in the appointment of Janet Thiessen. Chief Thiessen has over 20 years of police experience having served most recently as the Chief of Police for the City of Olathe, Kansas. Chief Thiessen is one of 18 female police chiefs in the State of California.

#### Development of City Council Strategic Plans

The City Council held a goal prioritization workshop on February 19, 2008 where the prior fiscal year goals were reviewed, re-examined and six priority areas were identified for the following fiscal year. The six priority areas identified for FY 08/09 included Public Safety, Land Use/General Plan, Economic Development/Revenue Enhancement, Infrastructure, Organizational Development and Leisure Services. Teams have been identified and formed to guide the implementation of the strategic plans.

#### Long Term Budget and Fiscal Goals

The City hired the firm of Management Partners to identify various actions the City could take to address the current fiscal environment and assist the City to eliminate the resulting structural deficit. Ideas include the size and organization of the City, service delivery methods, consolidation of services, and contracting out of services. Immediate budget cuts of 30% to discretionary spending were implemented in FY 08-09. Major restructuring to the City organization began in late fall of 2009.

The City enjoyed a 16 year long robust growth period in revenues from FY 91-92 thru FY 06-07. In FY 07-08 City of Tracy tax revenues leveled off resulting in a need to draw upon reserves for the first time since the 90-91 recession. Typically cities use reserve funds to bridge minor periods of economic cycles in which city revenues fluctuate. The City noted the dramatic downturn in the housing market and resulting fall in home values as highly unusual and therefore, decided that this was not going to be a minor economic down cycle. The City began developing plans in the spring of 2008 to deal with a long term and significant negative economic environment. The City expects to implement additional cost savings measures to insure sustainable draws on reserves until General Fund revenues stabilize and equal expenses without further draw on reserves.

The City has a long reputation for excellent fiscal management. It had the wherewithal to add to its reserve levels during the boom years instead of unwisely using these non-sustainable revenues to fund new programs or services. And noting unusual trends, the City began its long term strategy before the economy deteriorated further during FY 08-09. The national recession has been prolonged and significant. Even if the economy starts to improve in 2010, the City will not see improvement until about two years later due to time lags in property tax valuation and timing of tax rolls. And any improvement in revenues will be minor. As such, the City is looking at a period of 4 to 5 years of economic malaise and planning accordingly. The City anticipates using modest draws on reserves to bridge to the City's "new normal".

### *City Implements GASB 45 Early*

The Governmental Accounting Standards Board (GASB) statement #45 requires that governments account for other post employment benefits (OPEB). This new requirement has various implementation dates based upon the size of revenues of the government. The larger governments had the earliest implementation dates followed by medium size, followed by smaller governments. The City of Tracy implemented its GASB 45 requirement with the FY 06-07 financial report - two years before it would have been required. The City is taking this step because it believes GASB 45 to be an important component of judging the financial position of any governmental unit. Also, the City has a tradition of early implementation of significant GASB requirements. The City was one of the first in the nation (including being one of only 3 cities in California) to implement GASB 34, several years before the requirement to do so.

GASB 45 is an effort for governments to identify their obligations for expenses associated with post employment other than pensions. Governments have pension obligations to their current and retired employees and these are calculated and accounted for. However, other post employment benefits such as health insurance have not been accounted for by most governments. As these expenses can represent a huge future liability of the government, identification of their costs is essential. GASB 45 requires the government to have an actuarial study done in order to identify the cost of other post employment benefits.

The City of Tracy does not provide for the payment of health insurance for its retired employees. As such it does not have a significant GASB 45 liability that many governments have. However, retired employees are allowed to purchase the City's health insurance for both themselves and their spouses or dependents either through direct payment or from the employee's medical insurance bank. The ability of a retired employee to obtain coverage at an active employee rate constitutes a significant economic benefit to the retirees, called an "implicit subsidy" under GASB 45. The City obtained the firm of Demsey, Filliger & Associates to perform an actuarial valuation of this "implicit subsidy". The results of this actuarial valuation can be found in note 11 to the financial statements in this report. Suffice to say, the City's liability in this regard is not significant and the ongoing annual required contribution to address this liability is just \$220,771 per year. An insignificant GASB 45 liability is a great benefit to the City's true and long term financial strength.

## **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 (CAFR) for the fiscal year ended June 30, 2008. This was the 21<sup>st</sup> consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

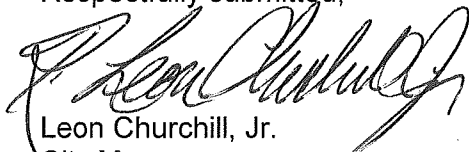
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for FY 08-09. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire Finance and Administrative Services Department staff. Each member of the Department has my appreciation for the contributions made in the preparation of this report.

I also would like to express special appreciation to Accounting Officer Linda Biscocho whose long hours, dedication, and attention to detail made possible the successful completion of the annual audit.

Respectfully submitted,



Leon Churchill, Jr.  
City Manager



Zane H. Johnston  
Finance & Administrative Services Director



# Financial Section



Think Inside the Triangle™



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Council  
City of Tracy  
Tracy, California

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 (City), as of and for the fiscal year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tracy, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligation*; GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowment*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, effective July 1, 2008.

In accordance with Government Auditing Standards, we have also issued a report December 1, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 15, the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund and Community Development Agency Housing Special Revenue Fund, the Funding Progress of the California Public Employees Retirement System, the Postemployment Retiree Benefits Funding Progress, and the Modified Approach to Reporting Street Pavement Costs on pages 88 through 93 are not required parts of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tracy's basic financial statements. The Introductory Section, Schedule of Revenue, Expenditures, and Changes in Funds Balance – Budget and Actual – Community Development Agency and Regional Mall Debt Service Funds, Combining Financial Statements for the Nonmajor Governmental Funds, Nonmajor Fund Budgetary Comparison Schedules, Internal Service Funds, and Agency Funds, and the Statistical Section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Schedule of Revenue, Expenditures, and Changes in Funds Balance – Budget and Actual – Community Development Agency and Regional Mall Debt Service Funds, Combining Financial Statements for the Nonmajor Governmental Funds, Nonmajor Fund Budgetary Comparison Schedules, Internal Service Funds, and Agency Funds have been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the "Introductory Section", and the "Statistical Section", have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion thereon.

*Moss, Levy & Hartzheim*

Moss, Levy and Hartzheim, LLP  
Beverly Hills, California  
December 1, 2009

## City Of Tracy

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

This discussion and analysis provided here by the management of the City of Tracy provides a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009. Readers are encouraged to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

#### **FINANCIAL HIGHLIGHTS**

Financial highlights of the year include the following:

- The assets of the City of Tracy exceeded its liabilities by \$1,026,202,797 (net assets). Of this amount, \$73.2 million (unrestricted net assets) may be used to meet the city's ongoing obligations to citizens and creditors.
- The City's total net assets increased only by \$7.2 million or .007% in fiscal year 2008-09 compared to the previous fiscal year. This negligible increase was due mainly to the continued decline in revenues in both governmental and business-type activities.
- The governmental activities reported a combined net asset of \$640.3 million at the end of the fiscal year 2009. This is an increase of 1% from last fiscal year.
- At the end of the fiscal year, unreserved, undesignated fund balance for the general fund is \$16.7 million compared to last year's \$17.2 million. This is a decline of 3%. The city was not able to maintain its fund balance level when compared to last year's balance. This unreserved fund balance of the general fund is able to cover 32% of its operating expenditures. To reduce the decline of the General Fund's fund balance, \$2.0 million was transferred from the Economic Uncertainty Fund during the fiscal year. This transfer left a balance of \$16.9 million in the Economic Uncertainty Fund at year end.
- All sources of revenues declined in FY 2008-09. The total reduction in revenues for FY 2008-09 is 22%. This decrease in revenues over the previous fiscal year was primarily due to the reduced taxes and various other sources of revenues, an effect of the current economic crisis that is presently plaguing the whole nation.
- Last fiscal year, the City created a fund in the Special Revenue Fund group called Interest Stabilization Fund. This fund was created to cushion the volatility of revenues derived from investment earnings. The city's enterprise funds (water, sewer, solid waste and storm drain) designated the Local Agency Investment Fund (LAIF) rates as the basis for the allocation of interest income from the pooled investments. This designation was approved through a resolution by the city council to prevent the enterprise funds from the potential ups and downs in investment rates and also be subject to the gains or losses from the sale of investments. During the year, the Interest Stabilization Fund transferred \$1.0 million to the General Fund for the purpose of augmenting its fund balance. This transfer left this fund with a fund balance of \$.9 million at year end.

## **OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

The City of Tracy's basic financial statements are introduced to the readers through this discussion and analysis. The City of Tracy's basic Comprehensive Annual Financial Report is in six parts:

- 1) Introductory Section, which includes the Transmittal Letter and general information
- 2) Management Discussion and Analysis (this part)
- 3) Basic Financial Statements which include the Government-wide and the Fund Financial Statements, along with the Notes to Basic Financial Statements
- 4) Required Supplemental Information
- 5) Other Supplemental Information
- 6) Statistical Information

### **Government-wide Financial Statements**

The government-wide financial statements are designed to give readers a broad overview of the City of Tracy's finances.

The Statement of Net Assets shows information on all of the City's assets and liabilities. The difference between the assets and the liabilities is reported as net assets. An increase in net assets is an indicator that the financial position of the City is improving, while a decrease in net assets indicates that the City is financially distressed.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year just ended. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

All the amounts in the Statement of Net Assets and the Statement of Activities are presented as follows:

- **Governmental Activities**---All of the City's basic services are considered to be governmental activities including general government, public safety, public works, community development, and culture and recreation.

The City's governmental activities include the activities of a separate legal entity, the City of Tracy Community Development Agency, because the City is financially accountable for the Agency.

- **Business-type Activities**---All the City's enterprise activities are reported here, including water, sewer, solid waste, storm drainage, municipal airport and municipal transit. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state or local government, the City of Tracy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds.

The Fiduciary Statements provide financial information about the activities of the Special Assessment Districts, for which the City acts solely as agent.

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of major funds, and the determination of major funds, were established by GASB Statement 34 and replace the concept of combining similar funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate 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 City's activities.

Fund Financial Statements include governmental, enterprise, and fiduciary funds as discussed below.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Enterprise and Internal Service Fund financial statements are prepared on the full accrual basis, as in the past, 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 and business-type activities, their activities are reported only in total at the Fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City Funds. These revenues are eliminated in the government-wide financial statements and any related profits or losses are returned to the Activities, which created them, along with any residual net assets of the Internal Service Funds.

Comparisons of Budget and Actual financial information are presented only for the General Fund and other Major Funds that are Special Revenue Funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City government.

## **Fund Financial Statements (Continued)**

The City is the agent for certain assessment districts, holding amounts collected from property owners which await transfer to these Districts' bond trustees. The City's fiduciary activities are reported in the separate Statements of Fiduciary Net Assets and the Agency Funds Statement of Changes in Assets and Liabilities. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

## **Notes to the Financial Statements**

The notes are provided to give the reader more detailed information that is necessary in getting a full understanding of the data shown in the government-wide and fund financial statements.

## **Required Supplementary Information**

This report also includes supplementary information related to the City of Tracy's progress in maintaining its infrastructure assets and is shown on pages 88 and 89. The City of Tracy 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. With a rating of 72 (good or better condition 70-100) as of the end of the fiscal year, the condition of the pavement was 7 points higher than the City's administrative policy to achieve a minimum rating of 65 (fair condition 50-69). This year's rating was 2 points lower than that of the previous year.

## ***Government-wide Financial Analysis***

### **Net Assets**

Net assets are a useful indicator of a government's financial position. The City of Tracy's assets exceeded liabilities by more than \$1,026.2 million at the close of fiscal year 2008-2009. Of this amount, \$795.7 million or 78% of the City's net assets are invested in capital assets. These capital assets comprise of land, buildings, infrastructures, intangible assets, streets and roads, machinery and equipment and are being used to provide services to its citizens. However, these assets are not available for future spending. 15% of the City's net assets represent resources that are subject to external restrictions on how they may be used. The unrestricted assets of the City in the amount of \$73.2 million or 7% maybe used to meet its ongoing obligations to citizens and creditors.

**Government-wide Financial Analysis (Continued)**

**Net Assets (Continued)**

**Table 1  
City of Tracy  
Schedule of Net Assets  
June 30, 2009  
(in Thousands)**

Description	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Cash & Investments	\$ 206,825	\$ 212,081	\$ 23,285	\$ 18,784	\$ 230,110	\$ 230,865
Other Assets	19,211	8,283	19,602	19,703	38,813	27,986
Capital Assets	504,824	498,365	403,821	411,457	908,645	909,822
<b>Total Assets</b>	<b>730,860</b>	<b>718,729</b>	<b>446,708</b>	<b>449,944</b>	<b>1,177,568</b>	<b>1,168,673</b>
Long-Term Debt Outstanding	76,133	67,329	54,274	52,174	130,407	119,503
Other Liabilities	14,394	19,598	6,564	11,614	20,958	31,212
<b>Total Liabilities</b>	<b>90,527</b>	<b>86,927</b>	<b>60,838</b>	<b>63,788</b>	<b>151,365</b>	<b>150,715</b>
<b>Net Assets:</b>						
Invested in Capital Assets						
Net of Related Debt	448,841	451,849	346,861	352,609	795,702	804,458
Restricted	157,162	134,092	183	244	157,345	134,336
Unrestricted	34,330	45,861	38,826	34,303	73,156	80,164
<b>Total Net Assets</b>	<b>\$ 640,333</b>	<b>\$ 631,802</b>	<b>\$ 385,870</b>	<b>\$ 387,156</b>	<b>\$ 1,026,203</b>	<b>\$ 1,018,958</b>

In governmental activities, the total net assets increased only by 1%. There was a slight decrease of .3% in total net assets for business activities. This was mainly due to all of the enterprise funds showing operating losses amounting to \$8.9 million at the end of the year.

The Water Fund’s operating revenues increased by 3% but its operating expenditures also increased by 3% which greatly contributed to the fund’s operating loss of \$2.6 million. The increase in operating expenses was due to a 19% increase in maintenance and operations and a 5% increase in depreciation expense.

The Sewer Fund’s operating income of \$2.5 million of the previous year was replaced by a \$2.3 million operating loss this fiscal year. This loss can be attributed to an increase of 42% in both maintenance and operations and depreciation expenses. The expenses for employee salaries and benefits increased by 20% during the year. This increase was due to increases in health insurance and a 3% cost of living increase given to employees in April, 2008 and 2009. Expenses for materials and services also increased during the year by 13%.



## ***Government-wide Financial Analysis (Continued)***

### **Net Assets (Continued)**

In the case of the Drainage Fund, the operating losses at the end of this fiscal were almost 30% lower compared to that of last year. This was mainly due to the reduction of depreciation charges by 25% and a reduction of all other expenditures by 24%. These reductions in expenses were dampened by a 4% reduction of operating revenues at the end of the year.

The Airport fund continues to report an operating loss. During this fiscal year, its revenues declined by 9% while the expenses increased by 35% thus increasing its operating losses by 84% when compared to losses incurred last year. The operating expenses increased due to the hiring of a full-time airport coordinator whose salaries and benefits are charged 100% to the Airport Fund. The decline in Airport revenues was mainly due to the absence of grants and subsidies during the fiscal year.

The Transit Fund also incurred operating losses in the amount of \$.3 million during the year but due to grants and subsidies received in the amount of \$6.4 million, this fund posted a change in net assets amounting to \$6.1 million which almost double the net assets at year when compared to that of last year. \$5.0 million in grants and subsidies came from the State of California's Transit Assistance program while \$1.4 million were granted by the Federal Transit agency.

### **Changes in Net Assets**

The City's net assets increased by \$7 million or .7%. The table shown below will show the key elements of this increase. Since the percentage of total expenditures to total revenues is 91% in FY 2008-09, governmental activities still managed to report an increase in net assets of \$8.5 million. In business-type activities, the percentage of total expenses to total revenues is almost 102% which resulted to a decrease in net assets of \$1.3 million.

The expenditures of Public Works show the highest increase in governmental activities. The increase of 45% in expenditures was due mainly to various projects which include streets and bridge repair and improvements, water and wastewater infrastructure improvements, parks, airport and the construction of the multi-modal station.

The second highest increase in expenditures is in general government. It posted an increase of \$2.0 million or 28%. This increase was mainly due to increase in salaries and benefits of highly paid employees in management which includes the City Manager's office, Human Resources, City Attorney and Finance and Administrative Services.

The expenditures of Parks and Community Services increased by 22% due to increases in employees' salaries and benefits and the on-going overhead expenses of the newly opened the Cultural Arts Center which started its operations in September, 2007.

## Changes in Net Assets (Continued)

Table 2							
City of Tracy							
Schedule of Changes in Net Assets							
June 30, 2009							
(in Thousands)							
		Governmental Activities		Business-type Activities		Totals	
		2009	2008	2009	2008	2009	2008
<b>Revenues</b>							
Program Revenues:							
	Charges for Services	\$ 17,666	\$ 34,430	\$ 46,007	\$ 46,705	\$ 63,673	\$ 81,135
	Operating contributions and grants	12,766	13,091	20	1,774	12,786	14,865
	Capital grants and contributions	12,965	24,426	9,160	10,992	22,125	35,418
	<b>Total Program revenues</b>	<b>43,397</b>	<b>71,947</b>	<b>55,187</b>	<b>59,471</b>	<b>98,584</b>	<b>131,418</b>
General Revenues:							
	Property Taxes	39,324	31,160			39,324	31,160
	Other Taxes	15,265	19,079			15,265	19,079
	Other General Revenues	9,550	14,292	638	1,056	10,188	15,348
	<b>Total general revenues &amp; transfers</b>	<b>64,139</b>	<b>64,531</b>	<b>638</b>	<b>1,056</b>	<b>64,777</b>	<b>65,587</b>
	<b>Total Revenues</b>	<b>107,536</b>	<b>136,478</b>	<b>55,825</b>	<b>60,527</b>	<b>163,361</b>	<b>197,005</b>
<b>Expenses</b>							
	General government	9,195	7,183			9,195	7,183
	Police	21,580	20,658			21,580	20,658
	Fire	15,083	14,416			15,083	14,416
	Development & Engineering	9,882	11,135			9,882	11,135
	Public Works	19,610	13,526			19,610	13,526
	Parks & Community Services	9,159	7,502			9,159	7,502
	Interest on Long-term Debt	4,201	3,548			4,201	3,548
	Unallocated Depreciation	295	820			295	820
	Water			19,173	18,786	19,173	18,786
	Sewer			15,380	11,415	15,380	11,415
	Solidwaste			17,893	17,088	17,893	17,088
	Storm Drainage			2,646	3,486	2,646	3,486
	Airport			742	542	742	542
	Transit			1,277	1,531	1,277	1,531
	<b>Total Expenses</b>	<b>89,005</b>	<b>78,788</b>	<b>57,111</b>	<b>52,848</b>	<b>146,116</b>	<b>131,636</b>
	<b>Increase in Net Assets</b>	<b>18,531</b>	<b>57,690</b>	<b>(1,286)</b>	<b>7,679</b>	<b>17,245</b>	<b>65,369</b>
	Net Assets, 7-1-2008	631,802	574,112	387,156	379,477	1,018,958	953,589
	<b>Net Assets, 6-30-2009</b>	<b>\$ 650,333</b>	<b>\$ 631,802</b>	<b>\$ 385,870</b>	<b>\$ 387,156</b>	<b>\$ 1,036,203</b>	<b>\$ 1,018,958</b>

## **Governmental Activities**

Total revenues decreased drastically by 29% in FY 2008-09. The two highest reduction of revenues from taxes were in charges for services at 49% and capital grants and contributions at 47%. The only tax revenue that managed to increase during the fiscal year are those from franchise taxes. It posted a modest 7% increase. These taxes were paid to the city by utility companies providing gas, electric and telecommunication. Investment earnings showed a reduction of 25% compared to last year's earnings due to declining interest rates.

## **Business-type Activities**

The City of Tracy maintains six different types of proprietary funds. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Water, sewer, solid waste, drainage, airport and transit services provided by the City of Tracy are all accounted for in the enterprise funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central garage, central services, equipment acquisition, building maintenance and insurance expenditures.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The financial statements show separate information for each service provided and all are considered to be major funds of the City of Tracy.

Just like the revenues of governmental activities, revenues of business-type activities also decreased. The revenue source that showed the highest decline is operating contributions and grants which decreased by 99%. Other general revenues declined by 40%. These revenues are mostly from investment earnings which showed a reduction of 39% due to declining interest rates.

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

The City of Tracy's governmental funds' purpose is to provide information on short-term inflows, outflows and balances of spendable resources. In assessing the City's financing requirements, this information is useful. The unreserved fund balance is a useful measure of the City's resources that are available for spending at the end of the fiscal year.

At June 30, 2009, the City's governmental funds presented a combined fund balance of almost \$189.6 million, an increase of \$6.1 million or 3% when compared to that of the prior year. Despite of declining revenues, governmental activities managed to have its revenues exceeding its expenditures by \$8.5 million. The city's revenues from governmental activities declined by 29% and increased its expenditures by 13%.

The City of Tracy's general fund has a fund balance of \$17.9 million. Of this amount, \$16.7 million or 93% is unreserved and undesignated. The total unreserved and undesignated fund balance represents almost 32 % of the total general fund expenditures.

## **Financial Analysis of the Government's Funds (Continued)**

In the governmental funds, Northeast Industrial Plan Area #1 Fund, a major fund, is the only fund that showed a negative fund balance. Its revenues decreased by 33% but the expenditures increased by 21%. The reduction of revenues was due to a decline in developer's contributions while it continues to spend on planned projects. Since there are more than 100 acres left to be developed in this area, it is anticipated that more revenues will be generated in the coming years. This site remains one of the few fully entitled large parcels available in San Joaquin County.

The other two funds that posted a negative fund balance at the end of the year are Business Improvement District and Community Access CTV. Both these funds are suffering from declining revenues. The Business Improvement District's revenues come from assessments received from business owners within the district. The failure of these owners to pay their respective assessments contributed greatly to the decline in revenues. In the case of the Community Access CTV, the revenues received from fees also declined thus resulting in a negative fund balance at year end.

The City of Tracy's debt service funds have a combined fund balance of \$8.1 million. 100% of this amount is reserved for the payment of debt service. The fund balance of the debt service funds decreased by 12% or \$.9 million.

The other governmental funds (Business Improvement District and Community Access CTV) that reported a negative fund balance was the result of excessive spending in operating expenditures that were not matched by revenues.

## **Financial Analysis of the Proprietary Funds**

The proprietary funds of the City of Tracy provide the same type of information found in the government-wide financial statements as the governmental funds but is shown with more detail.

The total unrestricted net assets of the proprietary funds is \$38.8 million for the year ended June 30, 2009, up by 13% compared to last year's unrestricted net assets of \$34.3 million. This increase is due mainly to the increases in unrestricted net assets posted by all of the Proprietary funds.

Water Fund's total operating revenues increased by 3% and its operating expenses went up only by 3%. Although the operations still resulted in a loss, this year's losses are lower by .7% compared to the losses of the previous year. These costs were trimmed by decreasing the cost of purchased water by 22% to \$2.7 million. However, the reduction in expenses was also match by reductions in contributions. This revenue source was reduced by 70% when compared to the previous year. The water fund's net assets decreased only by 1%.

## **Financial Analysis of the Proprietary Funds (Continued)**

The Sewer Fund posted a decrease in total operating revenues by 7% while its operating expense shows an increase of 39%. This upsurge in expenses was mainly contributed by depreciation which increased by \$2.1 million or 42% and by maintenance and operations which increased by 42% this fiscal year. The increase in maintenance and operations was due to rising salaries and benefits of employees while the increase in depreciation was due to assets that were acquired last year but were not depreciated

for a full year until end of this fiscal year. These increases in expenses resulted to a decrease in net assets by 1% or \$1.9 million at the end of the year.

The combination of a 9% decrease in total operating revenues and an increase of 35% in operating expenses contributed to the airport fund's decrease in net assets by 38% or \$5.5 million. This fund's expenses for maintenance and operation spiked by 94% due to the hiring of management positions that were not filled until this fiscal year.

The solid waste fund's operating expenses increased by 5% while its total operating revenues posted a reduction of 7% which resulted in a 25% decrease in net assets. This reduction in operating revenues can be attributed to the almost 1,600 homes that were vacant due to foreclosures and, therefore, did not generate any revenues for the Solid waste fund while fixed overhead expenses remain the same. Increases in operating expenses were due to rising employee costs. Last year's gains from operations in the amount of \$.8 million were replaced by this year's operating losses of \$1.1 million.

The transit fund shows a marked improvement from last year's. This year, this fund posted an increase in net assets by 90% or \$6.1 million. This increase was due to grants and subsidies received during the fiscal year which amounted to \$6.4 million.

The drainage fund's net assets managed to decrease by only 3% despite a reduction of revenues by 4% due to a 25% reduction in operating expenses which includes a 26% reduction in depreciation expenses. The operating expenses were reduced by the lowering of charges made by the landscaping districts.

### **General Fund Budgetary Highlights**

- The actual revenues of the general fund were less than the estimated amount by \$1.2 million.
- The actual expenditures reported a favorable variance. The estimated expenditures were higher than the actual by \$4.2 million.
- The net excess of expenditures over revenues for the fiscal year ended June 30, 2009 is \$2.8 million.

The deficiency of actual revenues compared to estimated revenues was due to a 12% decline in sales taxes when compared to last year's. The favorable variance in expenditures can be attributed to various cost savings measures that the city undertook during the year. The city continued to follow last year's cost saving measures by not filling vacancies in anticipation of declining revenues due to retirement or resignations nor added more positions. Despite the city's efforts in cutting costs, expenditures still exceeded revenues but it was kept to a minimum of only \$2.8 million.

## **Capital Asset and Debt Administration**

**Capital Assets.** The City of Tracy's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$908.6 million (net of accumulated depreciation). These capital assets include the asset descriptions shown on the table below. The total increase in the city's investments in capital assets increased by 1% for governmental activities while business-type activities experienced a decline of 2%. More detailed information of the City's capital assets can be found in Note 5.

Various reductions in asset types in business-type activities were offset by a large increase in construction in-progress. This year, it increased by 20% or \$1.9 million. This increase was due to the construction of the multi-modal station at 6<sup>th</sup> Street included in the capital assets of the Transit Fund. The construction of the multi-modal station is partly funded by the Federal Department of Transportation funneled through the State of California.

Table 3						
City of Tracy						
Schedule of Capital Assets						
June 30, 2009						
(in Thousands)						
Asset Description	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 152,987	\$ 153,356	\$ 6,647	\$ 6,646	\$ 159,634	\$ 160,002
Streets and Raods	207,748	199,406			207,748	199,406
Construction in-Progress	5,476	10,815	11,355	9,455	16,831	20,270
Buildings and Improvements	126,582	117,857	369,168	368,206	495,750	486,063
Grading, Curbs & Gutters, Sidewalks & Driveway Approaches	26,675	26,460			26,675	26,460
Traffic Signals	14,243	14,204			14,243	14,204
Equipment	27,645	27,117	45,668	45,759	73,313	72,876
Infrastructure	4,971	4,956	94,142	87,011	99,113	91,967
Intangible Assets	422	671	63,699	63,709	64,121	64,380
Less: Total Accumulated Depreciation	(61,925)	(56,477)	(186,858)	(169,330)	(248,783)	(225,807)
<b>Total Capital Assets</b>	<b>\$ 504,824</b>	<b>\$ 498,365</b>	<b>\$ 403,821</b>	<b>\$ 411,456</b>	<b>\$ 908,645</b>	<b>\$ 909,821</b>

**Modified Approach.** 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.

## **Capital Asset and Debt Administration (Continued)**

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).

The City's preservation costs are budgeted to be \$3,000,865 in fiscal year 2010. The Pavement Condition Index (PCI) for the City's street pavement for the latest years is as follows:

<u>Year</u>	<u>PCI</u>	<u>Maintenance Budget</u>	<u>Actual Maintenance</u>
2002	76	\$ 1,505,620	\$ 1,369,043
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	3,000,865	

The City's administrative policy is to achieve a minimum rating of 65 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 \$19,115,824 for street preservation for fiscal year 2009.

**Long-term Debt.** At the end of fiscal year 2009, the City's total debt showed an increase of 5% or 6.6 million. This increase was due to the issuance of \$19.7 million of bonds related to the acquisition and construction of various projects and to prepay the outstanding principal balance of the debt related to the purchase of parklands. judgment decreased by 85%.

A detailed discussion of the entire City's long-term debt can be found under Notes 7 and 8. Standard and Poor's and Moody's credit rating of AAA and Aaa, respectively, was received by the City's most recent debt insured debt issuance.

## Capital Asset and Debt Administration (Continued)

Table 4						
City of Tracy						
Schedule of Long Term Debt						
June 30, 2009						
(in Thousands)						
Debt Description	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
2008 Lease Revenue Bonds	\$ 19,765	\$ -	\$ -	\$ -	\$ 19,765	\$ -
2007 Lease Revenue Bonds-A	2,690	2,690			2,690	2,690
2007 Lease Revenue Bonds-B	1,760	1,840			1,760	1,840
2003 Tax Allocation Bonds	50,965	52,030			50,965	52,030
1998 Certificates of Participation		10,155				10,155
Capital Leases	265	395			265	395
2003 Wastewater Revenue Bonds			1,625	1,925	1,625	1,925
2004 Wastewater Revenue Bonds			29,795	30,380	29,795	30,380
U. S. EDA Notes			1,613	1,774	1,613	1,774
Irrigation District Notes			5,000	5,000	5,000	5,000
State of California-Department of Transportation Loan			126	142	126	142
State of California-Department of Health Services			18,801	19,605	18,801	19,605
Compensated Absences	2,911	2,849	465	428	3,376	3,277
Claims and Judgments	92	92			92	92
Post Retirement Benefits	468	442			468	442
Total Long Term Liabilities	\$ 78,916	\$ 70,493	\$ 57,425	\$ 59,254	\$ 136,341	\$ 129,747

### Economic Outlook and Major Initiatives

As the current economic crisis continues, fiscal year 2008-09 clearly shows its effects. As unemployment lowers the purchasing power of the city's population, property values persists to decline together with the revenues related to it such as property transfer taxes and property taxes. Though the City prepared for the decline in revenues as the result of the passage of Measure A, an ordinance that limited the City's growth, there was no preparation made for the decline in property values due to the current housing market. The city dipped again into its reserves just to maintain a \$17.9 million fund balance in the general fund. This and other topics related to the City's economic outlook are discussed in detail in the accompanying transmittal letter.

### Contacting the City's Financial Management

This Comprehensive Annual 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, California 95376.



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**CITY OF TRACY**  
**STATEMENT OF NET ASSETS**  
**June 30, 2009**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 182,890,516	\$ 22,970,554	\$ 205,861,070
Cash and investments with fiscal agents	23,185,252	314,430	23,499,682
Restricted cash and investments	748,853		748,853
Accounts receivable	7,871,252	13,265,586	21,136,838
Interest receivable	1,232,678	139,947	1,372,625
Prepaid items	78,280	555	78,835
Loans receivable	11,120,656		11,120,656
Internal balances	(5,995,428)	5,995,428	
Deferred charges, net of accumulated amortization	4,903,629	200,979	5,104,608
Capital assets, not being depreciated	366,210,823	18,002,219	384,213,042
Capital assets, being depreciated, net of accumulated depreciation	<u>138,613,400</u>	<u>385,818,650</u>	<u>524,432,050</u>
Total Assets	<u>730,859,911</u>	<u>446,708,348</u>	<u>1,177,568,259</u>
<b>LIABILITIES</b>			
Accounts payable	1,944,396	1,892,666	3,837,062
Deposits payable	5,556,989	1,339,630	6,896,619
Unearned revenue	2,776,572	50,000	2,826,572
Accrued interest payable	1,332,761	130,601	1,463,362
Noncurrent liabilities:			
Due within one year	2,783,739	3,151,020	5,934,759
Due in more than one year	<u>76,132,856</u>	<u>54,274,232</u>	<u>130,407,088</u>
Total Liabilities	<u>90,527,313</u>	<u>60,838,149</u>	<u>151,365,462</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	448,840,988	346,860,589	795,701,577
Restricted for:			
Debt service	6,800,059	183,829	6,983,888
Public safety	2,001,756		2,001,756
Streets and roads	10,153,854		10,153,854
Community development	8,047,372		8,047,372
Special districts	3,101,771		3,101,771
Projects	110,703,360		110,703,360
Housing	16,353,421		16,353,421
Unrestricted	<u>34,330,017</u>	<u>38,825,781</u>	<u>73,155,798</u>
Total Net assets	<u>\$ 640,332,598</u>	<u>\$ 385,870,199</u>	<u>\$ 1,026,202,797</u>

The notes to the basic financial statements are an integral part of this statement

**CITY OF TRACY**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2009

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Governmental Activities:</b>				
General government				
Legislative	\$ (491,278)	\$ 50	\$ -	\$ -
City attorney	(879,951)			
City treasurer	(368,538)			
Administration	(1,776,478)	850		
Personnel	(824,895)			
Finance	(1,936,203)	543,784		
Non-departmental	(2,421,229)	2,402,720		642,423
Economic development	(496,487)			
Public safety				
Police	(21,580,174)	559,584	841,831	582,623
Fire	(15,082,468)	270,623	7,644,011	2,457,386
Public works				
Development and engineering	(9,881,638)	8,840,210	84,190	5,363,253
Public works	(19,610,157)	3,983,303	3,557,079	3,919,244
Culture and leisure				
Cultural arts	(2,021,270)	408,800	49,000	
Parks and community services	(7,137,220)	656,214		
Interest on long-term debt	(4,201,178)		590,386	
Unallocated depreciation	(295,422)			
<b>Total Governmental Activities</b>	<b>(89,004,586)</b>	<b>17,666,138</b>	<b>12,766,497</b>	<b>12,964,929</b>
<b>Business-type Activities:</b>				
Water	(19,173,435)	15,833,120		1,026,161
Sewer	(15,379,998)	11,661,062		1,451,990
Airport	(741,700)	257,194	20,000	
Solid waste	(17,892,646)	16,774,347		
Transit	(1,276,641)	939,537		6,446,773
Drainage	(2,646,564)	541,248		235,416
<b>Total Business-type Activities</b>	<b>(57,110,984)</b>	<b>46,006,508</b>	<b>20,000</b>	<b>9,160,340</b>
<b>Total Government</b>	<b>\$ (146,115,570)</b>	<b>\$ 63,672,646</b>	<b>\$ 12,786,497</b>	<b>\$ 22,125,269</b>

**General Revenues:**

Taxes:

Property taxes  
Franchise taxes  
Sales and use taxes  
Transit occupancy tax  
Business license taxes  
Transfer tax  
Motor vehicle in lieu, unrestricted  
Investment earnings  
Miscellaneous

**Total General Revenues**

Change in Net Assets

Net Assets July 1, 2008

Net Assets, June 30, 2009

The notes to the basic financial statements are an integral part of this statement

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (491,228)	\$ -	\$ (491,228)
(879,951)		(879,951)
(368,538)		(368,538)
(1,775,628)		(1,775,628)
(824,895)		(824,895)
(1,392,419)		(1,392,419)
623,914		623,914
(496,487)		(496,487)
(19,596,136)		(19,596,136)
(4,710,448)		(4,710,448)
4,406,015		4,406,015
(8,150,531)		(8,150,531)
(1,563,470)		(1,563,470)
(6,481,006)		(6,481,006)
(3,610,792)		(3,610,792)
(295,422)		(295,422)
<u>(45,607,022)</u>		<u>(45,607,022)</u>
	(2,314,154)	(2,314,154)
	(2,266,946)	(2,266,946)
	(464,506)	(464,506)
	(1,118,299)	(1,118,299)
	6,109,669	6,109,669
	<u>(1,869,900)</u>	<u>(1,869,900)</u>
	(1,924,136)	(1,924,136)
<u>(45,607,022)</u>	<u>(1,924,136)</u>	<u>(47,531,158)</u>
29,323,472		29,323,472
2,137,393		2,137,393
10,963,987		10,963,987
721,649		721,649
754,917		754,917
409,317		409,317
277,239		277,239
9,022,562	632,850	9,655,412
526,915	5,500	532,415
<u>54,137,451</u>	<u>638,350</u>	<u>54,775,801</u>
8,530,429	(1,285,786)	7,244,643
<u>631,802,169</u>	<u>387,155,985</u>	<u>1,018,958,154</u>
<u>\$ 640,332,598</u>	<u>\$ 385,870,199</u>	<u>\$ 1,026,202,797</u>

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## **FUND FINANCIAL STATEMENTS**

GASB Statement No. 34 revised the format of the Fund Financial Statements so that only individual major funds are presented, while nonmajor funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current fiscal year. No distinction is made between fund types and the practice of combining like funds and presenting their totals in separate columns (Combined financial Statements) has been discontinued, along with the use of the General Fixed Assets and General Long-term Debt Account Groups.

The funds described below were determined to be Major Funds by the City for the fiscal year 2009. Individual nonmajor funds may be found in the Other Supplemental Information Section.

### **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.

### **COMMUNITY DEVELOPMENT AGENCY HOUSING**

This fund was established to account for the portion of property tax increment revenues received by the Community Development Agency, and set aside for low and moderate income housing.

### **NORTH EAST INDUSTRIAL PLAN AREA # 1**

The North East Industrial Plan Area # 1 was established to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

### **GENERAL PROJECTS**

Established to account for capital projects financial through transfers from the general fund.

### **COMMUNITY DEVELOPMENT AGENCY DEBT SERVICE**

This fund accounts for accumulated City and County tax increment funds received for redevelopment purposes to repay outstanding debt.

### **REGIONAL MALL COP DEBT SERVICE**

Established to accumulate funds for the payment of debt service on the COPs issued for public infrastructure in the new Regional Mall area. Funds are transferred from the general fund into this fund for this debt service.

**CITY OF TRACY  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2009**

	General Fund	Community Development Agency Housing	North East Industrial Plan Area #1
<b>ASSETS</b>			
Cash and investments	\$ 19,122,335	\$ 2,909,471	\$ 11,072,328
Cash and investments with fiscal agents			
Restricted cash and investments		748,853	
Accounts receivable	2,070,467		
Interest receivable	258	27,433	74,722
Prepaid items	32,455		
Loans receivable	580,126	11,486,704	
Due from other funds	1,497,084		
Advances to other funds	244,057		
Total Assets	<u>\$ 23,546,782</u>	<u>\$ 15,172,461</u>	<u>\$ 11,147,050</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 392,320	\$ -	\$ 167,724
Due to other funds			
Deposits payable	2,454,417		
Deferred revenue	2,776,572	11,486,704	
Advances from other funds			11,780,657
Total Liabilities	<u>5,623,309</u>	<u>11,486,704</u>	<u>11,948,381</u>
Fund Balances:			
Reserved for projects			
Reserved for encumbrances	361,691	78	1,414,015
Reserved for prepaid items	32,455		
Reserved for debt service			
Reserved for low/moderate income housing		3,685,679	
Reserved for advances	244,057		
Reserved for loans receivable	580,126		
Unreserved reported in:			
General fund	16,705,144		
Special revenue funds			
Capital projects funds			(2,215,346)
Total Fund Balances	<u>17,923,473</u>	<u>3,685,757</u>	<u>(801,331)</u>
Total Liabilities and Fund Balances	<u>\$ 23,546,782</u>	<u>\$ 15,172,461</u>	<u>\$ 11,147,050</u>

The notes to the basic financial statements are an integral part of this statement

<u>General Projects</u>	<u>Regional Mall COP Debt Service</u>	<u>Community Development Agency Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,192,803	\$ 1,271,674	\$ 2,612,546	\$ 133,481,394	\$ 172,662,551
12,962,546		3,718,099	6,504,607	23,185,252
				748,853
68,069		51,228	5,254,672	7,444,436
	8,816	4,709	1,116,740	1,232,678
			45,825	78,280
				12,066,830
5,687,471				7,184,555
82,300				326,357
<u>\$ 20,993,189</u>	<u>\$ 1,280,490</u>	<u>\$ 6,386,582</u>	<u>\$ 146,403,238</u>	<u>\$ 224,929,792</u>
\$ 218,566	\$ -	\$ 680,691	\$ 396,422	\$ 1,855,723
			1,643,383	1,643,383
			3,102,572	5,556,989
			162,565	14,425,841
			82,300	11,862,957
<u>218,566</u>	<u>-</u>	<u>680,691</u>	<u>5,387,242</u>	<u>35,344,893</u>
12,962,546			6,482,312	19,444,858
1,303,101			4,256,645	7,335,530
			45,825	78,280
	1,280,490	5,705,891	1,146,439	8,132,820
				3,685,679
82,300				326,357
				580,126
				16,705,144
			33,100,139	33,100,139
6,426,676			95,984,636	100,195,966
<u>20,774,623</u>	<u>1,280,490</u>	<u>5,705,891</u>	<u>141,015,996</u>	<u>189,584,899</u>
<u>\$ 20,993,189</u>	<u>\$ 1,280,490</u>	<u>\$ 6,386,582</u>	<u>\$ 146,403,238</u>	<u>\$ 224,929,792</u>



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**CITY OF TRACY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**June 30, 2009**

Fund balances of governmental funds \$ 189,584,899

Amounts reported for governmental activities in the Statement of Net Assets are different from those reported in the Governmental Funds because of the following:

Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet. (These do not include Internal Service Assets)

Capital assets	\$ 544,295,649	
Less: accumulated depreciation	<u>(49,829,233)</u>	494,466,416

Deferred charges represent costs associated with the issuance of long-term debt which are deferred and amortized over the period during which the debt is outstanding. The costs are reported as expenditures of current financial resources in governmental funds.

Deferred charges	5,685,961	
Less: accumulated amortization	<u>(782,332)</u>	4,903,629

Interest payable on long-term debt does not require current financial resources, therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet. (Does not include Internal Service Fund)

(1,327,454)

The liabilities below are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.

Compensated absences (Does not include Internal Service Fund)	(2,704,454)	
Bonds payable	(75,180,000)	
Postretirement benefit accrual	<u>(468,357)</u>	(78,352,811)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and vehicle maintenance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

20,412,243

In governmental funds, other long-term assets are not available to pay for current-period expenditures, and therefore, are offset by deferred revenue.

11,649,269

In governmental funds, other long-term assets are not available to pay for current-period expenditures:

Conditional grant balance allowance		<u>(1,003,593)</u>
-------------------------------------	--	--------------------

Net assets of governmental activities

\$ 640,332,598

**CITY OF TRACY**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2009**

	General	Community Development Agency Housing	North East Industrial Plan Area #1	General Projects
<b>REVENUES</b>				
Taxes	\$ 31,556,617	\$ -	\$ -	\$ -
Licenses, permits, and fees	3,008,129			
Fines and penalties	1,684,381			37,543
Use of money and property	2,064,984	186,006	493,340	68,068
Intergovernmental	1,289,316			
Charges for services	8,222,621			50,116
Special assessments	337,771			
Contributions				
Other revenues	1,360,700			108,099
Total Revenues	<u>49,524,519</u>	<u>186,006</u>	<u>493,340</u>	<u>263,826</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Economic development	500,588			
City clerk	384,240			
City council	111,139			
City attorney	887,568			
City treasurer	371,468			
Administration	1,652,068			
Human resources	831,926			
Finance	1,952,609			
Non-departmental	677,494			
Public safety				
Police	21,568,543		2,400	
Fire	8,052,812			
Public works				
Development and engineering	6,588,441	4,879,834		
Public works	3,765,025			
Culture and leisure				
Cultural arts	1,490,937			
Parks and community services	3,015,685			
Intergovernmental				
Capital outlay	437,134		1,087,199	3,609,991
Debt service:				
Principal payments				
Interest and fiscal charges				
Debt issuance costs				
Total Expenditures	<u>52,287,677</u>	<u>4,879,834</u>	<u>1,089,599</u>	<u>3,609,991</u>
Excess of revenues over (under) expenditures	<u>(2,763,158)</u>	<u>(4,693,828)</u>	<u>(596,259)</u>	<u>(3,346,165)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the issuance of long term debt				
Transfers in	3,281,042	2,369,875		7,174,242
Transfers out	<u>(1,173,000)</u>			
Total Other Financing Sources (Uses)	<u>2,108,042</u>	<u>2,369,875</u>		<u>7,174,242</u>
Net Change in Fund Balances	(655,116)	(2,323,953)	(596,259)	3,828,077
Fund Balances, July 1, 2008	<u>18,578,589</u>	<u>6,009,710</u>	<u>(205,072)</u>	<u>16,946,546</u>
Fund Balances, June 30, 2009	<u>\$ 17,923,473</u>	<u>\$ 3,685,757</u>	<u>\$ (801,331)</u>	<u>\$ 20,774,623</u>

The notes to the basic financial statements are an integral part of this statement

Regional Mall COP Debt Service	Community Development Agency Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 10,259,535	\$ 2,864,034	\$ 44,680,186
		104,162	3,112,291
			1,721,924
84,424	121,704	6,027,758	9,046,284
	705,258	10,903,954	12,898,528
		165,547	8,438,284
		5,245,369	5,583,140
		6,048,878	6,048,878
		3,125,655	4,594,454
<u>84,424</u>	<u>11,086,497</u>	<u>34,485,357</u>	<u>96,123,969</u>
			500,588
			384,240
			111,139
			887,568
			371,468
		139,644	1,791,712
			831,926
			1,952,609
		60,477	737,971
		3,339	21,574,282
		7,333,718	15,386,530
		892,162	12,360,437
		4,603,914	8,368,939
			1,490,937
			3,015,685
	3,287,617		3,287,617
		15,367,996	20,502,320
10,155,000	1,065,000	80,000	11,300,000
558,895	2,669,812	570,113	3,798,820
		1,163,448	1,163,448
<u>10,713,895</u>	<u>7,022,429</u>	<u>30,214,811</u>	<u>109,818,236</u>
<u>(10,629,471)</u>	<u>4,064,068</u>	<u>4,270,546</u>	<u>(13,694,267)</u>
		19,765,000	19,765,000
9,269,881		3,945,306	26,040,346
	(2,569,875)	(22,297,471)	(26,040,346)
<u>9,269,881</u>	<u>(2,569,875)</u>	<u>1,412,835</u>	<u>19,765,000</u>
(1,359,590)	1,494,193	5,683,381	6,070,733
<u>2,640,080</u>	<u>4,211,698</u>	<u>135,332,615</u>	<u>183,514,166</u>
<u>\$ 1,280,490</u>	<u>\$ 5,705,891</u>	<u>\$ 141,015,996</u>	<u>\$ 189,584,899</u>

**CITY OF TRACY  
RECONCILIATION OF THE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measure only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES \$ 6,070,733

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

Repayment of long-term receivables is treated as revenue in governmental funds, but the repayment reduces long-term receivables in the Statement of Net Assets. Issuance of long-term receivables is treated as expenditures in the governmental funds, but the issuance increases long-term receivables in the Statement of Net Assets.

Issuance of loans	\$ 4,214,358	
Repayment of loans	<u>(9,212)</u>	4,205,146

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated lives and reported as depreciation expense.

Capital outlay expenditures are added back to fund balances	20,502,320	
Depreciation expense not reported in governmental funds	(4,881,247)	
Book value of surplus and disposal of assets	(1,606,554)	
Expenditures for Streets under Modified Method and expensed assets	<u>(8,316,721)</u>	5,697,798

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but in the Statement of Net Assets, the costs are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	11,300,000	
Amortization of deferred charges	(128,870)	
Proceeds from the issuance of new debt	(19,765,000)	
Debt issue costs capitalized	<u>1,163,448</u>	(7,430,422)

The amounts below included in the Statement of Activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):

Postretirement benefit accrual	(26,815)	
Interest payable	(260,785)	
Accrued interest receivable	253,397	
Compensated absences	(62,079)	
Accounts receivable net deferred	<u>162,565</u>	66,283

Internal service funds are used by management to charge the costs of certain activities, such as insurance and vehicle maintenance, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities. (Plus change in compensated leave reported above \$20,811) (79,109)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 8,530,429

The notes to the basic financial statements are an integral part of this statement

## **MAJOR PROPRIETARY FUNDS**

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of *major funds* established by GASB Statement No. 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in the fiscal year 2009.

### **WATER UTILITY FUND**

This fund accounts for the 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.

### **MUNICIPAL AIRPORT FUND**

This fund accounts for the activities associated with the operations and maintenance of the City's airport.

### **SEWER UTILITY FUND**

This fund accounts 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 accounts 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.

### **MUNICIPAL TRANSIT FUND**

This fund accounts 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.

### **DRAINAGE FUND**

Activities of the City's storm drainage operations are accounted for in this fund.

**CITY OF TRACY  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 June 30, 2009**

	Enterprise Funds		
	Water Utility	Sewer Utility	Municipal Airport
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 4,678,735	\$ 15,287,356	\$ -
Cash and investments with fiscal agents		314,430	
Accounts receivable - net	2,686,095	1,956,757	27,544
Interest receivable	24,922	92,192	
Due from other funds		180,835	
Prepaid expenses			
	<u>7,389,752</u>	<u>17,831,570</u>	<u>27,544</u>
Total current assets			
Noncurrent:			
Loans receivable			
Deferred charges, net of accumulated amortization		200,979	
Advances to other funds	12,842,192		
	<u>12,842,192</u>	<u>200,979</u>	
Capital Assets:			
Nondepreciable			
Land	29,015	933,732	15,826
Construction in progress	1,426,580	667,809	
	<u>1,455,595</u>	<u>1,601,541</u>	<u>15,826</u>
Total nondepreciable capital assets			
Depreciable			
Infrastructure	23,754,116	20,957,232	
Buildings	50,905,779	95,405,239	356,080
Improvements	105,875,198	77,319,743	5,869,540
Equipment	13,972,271	29,583,412	73,529
Intangibles	63,506,722		191,726
	<u>258,014,086</u>	<u>223,265,626</u>	<u>6,490,875</u>
Total depreciable capital assets			
Less accumulated depreciation	<u>(80,584,112)</u>	<u>(74,365,166)</u>	<u>(3,958,900)</u>
Net depreciable capital assets	<u>177,429,974</u>	<u>148,900,460</u>	<u>2,531,975</u>
Net capital assets	<u>178,885,569</u>	<u>150,502,001</u>	<u>2,547,801</u>
Total noncurrent assets	<u>191,727,761</u>	<u>150,702,980</u>	<u>2,547,801</u>
Total assets	<u>\$ 199,117,513</u>	<u>\$ 168,534,550</u>	<u>\$ 2,575,345</u>

The notes to the basic financial statements are an integral part of this statement

Solid Waste	Enterprise Funds			Governmental Activities - Internal Service Funds
	Municipal Transit	Drainage	Totals	
\$ 1,572,831	\$ 1	\$ 1,431,631	\$ 22,970,554	\$ 10,227,965
			314,430	
2,356,013	6,157,692	81,485	13,265,586	426,816
13,297		9,536	139,947	
			180,835	
555			555	
<u>3,942,696</u>	<u>6,157,693</u>	<u>1,522,652</u>	<u>36,871,907</u>	<u>10,654,781</u>
				57,419
			200,979	
			<u>12,842,192</u>	
				57,419
			<u>13,043,171</u>	<u>57,419</u>
	1,350,183	4,318,335	6,647,091	
	<u>9,167,840</u>	<u>92,899</u>	<u>11,355,128</u>	
	<u>10,518,023</u>	<u>4,411,234</u>	<u>18,002,219</u>	
		49,430,734	94,142,082	
	1,555,641		148,222,739	314,063
	373,298	31,507,845	220,945,624	554,752
42,872	1,976,137	19,624	45,667,845	21,245,860
			<u>63,698,448</u>	<u>338,812</u>
42,872	3,905,076	80,958,203	572,676,738	22,453,487
<u>(42,872)</u>	<u>(1,888,649)</u>	<u>(26,018,389)</u>	<u>(186,858,088)</u>	<u>(12,095,680)</u>
	<u>2,016,427</u>	<u>54,939,814</u>	<u>385,818,650</u>	<u>10,357,807</u>
	<u>12,534,450</u>	<u>59,351,048</u>	<u>403,820,869</u>	<u>10,357,807</u>
	<u>12,534,450</u>	<u>59,351,048</u>	<u>416,864,040</u>	<u>10,415,226</u>
<u>\$ 3,942,696</u>	<u>\$ 18,692,143</u>	<u>\$ 60,873,700</u>	<u>\$ 453,735,947</u>	<u>\$ 21,070,007</u>

(Continued)



**CITY OF TRACY**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS (Continued)**  
**June 30, 2009**

	Enterprise Funds		
	Water Utility	Sewer Utility	Municipal Airport
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 184,515	\$ 389,927	\$ 10,484
Deposits payable	286,916	4,000	27,479
Due to other funds	180,835		323,952
Accrued interest payable	12,500	113,907	4,194
Claims payable, current portion			
Current portion - long-term debt	2,115,375	974,545	
Deferred revenue			25,861
	<u>2,780,141</u>	<u>1,482,379</u>	<u>391,970</u>
Total current liabilities	<u>2,780,141</u>	<u>1,482,379</u>	<u>391,970</u>
Noncurrent Liabilities:			
Advances from other funds			1,305,592
Capital lease payable			
Notes payable	23,422,470		109,275
Revenue bonds payable		1,315,000	
Compensated absences	123,710	64,545	8,992
Claims payable			
Certificates of participation payable		29,195,000	
	<u>23,546,180</u>	<u>30,574,545</u>	<u>1,423,859</u>
Total noncurrent liabilities	<u>23,546,180</u>	<u>30,574,545</u>	<u>1,423,859</u>
Total Liabilities	<u>26,326,321</u>	<u>32,056,924</u>	<u>1,815,829</u>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	153,471,433	119,396,431	2,421,657
Restricted for debt service		200,523	
Unrestricted	19,319,759	16,880,672	(1,662,141)
	<u>172,791,192</u>	<u>136,477,626</u>	<u>759,516</u>
Total Net Assets	<u>\$ 172,791,192</u>	<u>\$ 136,477,626</u>	<u>\$ 759,516</u>

The notes to the basic financial statements are an integral part of this statement

Enterprise Funds				Governmental Activities - Internal Service Funds
Solid Waste	Municipal Transit	Drainage	Totals	
\$ 757,155	\$ 539,703	\$ 10,882	\$ 1,892,666	\$ 88,673
		1,021,235	1,339,630	
	5,217,220		5,722,007	
			130,601	5,307
				22,929
	4,387	27,008	3,121,315	
3,844	50,000		79,705	
<u>760,999</u>	<u>5,811,310</u>	<u>1,059,125</u>	<u>12,285,924</u>	<u>116,909</u>
			1,305,592	
				265,355
			23,531,745	
			1,315,000	
3,844	4,387	27,009	232,487	206,712
				68,788
			29,195,000	
<u>3,844</u>	<u>4,387</u>	<u>27,009</u>	<u>55,579,824</u>	<u>540,855</u>
<u>764,843</u>	<u>5,815,697</u>	<u>1,086,134</u>	<u>67,865,748</u>	<u>657,764</u>
	12,534,450	59,351,048	347,175,019	10,092,452
			200,523	
<u>3,177,853</u>	<u>341,996</u>	<u>436,518</u>	<u>38,494,657</u>	<u>10,319,791</u>
<u>\$ 3,177,853</u>	<u>\$ 12,876,446</u>	<u>\$ 59,787,566</u>	<u>\$ 385,870,199</u>	<u>\$ 20,412,243</u>

**CITY OF TRACY**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Fiscal Year Ended June 30, 2009**

	Enterprise Funds		
	Water Utility	Sewer Utility	Municipal Airport
Operating Revenues			
Sales and charges for services	\$ 15,727,668	\$ 11,535,774	\$ 243,238
Other operating revenues	105,452	125,288	13,956
Total Operating Revenues	<u>15,833,120</u>	<u>11,661,062</u>	<u>257,194</u>
Operating Expenses			
Purchase of water	2,725,184		
Maintenance and operation	7,635,052	6,822,251	406,441
Administration	125,640	24,360	
Insurance costs and claims			
Depreciation	7,956,344	7,157,601	317,862
Total Operating Expenses	<u>18,442,220</u>	<u>14,004,212</u>	<u>724,303</u>
Operating Income (Loss)	<u>(2,609,100)</u>	<u>(2,343,150)</u>	<u>(467,109)</u>
Non-Operating Revenues (Expenses)			
Interest income	130,464	399,802	
Interest expense	(731,215)	(1,375,786)	(6,557)
Grants and subsidies			20,000
Gain (Loss) on sale of capital assets			(10,840)
Total Non-Operating Income (Loss)	<u>(600,751)</u>	<u>(975,984)</u>	<u>2,603</u>
Income (Loss) Before Contributions and Transfers	(3,209,851)	(3,319,134)	(464,506)
Contributions	1,026,161	1,451,990	
Change in Net Assets	(2,183,690)	(1,867,144)	(464,506)
Net Assets, July 1, 2008	<u>174,974,882</u>	<u>138,344,770</u>	<u>1,224,022</u>
Net Assets, June 30, 2009	<u>\$ 172,791,192</u>	<u>\$ 136,477,626</u>	<u>\$ 759,516</u>

The notes to the basic financial statements are an integral part of this statement

Enterprise Funds				Governmental Activities- Internal Service Funds
Solid Waste	Municipal Transit	Drainage	Totals	
\$ 16,647,529	\$ 93,962	\$ 541,248	\$ 44,789,419	\$ 8,014,023
126,818	845,575		1,217,089	241,899
<u>16,774,347</u>	<u>939,537</u>	<u>541,248</u>	<u>46,006,508</u>	<u>8,255,922</u>
			2,725,184	
17,889,181	850,566	570,407	34,173,898	4,218,798
	26,530	15,440	191,970	717,203
				2,665,907
<u>3,465</u>	<u>399,545</u>	<u>2,017,270</u>	<u>17,852,087</u>	<u>2,337,633</u>
<u>17,892,646</u>	<u>1,276,641</u>	<u>2,603,117</u>	<u>54,943,139</u>	<u>9,939,541</u>
<u>(1,118,299)</u>	<u>(337,104)</u>	<u>(2,061,869)</u>	<u>(8,936,631)</u>	<u>(1,683,619)</u>
66,428		36,156	632,850	(23,665)
			(2,113,558)	(12,703)
	6,446,773		6,466,773	
<u>5,500</u>	<u></u>	<u>(43,447)</u>	<u>(48,787)</u>	<u>45,298</u>
<u>71,928</u>	<u>6,446,773</u>	<u>(7,291)</u>	<u>4,937,278</u>	<u>8,930</u>
(1,046,371)	6,109,669	(2,069,160)	(3,999,353)	(1,674,689)
		235,416	2,713,567	1,574,769
<u>(1,046,371)</u>	<u>6,109,669</u>	<u>(1,833,744)</u>	<u>(1,285,786)</u>	<u>(99,920)</u>
<u>4,224,224</u>	<u>6,766,777</u>	<u>61,621,310</u>	<u>387,155,985</u>	<u>20,512,163</u>
<u>\$ 3,177,853</u>	<u>\$ 12,876,446</u>	<u>\$ 59,787,566</u>	<u>\$ 385,870,199</u>	<u>\$ 20,412,243</u>

**CITY OF TRACY  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 For the Fiscal Year Ended June 30, 2009**

	Enterprise Funds		
	Water Utility	Sewer Utility	Municipal Airport
Cash Flows from Operating Activities:			
Receipts from customers/interfund charges	\$ 15,670,921	\$ 11,738,180	\$ 270,966
Payments to suppliers and users	(6,686,843)	(4,412,820)	(27,176)
Payments to employees	(3,877,237)	(2,784,776)	(220,719)
Net Cash Provided (Used) by Operating Activities	<u>5,106,841</u>	<u>4,540,584</u>	<u>23,071</u>
Cash Flows from Non-Capital Financing Activities:			
Advances to/from other funds	20,000		
Principal received on loans receivable			
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>20,000</u>		
Cash Flows from Capital and Related Financing Activities:			
Capital contributions	658,074	1,438,734	
Capital grants received			20,000
Acquisitions of capital assets	(1,294,701)	(1,814,120)	
Interest paid	(785,168)	(1,370,236)	(7,088)
Principal payments - long-term debt	(964,703)	(885,000)	(36,003)
Proceeds from sales of capital assets			
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,386,498)</u>	<u>(2,630,622)</u>	<u>(23,091)</u>
Cash Flows from Investing Activities:			
Interest received	112,880	408,189	
Net Cash Provided (Used) by Investing Activities	<u>112,880</u>	<u>408,189</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	2,853,223	2,318,151	(20)
Cash and Cash Equivalents, July 1, 2008	<u>1,825,512</u>	<u>13,283,635</u>	<u>20</u>
Cash and Cash Equivalents, June 30, 2009	<u>\$ 4,678,735</u>	<u>\$ 15,601,786</u>	<u>\$ -</u>
Noncash Transactions			
Capital contributions	\$ 368,087	\$ 13,256	\$ -
Amortization of deferred charges	\$ -	\$ 7,331	\$ -
Disposition of assets	\$ -	\$ -	\$ (10,840)
Reconciliation of Cash and Cash Equivalents To Statement of Net Assets			
Cash and investments	\$ 4,678,735	\$ 15,287,356	\$ -
Cash and investments with fiscal agents		314,430	
Total Cash and Investments	<u>\$ 4,678,735</u>	<u>\$ 15,601,786</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement

Enterprise Funds				Governmental Activities - Internal Service Funds
Solid Waste	Municipal Transit	Drainage	Totals	
\$ 17,189,114	\$ 939,537	\$ 511,174	\$ 46,319,892	\$ 7,837,244
(17,760,433)	(245,360)	(365,927)	(29,498,559)	(5,365,672)
(113,150)	(283,222)	(221,577)	(7,500,681)	(2,411,307)
(684,469)	410,955	(76,330)	9,320,652	60,265
	4,733,320		4,753,320	71,680
	4,733,320		4,753,320	71,680
	1,374,029		2,096,808	
(1)	(6,518,310)	(26,799)	1,394,029	(1,624,347)
			(9,653,931)	(15,681)
			(2,162,492)	(130,178)
5,500			(1,885,706)	144,967
			5,500	
5,499	(5,144,281)	(26,799)	(10,205,792)	(1,625,239)
70,065		41,295	632,429	23,665
70,065		41,295	632,429	23,665
(608,905)	(6)	(61,834)	4,500,609	(1,516,959)
2,181,736	7	1,493,465	18,784,375	11,744,924
<u>\$ 1,572,831</u>	<u>\$ 1</u>	<u>\$ 1,431,631</u>	<u>\$ 23,284,984</u>	<u>\$ 10,227,965</u>
\$ -	\$ -	\$ 235,416	\$ 616,759	\$ 1,574,769
\$ -	\$ -	\$ -	\$ 7,331	\$ -
\$ -	\$ -	\$ (43,447)	\$ (54,287)	\$ -
\$ 1,572,831	\$ 1	\$ 1,431,631	\$ 22,970,554	\$ 10,227,965
			314,430	
<u>\$ 1,572,831</u>	<u>\$ 1</u>	<u>\$ 1,431,631</u>	<u>\$ 23,284,984</u>	<u>\$ 10,227,965</u>

(Continued)

**CITY OF TRACY**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2009**  
(Continued)

	Enterprise Funds		
	Water Utility	Sewer Utility	Municipal Airport
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (2,609,100)	\$ (2,343,150)	\$ (467,109)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	7,956,344	7,157,601	317,862
(Increase) Decrease in Operating Assets:			
Accounts receivable	(188,650)	77,118	15,193
Prepaid items			
Increase (Decrease) in Operating Liabilities:			
Accounts payable	(81,246)	(380,594)	(14,380)
Due to other funds			167,452
Compensated absences	3,042	29,609	5,474
Deposits payable	26,451		(1,421)
Net Cash Provided (Used) by Operating Activities	\$ 5,106,841	\$ 4,540,584	\$ 23,071

The notes to the basic financial statements are an integral part of this statement

Enterprise Funds				Governmental Activities - Internal Service Funds
Solid Waste	Municipal Transit	Drainage	Totals	
\$ (1,118,299)	\$ (337,104)	\$ (2,061,869)	\$ (8,936,631)	\$ (1,683,619)
3,465	399,545	2,017,270	17,852,087	2,337,633
414,767 (555)		(2,174)	316,254 (555)	(418,678)
14,328	346,127	4,078	(111,687) 167,452	(195,882)
1,825	2,387	(5,735) (27,900)	36,602 (2,870)	20,811
<u>\$ (684,469)</u>	<u>\$ 410,955</u>	<u>\$ (76,330)</u>	<u>\$ 9,320,652</u>	<u>\$ 60,265</u>



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## **FIDUCIARY FUNDS**

### **AGENCY FUNDS**

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

**CITY OF TRACY**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**June 30, 2009**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 12,628,582
Cash and investments, restricted	1,445
Cash and investments with fiscal agents	18,380,833
Interest receivable	60,473
Accounts receivable	<u>23,348</u>
Total Assets	<u>31,094,681</u>
 <b>LIABILITIES</b>	
Due to other governments	14
Accounts payable	23,348
Deposits payable	1,778,962
Due to assessment district bondholders	<u>29,292,357</u>
Total Liabilities	<u>31,094,681</u>
 <b>NET ASSETS</b>	 <u><u>\$ -</u></u>

The notes to the basic financial statements are an integral part of this statement

**NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Reporting Entity

The City of Tracy was incorporated as a general law city on July 10, 1910. The City operates under the Council-Manager form of government and provides the following services: public safety (policy and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, general administration services, and redevelopment. These basic financial statements present the City of Tracy (the primary government) and its component units. The component units discussed in Section B (below) are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The accompanying financial statements present the activities of the City of Tracy (the primary government) and its component unit, and entity for which the City is financially accountable. The City of Tracy Community Development Agency (Agency) is a tax-increment redevelopment agency, the Board of which is composed of City Council members. The Agency's purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. Although legally separate, this Agency is so intertwined with the City that it is, in substance, one and the same. Accordingly, it is blended with the City in these financial statements. Separate Agency financial statements may be obtained from the City of Tracy at 333 Civic Center Plaza, Tracy, California 95376.

B. Individual Component Unit Disclosures

*Blended Component Units.* The City of Tracy Community Development Agency (Agency) serves all the citizens of the City. The Agency is governed by a board comprised of members of the City's elected council. The Agency is reported as a special revenue fund, a capital projects fund, and a debt service fund.

*Discretely Presented Component Units.* There are no entities which meet the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, criteria for discrete disclosure within these basic financial statements.

C. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

The accompanying financial statements are presented on the basis set forth in Governmental Accounting Standards Board Statements No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Basis of Presentation (Continued)

New Accounting Pronouncements

GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations

This Statement is effective for periods beginning after December 15, 2007. The Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care and nuclear power plant decommissioning. Implementation of GASB Statement No. 49 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

GASB Statement No. 52 – Land and Other Real Estate Held as Investments by Endowments

This Statement is effective for periods beginning after June 15, 2008. The Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. Implementation of GASB Statement No. 52 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

GASB Statement No. 55 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

This Statement is effective as of April 2, 2009. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. Implementation of GASB Statement No. 55 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

GASB Statement No. 56 – Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards

This Statement is effective as of April 16, 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Basis of Presentation (Continued)

New Accounting Pronouncements (Continued)

Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. Implementation of GASB Statement No. 56 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

Government-wide Statements

The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations, except for interfund services provided and used, have been made to minimize double counting or internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular programs, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows for all proprietary funds.

Internal service funds are also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

government-wide financial statements. These Internal service funds account for charges to other funds and departments for insurance, maintenance, and equipment acquisition.

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 Assets. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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 liabilities are incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation 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.

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds. The City collects assessments and pays property enhancement and rehabilitation costs and debt service for various assessment districts within the City.

D. Major Funds

GASB Statement No. 34 defines major funds and requires that the City’s major governmental and proprietary funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to or greater than ten percent of their fund-type total and five percent of all fund-type totals. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

**General** - This fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the City.

**Community Development Agency Housing Special Revenue Fund** – This fund was established by the California Health and Safety Code and is to account for the portion of property tax increment required to be set aside for low and moderate housing.

**Community Development Agency Debt Service Fund** – this fund accounts for accumulated City and County tax increment funds received for redevelopment purposes to repay outstanding debt.

**North East Industrial Plan Area # 1 Capital Projects Fund** – This fund was established to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.



**CITY OF TRACY**  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Major Funds (Continued)

***General Projects Fund***

Established to account for capital projects financial through transfers from the general fund.

***Regional Mall COP Debt Service Fund***

Established to accumulate funds for the payment of debt service on the COPs issued for public infrastructure in the new Regional Mall area. Funds are transferred from the general fund into this fund for this debt service.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

***Water Utility*** – This fund accounts for the activities of the City’s water supply system.

***Sewer Utility*** – This fund accounts for the activities of the City’s surface drainage, sewage collection, and treatment system.

***Municipal Airport*** – This fund accounts for the activities associated with the operations and maintenance of the City’s airport.

***Solid Waste*** – This fund accounts for the City’s refuse collection activities.

***Municipal Transit*** – This fund accounts 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 the handicapped.

***Drainage*** – This fund accounts for the City’s storm drainage activities.

E. Basis of Accounting

The government-wide, and proprietary funds financial statements are reported using the *economic resources measurement focus* and along with fiduciary funds using the *full accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Basis of Accounting (Continued)

Governmental funds are reported using the *current* financial resources measurement focus and the *modified* accrual basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Internal service funds are used to account for charges to various funds and/or departments for costs such as insurance, maintenance, and equipment acquisition.

Fiduciary Funds – Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are purely custodial in nature (assets equal liabilities) and, thus, do not involve measurement of results of operations.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

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.

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

As a general rule, the effect of interfund activity, except for interfund services provided and used, has been eliminated from the government-wide financial statements.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

F. Property Taxes

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

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

F. Property Taxes (Continued)

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 FY 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.

G. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. The City's policy is to capitalize all capital assets with costs exceeding \$1,000 (infrastructure is \$50,000).

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 fiscal year represents that year's pro rata share of the cost of capital assets. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Alternatively, the "modified approach" may be used for infrastructure (streets and roads) capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

Except for streets and roads covered by the modified approach, depreciation has been provided on capital assets. Depreciation of all capital assets is charged as an expense against operations each fiscal year until the asset is fully depreciated. Depreciation is calculated using the straight line method which depreciates evenly over the assets' useful life. The City has assigned the useful lives listed below to capital assets.

Buildings	10-30 years
Improvements	5-50 years
Equipment	2-20 years
Grading, curbs, gutters, sidewalks, driveway approaches	40 years
Traffic signals	20 years
Street drainage	40 years
Other	5-40 years

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 BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. Compensated Absences

Compensated absences are accrued as earned by employees, and consist only of vacation leave. The City measures vacation accrual annually; however, vacation payments are not distinguished from regular payroll paid during the year, nor are accruals made other than annually. The City's liability for compensated absences is recorded in various governmental funds or proprietary funds as appropriate. For all governmental funds, amounts expected to be paid out of current financial resources are recorded as fund liabilities; as these liabilities represent the matured value due to retirement or resignations; the long-term portion is recorded in the Statement of Net Assets.

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

I. Postemployment Benefits

Employees who retire with at least ten years of service may elect to convert all accrued sick leave at the time of retirement to a medical insurance bank. Miscellaneous employees except members of the Teamsters Bargaining Unit can bank their unused sick leave upon retirement. Members of the Teamsters can also bank their unused sick leave only if they have at least ten (10) years of employment with the City. Safety employees: Police employees can bank their unused sick leave if they have at least ten (10) years of employment. Fire employees have two (2) choices: (1) bank their unused sick leave or (2) be paid in cash for all unused sick leave hours in excess of 1,440 hours. If they chose to bank their unused sick leave, they can bank all of it but they will be taxed (Federal, State and the 1.45% Medicare) for all hours in excess of 1,440. 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. The retired employee and his/her dependents are entitled to continued group health insurance coverage currently in effect with premiums for such coverage being deducted from the medical leave bank until that bank is exhausted. The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. For the fiscal year ending June 30, 2009, those costs for 38 retirees totaled \$192,356, and the total liability amount in the medical leave bank is \$2,221,586.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and American Institute of Certified Public Accountants (AICPA), requires management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

K. Cash, Cash Equivalents, and Investments

1. Cash Management

The City pools cash resources of its various funds to facilitate cash management. Cash in excess of current requirements is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Interest earnings are apportioned among funds based on ending accounting period cash and investment balances.

2. Investments Valuation

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investment and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

3. State Investment Pool

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

4. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash investments of the proprietary fund types are pooled with the City's pooled cash and investments.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Budgetary Information

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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Budgetary Information (Continued)

The City does not adopt budgets for the Interest Stabilization, Residential and Commercial Rehabilitation loan, and Traffic Congestion Relief Special Revenue Funds, Parks COP Debt Service fund, and all Capital Project funds (including the North East Industrial Plan Areas # 1 and General Projects Major 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.

B. Deficit Fund Balances

Major Funds

A deficit fund balance of \$801,331 exists in the North East Industrial Plan Area # 1 Fund. The deficit is due to the expenditures for capital outlay prior to receiving the special assessments.

Nonmajor Funds

A deficit fund balance of \$2,996 exists in the Business Improvement District Fund. The deficit is due to the City incurring costs in advance of receiving revenues.

A deficit fund balance of \$82,260 exists in the Community Access CTV Fund. The deficit is due to the City incurring costs in excess of revenues.

C. Excess of Expenditures over Appropriations

Major Governmental Funds:	
Regional Mall COP Debt Service	\$ 9,824,095
Community Development Agency Debt Service	1,217,329
Nonmajor Governmental Fund:	
2008 Lease Revenue Fund	339,595

**NOTE 3 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Restricted Cash and Investments	\$ 748,853
Cash and investments	205,861,070
Cash and investments with Fiscal Agents	23,499,682
Fiduciary funds:	
Cash and investments	12,628,582
Cash and investments with Fiscal Agents	18,380,833
Cash and investments, restricted	1,445
	<hr/>
Total cash and investments	<u>\$ 261,120,465</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	\$	3,460
Deposits with financial institutions		20,984,418
Investments		<u>240,132,587</u>
Total cash and investments	\$	<u>261,120,465</u>

A. 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 of Tracy (City) by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. 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>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund (State Pool)	N/A	None	\$40 million
California Asset Management Plan	N/A	None	10%
Safekeeping Services Sweep Accounts	N/A	None	10%
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	5 years	None	None
Insured Deposits with Banks and Savings and Loans	N/A	None	10%
Repurchase Agreements	1 year	None	10%
Purchase Agreements	92 days	20% of base value	10%
Certificates of Deposit	5 years	30%	10%
Bankers Acceptances (must be dollar denominated)	6 months	30%	10%
Commercial Paper	9 months	25%	5%
Negotiable Time Certificates of Deposit	18 months	30%	10%
Medium Term Corporate Notes	5 years	30%	10%
Mutual Funds (must be comprised of eligible securities permitted under this policy)	N/A	15%	10%
Money Market Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	10%



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**B. Investments Authorized by Debt Agreements**

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Local Agency Investment Fund (State Pool)	None	None	None

**C. Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City 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:

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 36 Months</u>	<u>37 to 60 Months</u>	<u>Over 60 Months</u>
U.S. Treasury Notes	\$ 16,604,784	\$ 4,760,423	\$ 9,771,420	\$ 2,072,941	\$ -
Money Market Funds	9,457,936	9,457,936			
Federal Agency Securities	90,256,756	30,747,101	50,335,852	9,173,803	
Corporate Medium Term Notes	46,305,375	2,626,561	38,610,979	5,067,835	
Commercial Paper	13,374,225	13,374,225			
Negotiable Time Deposits	2,198,189	2,198,189			
State Investment Pool	20,054,807	20,054,807			
Held by Bond Trustees:					
Money Market Funds	40,353,515	40,353,515			
Investment Contracts	1,527,000				1,527,000
	<u>\$ 240,132,587</u>	<u>\$ 123,572,757</u>	<u>\$ 98,718,251</u>	<u>\$ 16,314,579</u>	<u>\$ 1,527,000</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

**E. Disclosures Relating to Credit Risk**

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
U.S. Treasury Notes	\$ 16,604,784	N/A	\$ 16,604,784	\$ -	\$ -	\$ -	\$ -
Money Market Funds	9,457,936	N/A		2,860,789			6,597,147
Federal Agency Securities	90,256,756	N/A		76,634,483		13,622,273	
Corporate Medium Term Notes	46,305,375	N/A		25,788,238	12,638,482	7,819,655	59,000
Commercial Paper	13,374,225	N/A				13,374,225	
Negotiable Time Deposits	2,198,189	N/A					2,198,189
State Investment Pool	20,054,807	N/A					20,054,807
Held by Bond Trustees:							
Money Market Funds	40,353,515	N/A		40,353,515			
Investment Contracts	1,527,000	N/A					1,527,000
<b>Total</b>	<b>\$ 240,132,587</b>		<b>\$ 16,604,784</b>	<b>\$ 145,637,025</b>	<b>\$ 12,638,482</b>	<b>\$ 34,816,153</b>	<b>\$ 30,436,143</b>

**F. Concentration of Credit Risk**

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
FHLMC	Federal agency securities	\$ 28,159,170
FNMA	Federal agency securities	32,837,780
Federal Home Loan Bank	Federal agency securities	18,995,318
Federal Farm Credit Bank	Federal agency securities	12,453,404

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

F. Concentration of Credit Risk (Continued)

There are no investments in any one issuer that represent 5% or more of total investments (other than U.S. Treasury Securities, Mutual funds, and external investment pools) by reporting unit (primary government, governmental activities, business type activities, fiduciary funds, major funds, nonmajor funds in the aggregate, etc.).

G. 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 government unit). The fair 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.

As of June 30, 2009, \$23,706,057 of the City's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts. As of June 30, 2009, City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury Notes	\$ 16,604,784
Federal Agency Securities	90,256,756
Corporate Medium Term Notes	46,305,375
Commercial Paper	13,374,225
Investment Contracts	1,527,000
Money Market Funds	40,353,515

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

H. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**NOTE 4 – LOANS RECEIVABLE**

A. Residential and Commercial Rehabilitation 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 loans receivable arising from these programs was \$368,805 at June 30, 2009.

B. Community Development Agency Loans

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. The loan is secured by a second deed of trust, is payable over twenty-three years beginning in 2026 and accrues interest at 3%. As of June 30, 2009, principal and accrued interest totaled \$828,240.

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. The loan is payable over ten years beginning forty years after the project is complete, and accrues interest at 1% per year. As of June 30, 2009, principal and accrued interest totaled \$2,332,674.

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. To date, Habitat for Humanity has expended \$40,093 of the loan proceeds. 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 ten years. Unexpended loan funds are kept in a City of Tracy account available for use by Habitat for Humanity as needed. The balance of the outstanding loan as of June 30, 2009 is \$40,093.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 4 – LOANS RECEIVABLE (Continued)**

B. Community Development Agency Loans (Continued)

The City loaned 20 individuals \$1,471,910 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 downpayment assistance program. The Redevelopment Agency is the beneficiary of the promissory notes issued, recorded, and secured by real property. The loans are due when the underlying property is sold.

The City, through the Low and Moderate Income Housing Fund of the Redevelopment Agency has entered into a loan agreement (a below market deferred loan) with City Development, Inc for an amount not to exceed \$4,404,512 to be used as a gap financing instrument for the development of a 50 unit affordable senior housing complex. The loan is a 1%, 40 year loan. As of June 30, 2009, the developer has drawn \$4,426,118 off the loan.

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 will develop and rehabilitate an 88 unit Senior Housing Complex for low income senior households. The maximum amount of loan from the Agency will be \$1,975,000. Simple interest shall accrue 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. 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 Agency) or there is a default. Total amount disbursed as of June 30, 2009 is \$2,018,864 which includes accrued interest of \$18,864.

C. Conditional Grants

The City has several programs under which it extends loans to qualifying individuals or groups for the purpose of improving the City's housing stock and/or its supply of low-and-moderate income housing. Certain of these loans provide for the eventual forgiveness of the loan balance if the borrower complies with all the terms of the loan over its full term. The City accounts for these loans as conditional grants in the government-wide financial statements, and provides a reserve against their eventual forgiveness using the straight-line method over the life of the respective loan. Total amount of allowance at June 30, 2009 was \$1,003,593.

D. Development Loan

In September 2006, the City loaned a property owner \$40,000 to assist in the demolition of a structure in order for the property owner to construct new housing units on the site. The loan is due and payable when the properties are sold.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 4 – LOANS RECEIVABLE (Continued)**

E. Employee Computer Loans

All full-time permanent City employees who have completed their probationary period are eligible to obtain an interest free loan to purchase a computer. All requests for loans are subject to review by the participating employee's department manager and must be approved by the City Manager. Repayment of these loans is handled through payroll deductions which are spread out equally until paid in full. Employees must pay off any outstanding balance of their loans upon ending employment with the City. As of June 30, 2009, employees had \$57,419 in loans due to the City.

F. Housing Loan (Related Party)

The City of Tracy loaned \$595,000 to its previous City Manager (Related Party). The proceeds from the loan were to assist in the purchase of a home within the City. The loan is a 30 year fully amortized loan with monthly payments of \$2,354 including principal and interest at the average of the prevailing LAIF rate (3.11% as of June 30, 2009). The balance of the loan as of June 30, 2009 is \$540,126. The City Manager has separated employment and has two years in which to satisfy this loan.

**NOTE 5 – CAPITAL ASSETS**

A. Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance at July 1, 2008	Additions	Deletions	Transfers	Balance at June 30, 2009
<b>Governmental Activities</b>					
Nondepreciable Capital Assets:					
Land	\$ 153,356,161	\$ 181,933	\$ (378,923)	\$ (172,506)	\$ 152,986,665
Roads accounted for using the modified approach	199,405,561	8,904,254	(657,420)	95,671	207,748,066
Construction in progress	10,815,518	3,241,539		(8,580,865)	5,476,192
Total Nondepreciable Capital Assets	<u>363,577,240</u>	<u>12,327,726</u>	<u>(1,036,343)</u>	<u>(8,657,700)</u>	<u>366,210,923</u>
Depreciable Capital Assets:					
Buildings and improvements	117,856,837	107,524		8,617,448	126,581,809
Grading, curb & gutter, sidewalk, and driveway approaches	26,459,654	174,775		40,252	26,674,681
Traffic signals	14,203,826	39,706			14,243,532
Equipment	27,117,217	2,348,881	(1,820,870)		27,645,228
Infrastructure and drainage	4,955,935	14,600			4,970,535
Intangibles	671,127	271,934	(520,833)		422,228
Total Depreciable Capital Assets	<u>191,264,596</u>	<u>2,957,420</u>	<u>(2,341,703)</u>	<u>8,657,700</u>	<u>200,538,013</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 5 – CAPITAL ASSETS (Continued)**

A. Capital asset activity for the fiscal year ended June 30, 2009, was as follows:  
(Continued)

	Balance at July 1, 2008	Additions	Deletions	Transfers	Balance at June 30, 2009
<b>Governmental Activities</b>					
(Continued)					
Accumulated Depreciation:					
Buildings and improvements	\$ (23,865,436)	\$ (2,746,602)	\$ -	\$ -	\$ (26,612,038)
Grading, curbs & gutters, sidewalks and driveway approaches	(7,094,997)	(662,394)			(7,757,391)
Traffic signals	(6,742,263)	(920,129)			(7,662,392)
Equipment	(16,335,130)	(2,484,862)	1,756,265		(17,063,727)
Intangibles	(49,835)	(74,452)	15,227		(109,060)
Infrastructure	(2,389,864)	(330,441)			(2,720,305)
Total Accumulated Depreciation	<u>(56,477,525)</u>	<u>(7,218,880)</u>	<u>1,771,492</u>		<u>(61,924,913)</u>
Net Depreciable Capital Assets	<u>134,787,371</u>	<u>(4,261,460)</u>	<u>(570,211)</u>	<u>8,657,700</u>	<u>138,613,400</u>
Net Governmental Capital Assets	<u>\$ 498,364,611</u>	<u>\$ 8,066,166</u>	<u>\$ (1,606,554)</u>	<u>\$ -</u>	<u>\$ 504,824,223</u>
	Balance at July 1, 2008	Additions	Deletions	Transfers	Balance at June 30, 2009
<b>Business-type Activities</b>					
<b>Water Utility</b>					
Nondepreciable Capital Assets:					
Land	\$ 29,015	\$ -	\$ -	\$ -	\$ 29,015
Construction in progress	4,488,194	1,426,580		(4,488,194)	1,426,580
Total Nondepreciable Capital Assets	<u>4,517,209</u>	<u>1,426,580</u>		<u>(4,488,194)</u>	<u>1,455,595</u>
Depreciable Capital Assets:					
Intangibles	63,506,722				63,506,722
Infrastructure	19,186,363	79,559		4,488,194	23,754,116
Buildings	50,910,401	5,156	(9,778)		50,905,779
Improvements	105,875,198				105,875,198
Equipment	13,987,183	151,493	(166,405)		13,972,271
Total Depreciable Capital Assets	<u>253,465,867</u>	<u>236,208</u>	<u>(176,183)</u>	<u>4,488,194</u>	<u>258,014,086</u>
Accumulated Depreciation:					
Infrastructure	(1,601,781)	(1,012,583)			(2,614,364)
Buildings	(18,834,664)	(1,465,707)	9,778		(20,290,593)
Improvements	(42,755,628)	(3,279,034)			(46,034,662)
Equipment	(4,724,239)	(705,187)	166,405		(5,263,021)
Intangibles	(4,887,639)	(1,493,833)			(6,381,472)
Total Accumulated Depreciation	<u>(72,803,951)</u>	<u>(7,956,344)</u>	<u>176,183</u>		<u>(80,584,112)</u>
Net Depreciable Capital Assets	<u>180,661,916</u>	<u>(7,720,136)</u>			<u>177,429,974</u>
Net Water Utility Capital Assets	<u>\$ 185,179,125</u>	<u>\$ (6,293,556)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,885,569</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 5 – CAPITAL ASSETS (Continued)**

A. Capital asset activity for the fiscal year ended June 30, 2009, was as follows: (Continued)

	Balance at July 1, 2008	Additions	Deletions	Transfers	Balance at June 30, 2009
<b>Business-type Activities (Continued)</b>					
<b>Municipal Transit</b>					
Nondepreciable Capital Assets:					
Land	\$ 1,350,183	\$ -	\$ -	\$ -	\$ 1,350,183
Construction in progress	2,654,898	6,512,942			9,167,840
Total Nondepreciable Capital Assets	4,005,081	6,512,942			10,518,023
Depreciable Capital Assets:					
Buildings	1,549,367			6,274	1,555,641
Equipment	2,130,439		(148,028)	(6,274)	1,976,137
Improvements	367,930	5,368			373,298
Total Depreciable Capital Assets	4,047,736	5,368	(148,028)		3,905,076
Accumulated depreciation:					
Buildings	(481,446)	(75,718)			(557,164)
Equipment	(1,143,310)	(317,003)	148,028		(1,312,285)
Improvements	(12,376)	(6,824)			(19,200)
Total Accumulated Depreciation	(1,637,132)	(399,545)	148,028		(1,888,649)
Net Depreciable Capital Assets	2,410,604	(394,177)			2,016,427
Net Transit Capital Assets	\$ 6,415,685	\$ (6,118,765)	\$ -	\$ -	\$ 296,920
<b>Sewer Utility</b>					
Nondepreciable Capital Assets:					
Land	\$ 932,681	\$ 1,051	\$ -	\$ -	\$ 933,732
Construction in progress	2,268,812	667,809		(2,268,812)	667,809
Total Nondepreciable Capital Assets	3,201,493	668,860		(2,268,812)	1,601,541
Depreciable Capital Assets:					
Infrastructure	18,568,344	120,076		2,268,812	20,957,232
Buildings	94,838,710	566,529			95,405,239
Improvements	76,925,385	394,358			77,319,743
Equipment	29,505,859	77,553			29,583,412
Total Depreciable Capital Assets	219,838,298	1,158,516		2,268,812	223,265,626
Accumulated Depreciation:					
Infrastructure	(1,882,926)	(976,366)			(2,859,292)
Buildings	(32,920,846)	(2,543,439)			(35,464,285)
Improvements	(29,625,736)	(1,725,932)			(31,351,668)
Equipment	(2,778,057)	(1,911,864)			(4,689,921)
Total Accumulated Depreciation	(67,207,565)	(7,157,601)			(74,365,166)
Net Depreciable Capital Assets	152,630,733	(5,999,085)			148,900,460
Net Sewer Utility Capital Assets	\$ 155,832,226	\$ (5,330,225)	\$ -	\$ -	\$ 150,502,001



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 5 – CAPITAL ASSETS (Continued)**

A. Capital asset activity for the fiscal year ended June 30, 2009, was as follows: (Continued)

	Balance at July 1, 2008	Additions	Deletions	Transfers	Balance at June 30, 2009
<b>Business-type Activities (Continued)</b>					
<b>Municipal Airport</b>					
Nondepreciable Capital Assets:					
Land	\$ 15,826	\$ -	\$ -	\$ -	\$ 15,826
Construction in progress					
Total Nondepreciable Capital Assets	15,826				15,826
Depreciable Capital Assets:					
Buildings	356,080				356,080
Improvements	5,869,540				5,869,540
Equipment	73,529				73,529
Intangibles	202,566		(10,840)		191,726
Total Depreciable Capital Assets	6,501,715		(10,840)		6,490,875
Accumulated Depreciation:					
Buildings	(220,650)	(18,029)			(238,679)
Improvements	(3,242,279)	(284,750)			(3,527,029)
Equipment	(37,669)	(8,965)			(46,634)
Intangibles	(140,440)	(6,118)			(146,558)
Total Accumulated Depreciation	(3,641,038)	(317,862)			(3,958,900)
Net Depreciable Capital Assets	2,860,677	(317,862) *	(10,840)		2,531,975
Net Airport Capital Assets	\$ 2,876,503	\$ (317,862)	\$ (10,840)	\$ -	\$ 2,547,801
<b>Solid Waste</b>					
Depreciable Capital Assets:					
Equipment	\$ 42,872	\$ -	\$ -	\$ -	\$ 42,872
Accumulated Depreciation:					
Equipment	(39,407)	(3,465)			(42,872)
Net Solid Waste Capital Assets	\$ 3,465	\$ (3,465)	\$ -	\$ -	\$ -
<b>Drainage</b>					
Nondepreciable Capital Assets:					
Land	\$ 4,318,335	\$ -	\$ -	\$ -	\$ 4,318,335
Construction in progress	43,447	92,899	(43,447)		92,899
Total Nondepreciable Capital Assets	4,361,782	92,899	(43,447)		4,411,234
Depreciable Capital Assets:					
Improvements	31,513,245			(5,400)	31,507,845
Infrastructure	49,256,018	169,316		5,400	49,430,734
Equipment	19,624				19,624
Total Depreciable Capital Assets	80,788,887	169,316			80,958,203

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 5 – CAPITAL ASSETS (Continued)**

A. Capital asset activity for the fiscal year ended June 30, 2009, was as follows: (Continued)

	Balance at July 1, 2008	Additions	Deletions	Transfers	Balance at June 30, 2009
<b>Business-type Activities (Continued)</b>					
<b>Drainage (Continued)</b>					
Accumulated Depreciation:					
Improvements	\$ (9,700,779)	\$ (1,453,684)	\$ -	\$ -	\$ (11,154,463)
Infrastructure	(14,286,604)	(561,623)			(14,848,227)
Equipment	(13,736)	(1,963)			(15,699)
Total Accumulated Depreciation	<u>(24,001,119)</u>	<u>(2,017,270)</u>			<u>(26,018,389)</u>
Net Depreciable Capital Assets	<u>56,787,768</u>	<u>(1,847,954)</u>			<u>54,939,814</u>
Net Drainage Capital Assets	<u>\$ 61,149,550</u>	<u>\$ (1,755,055)</u>	<u>\$ (43,447)</u>	<u>\$ -</u>	<u>\$ 59,351,048</u>
<b>Total Business-type Activities</b>					
Nondepreciable Capital Assets:					
Land	\$ 6,646,040	\$ 1,051	\$ -	\$ -	\$ 6,647,091
Construction in progress	9,455,351	8,700,230	(43,447)	(6,757,006)	11,355,128
Total Nondepreciable Capital Assets	<u>16,101,391</u>	<u>8,701,281</u>	<u>(43,447)</u>	<u>(6,757,006)</u>	<u>18,002,219</u>
Depreciable Capital Assets:					
Infrastructure	87,010,725	368,951		6,762,406	94,142,082
Buildings	147,654,558	571,685	(9,778)	6,274	148,222,739
Improvements	220,551,298	399,726		(5,400)	220,945,624
Equipment	45,759,506	229,046	(314,433)	(6,274)	45,667,845
Intangibles	63,709,288		(10,840)		63,698,448
Total Depreciable Capital Assets	<u>564,685,375</u>	<u>1,569,408</u>	<u>(335,051)</u>	<u>6,757,006</u>	<u>572,676,738</u>
Accumulated Depreciation:					
Infrastructure	(17,759,537)	(2,550,572)			(20,310,109)
Buildings	(52,457,606)	(4,102,893)	9,778		(56,550,721)
Improvements	(85,336,798)	(6,750,224)			(92,087,022)
Equipment	(8,748,192)	(2,948,447)	314,433		(11,382,206)
Intangibles	(5,028,079)	(1,499,951)			(6,528,030)
Total Accumulated Depreciation	<u>(169,330,212)</u>	<u>(17,852,087)</u>	<u>324,211</u>		<u>(186,858,088)</u>
Net Depreciable Capital Assets	<u>395,355,163</u>	<u>(16,282,679)</u>	<u>(10,840)</u>		<u>385,818,650</u>
Net Business-type Capital Assets	<u>\$ 411,456,554</u>	<u>\$ (7,581,398)</u>	<u>\$ (54,287)</u>	<u>\$ -</u>	<u>\$ 403,820,869</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 5 – CAPITAL ASSETS (Continued)**

B. Depreciation Allocations

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

**Governmental Activities:**

Cultural arts	\$ 542,638
City administration - nondepartmental	1,180,400
Police	221,626
Fire	36,938
Development and engineering	1,289,506
Public works	3,172,160
Parks and recreation	480,190
Unallocated	295,422
Total Depreciation Expense-Governmental Activities	\$ 7,218,880

**Business-type Activities:**

Water utility	7,956,344
Sewer utility	7,157,601
Municipal airport	317,862
Solid waste	3,465
Municipal transit	399,545
Drainage	2,017,270
Total Depreciation Expense-Business-type Activities	\$ 17,852,087

C. Roads Covered by the Modified Approach

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 73%, instead of providing depreciation. During the fiscal year 2009, the City expended \$19,115,824 to preserve its roads. The City estimates that it will be required to expend approximately \$3,000,865 in the fiscal year 2010 to maintain its roads at this condition level.

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

A. Current Interfund Balances

Current interfund balances arise in the normal course of business (i.e. one fund loaning funds to pay for current expenditures) and are expected to be repaid shortly after the end of the fiscal year. The following is a summary of interfund balances as of June 30, 2009.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)**

A. Current Interfund Balances (Continued)

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
<u>Major Enterprise:</u>		<u>Major Enterprise</u>	
Sewer Utility	\$ 180,835	Water Utility	\$ 180,835
Nonmajor Governmental:		Nonmajor Governmental	
General Projects	\$ 5,687,471	Community Access CTV	\$ 24,202
State Gas Tax Street		South County Fire	1,080,935
		TEA	304,825
		Tracy Gateway	62,821
<u>Major Governmental:</u>		Downtown business	2,892
General	1,497,084	COBG	167,708
		<u>Major Enterprise:</u>	
		Municipal Transit	5,217,220
		Municipal Airport	323,952
Totals	<u>\$ 7,184,555</u>		<u>\$ 7,184,555</u>

B. Long-term Interfund Advances

At June 30, 2009, the funds below had made advances which were not expected to be repaid within the next fiscal year.

<u>Fund Receiving Advance</u>	<u>Fund Making Advance</u>	<u>Amount</u>
Major Proprietary Fund:	Major Proprietary Fund:	
Municipal Airport Fund	Water Utility Fund	\$ 1,061,535
	Major Governmental Fund:	
	General Fund	244,057
		<u>1,305,592</u>
Major Governmental Fund:	Major Proprietary Fund:	
North East Industrial	Water Utility Fund	11,780,657
Plan Area Fund		
Nonmajor Governmental Fund:	Nonmajor Governmental Fund:	
Community Access CTV Fund	General Projects Fund	82,300
		<u>\$ 13,168,549</u>

**Northeast Industrial Plan Area** advance is being repaid over five years, early repayment of principal is permitted, with an interest rate equal to funds invested in Local Agency Investment Fund (LAIF). The funds were used for projects within the project area.

**Municipal Airport** advance will be repaid in annual installments of \$20,000 or upon the sale and approved transfer of sales proceeds from the disposition/sale of New Jerusalem Airport, whichever occurs first. The land of the airport serves as security for the advance, which carries an interest rate of 6%. The funds were used for projects at the airport.

**Community Access CTV** advance is being paid over 5 years, early repayment of principal is permitted, with an interest rate equal to funds invested in LAIF. The funds were used for operations of the cable TV network.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)**

C. Interfund Transfers

<u>Paying Fund</u>	<u>Transfers out</u>	<u>Receiving Fund</u>	<u>Transfers in</u>
<u>Major Governmental:</u>		<u>Major Governmental:</u>	
General	\$ 1,173,000	General	\$ 3,281,042
Community Development		Regional Mall COP Debt Service	9,269,881
Debt Service	2,569,875	Community Development	
<u>Nonmajor Governmental:</u>		Agency Housing	2,369,875
South County Fire	244,692	General Projects	7,174,242
Economic Uncertainty	2,011,760	<u>Nonmajor Governmental:</u>	
2008 Lease Revenue	18,570,429	2008 Lease Revenue	1,089,000
Interest Stabilization	1,024,590	Community Development Projects	2,126,306
Residential Specific Plan	446,000	2007 Lease Revenue	284,000
		Residential and Commercial	
		Rehabilitation	446,000
Totals	<u>\$ 26,040,346</u>		<u>\$ 26,040,346</u>

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due.

In general, the effect of the interfund activity has been eliminated from the government-wide financial statements.

**NOTE 7 – LONG-TERM DEBT**

A. Compensated Absences

City employees accumulate earned but unused vacation and sick pay benefits which can be converted to cash at termination of employment. The City estimates the amounts that might be liquidated with expendable currently available financial resources in the fund that will liquidate the liability, if any, and the remaining liability is reported as long-term debt on the Statement of Net Assets. Expenditures are reported in the governmental fund statements that liquidate the current liability. However, in the Statement of Activities the expense is allocated to each function based on usage. The portion of these vested benefits, payable in accordance with various collective bargaining agreements, at June 30, 2009, total \$2,911,165 for governmental activities and \$464,972 for business-type activities.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 7 – LONG-TERM DEBT (Continued)**

B. Tax Allocation Bonds

**Community Development Agency Tax Allocation Bonds**

In 1994, the Agency issued Tax Allocation Bonds in the amount of \$20,605,000 to finance redevelopment projects. Agency tax increment revenue is pledged for the repayment of these Bonds. Principal and interest payable semi-annually each March 1 and September 1. The Agency issued \$55,720,000 of Tax Allocation Bonds with interest rates ranging from 2.00% to 6.15% to advance refund \$17,290,000 of outstanding 1994 Tax Allocation Bonds. As a result, the \$17,290,000 of outstanding Tax Allocation Bonds are considered to be defeased and the liability for those bonds has been removed.

In March 2001, the Agency issued the Tax Allocation Bonds, Series A, in the amount of \$15,000,000 to fund infrastructure improvements and redevelopment activities of benefit to the Project Area. Agency tax increment revenue is pledged for the repayment of these Bonds. Principal and interest are payable semi-annually each March 1 and September 1. The Agency issued \$55,720,000 of Tax Allocation Bonds with interest rates ranging from 2.00% to 6.15% to advance refund \$15,000,000 of outstanding 2001 Tax Allocation Bonds, Series A. As a result, the \$15,000,000 of outstanding Tax Allocation Bonds are considered to be defeased and the liability for those bonds has been removed.

During the 2004-05 fiscal year, the Agency issued Tax Allocation Bonds in the amount of \$55,720,000, with interest rates ranging from 2.00% to 6.15% per annum, to provide funds for certain projects of the Agency and to defease the 1994 and 2001 Tax Allocation Bonds. The bonds mature semiannually on each March 1, through 2034. The outstanding balance of the bonds at June 30, 2009 was \$50,965,000. Annual debt service requirements are as follows:

<u>Fiscal Year(s)</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,105,000	\$ 2,609,219	\$ 3,714,219
2011	1,145,000	2,565,919	3,710,919
2012	1,195,000	2,520,069	3,715,069
2013	1,245,000	2,467,612	3,712,612
2014	1,300,000	2,412,286	3,712,286
2015-2019	7,445,000	11,109,582	18,554,582
2020-2024	9,455,000	9,113,818	18,568,818
2025-2029	12,195,000	6,370,874	18,565,874
2030-2034	15,880,000	2,694,910	18,574,910
	<u>\$ 50,965,000</u>	<u>\$ 41,864,289</u>	<u>\$ 92,829,289</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 7 – LONG-TERM DEBT (Continued)**

C. Certificates of Participation

1) On March 23, 1998, the City issued \$12,805,000 of Certificates of Participation (COPs) to defease \$10,175,000 of outstanding 1994 Certificates of Participation, and finance additional I-205 infrastructure projects and various other city-wide capital projects. Proceeds from the COPs were placed in an irrevocable trust to provide for all future debt service payment on the defeased COPs. The defeased COPs were fully repaid as of June 30, 2003. The 1998 COPs bear interest at 3.5% - 5.125% and are due October 1, 2027. Principal payments are due annually on October 1. Interest payments are due semi-annually on April 1 and October 1. The outstanding balance of the certificates at June 30, 2009 was \$0, as these were refunded by the 2008 Lease Revenue Bonds.

2) 2004 Wastewater Certificates of Participation

The City issued Wastewater Certificates of Participation (COPs) in March 2004. 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, thereafter. Interest payments commence on December 1, 2004, and are payable semi-annually on December 1 and June 1, thereafter. The outstanding balance of the COPs at June 30, 2009 was \$29,795,000. Annual debt service requirements are as follows:

<u>Fiscal Year(s)</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 600,000	\$ 1,308,997	\$ 1,908,997
2011	615,000	1,292,588	1,907,588
2012	630,000	1,274,528	1,904,528
2013	650,000	1,254,027	1,904,027
2014	670,000	1,230,918	1,900,918
2015-2019	3,740,000	5,739,659	9,479,659
2020-2024	4,585,000	4,862,480	9,447,480
2025-2029	5,755,000	3,677,688	9,432,688
2030-2034	7,280,000	2,148,570	9,428,570
2035-2037	5,270,000	383,325	5,653,325
	<u>\$ 29,795,000</u>	<u>\$ 23,172,780</u>	<u>\$ 52,967,780</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 7 – LONG-TERM DEBT (Continued)**

D. Revenue Bonds

1) 2008 Lease Revenue Bonds

On December 16, 2008 the City under the Tracy Operating Partnership (TPA) issued \$19,765,000 of 2008 Lease Revenue Bonds. The proceeds of the bonds are to be used for acquisition and construction of projects, prepay the outstanding principal balance (\$9,835,000) of the 1998 Certificates of Participation, and pay costs of issuance.\* Interest payments on the bonds are due semi—annually each April 1 and October at rates varying between 3% and 6.375%. Principal is due annually each October 1 with \$3,850,000 of serial bonds due between 2009 and 2027 and \$15,915,000 of term balance due between 2028 and 2038. The JPA has pledged revenue pursuant to a site and facility lease between the City and the JPA for the Police Department Headquarters and the Fire Administration Building. The lease rental payments are due semi-annually and are in an amount sufficient to make payments on the bonds. Upon issuance of the bonds \$10,135,356 (which includes \$865,475 cash available from the 1998 Certificates) is being deposited to prepay in full the 1998 Certificates on December 16, 2008 which included a call premium in the amount of \$196,700. The net proceeds of \$9,300,548 are to be deposited in the City (\$7,174,242) and the Redevelopment Agency (\$2,126,306).

Future minimum debt requirements for the bonds are:

<u>Fiscal Year(s)</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 300,000	\$ 1,175,112	\$ 1,475,112
2011	80,000	1,170,463	1,250,463
2012	100,000	1,166,663	1,266,663
2013	125,000	1,161,913	1,286,913
2014	145,000	1,156,313	1,301,313
2015-2019	1,120,000	5,652,241	6,772,241
2020-2024	1,980,000	5,251,734	7,231,734
2025-2029	3,240,000	4,482,563	7,722,563
2030-2034	5,055,000	3,193,797	8,248,797
2035-2039	7,620,000	1,170,131	8,790,131
	<u>\$ 19,765,000</u>	<u>\$ 25,580,930</u>	<u>\$ 45,345,930</u>

2) 2003 Wastewater Revenue Refunding Bonds

The City issued Wastewater Revenue Bonds in May, 2003 to provide funds to refund the balance of the 1993 Wastewater Certificates of Participation. The refunding resulted in an overall savings of \$419,472 and an economic gain of \$291,760. The Wastewater Revenue Bonds 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, 2003, and are payable annually on December 1, thereafter. Interest payments commence on December 1, 2003, and are payable semi-annually on June 1 and December 1, thereafter. The outstanding balance of the bonds at June 30, 2009 was \$1,625,000. Annual debt service requirements are as follows:



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 7 – LONG-TERM DEBT (Continued)**

D. Revenue Bonds (Continued)

2) 2003 Wastewater Revenue Refunding Bonds (Continued)

Fiscal Year(s) Ending June 30,	Principal	Interest	Total
2010	\$ 310,000	\$ 46,207	\$ 356,207
2011	315,000	37,608	352,608
2012	320,000	27,923	347,923
2013	335,000	17,519	352,519
2014	345,000	6,038	351,038
	<u>\$ 1,625,000</u>	<u>\$ 135,295</u>	<u>\$ 1,760,295</u>

2) 2007 Lease Revenue Bonds – Series A

On October 25, 2007 the City issued \$2,690,000 of 2007 Lease Revenue Bonds Series A. The proceeds of the bonds are to be used to finance the acquisition and construction of a fire station and to pay costs of issuance including an insurance premium to acquire a reserve fund surety bond. The bonds are secured by a lien on the revenues consisting mainly of rental payments made by the City under a property lease dated October 1, 2007. The bonds bear interest ranging from 4.375% to 4.5%. Principal is payable annually beginning March 1, 2025. Interest is payable semi-annually every March 1 and September 1. Final maturity of the bonds is March 1, 2037. The outstanding balance of the bonds at June 30, 2009 is \$2,690,000. Annual debt service requirements are as follows:

Fiscal Year(s) Ending June 30,	Principal	Interest	Total
2010	\$ -	\$ 119,500	\$ 119,500
2011		119,500	119,500
2012		119,500	119,500
2013		119,500	119,500
2014		119,500	119,500
2015-2019		597,500	597,500
2020-2024		597,500	597,500
2025-2029	830,000	532,531	1,362,531
2030-2034	1,085,000	323,900	1,408,900
2035-2037	775,000	70,875	845,875
	<u>\$ 2,690,000</u>	<u>\$ 2,719,806</u>	<u>\$ 5,409,806</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 7 – LONG-TERM DEBT (Continued)**

D. Revenue Bonds (Continued)

3) 2007 Lease Revenue Bonds – Series B

On October 25, 2007 the City issued \$1,980,000 of 2007 Lease Revenue Bonds Series B. The proceeds of the bonds were used to prepay the outstanding 1995 Refunding Certificates of Participation and to pay costs of issuance including an insurance premium to acquire a reserve fund surety bond. The bonds are secured by a lien on the revenues consisting mainly of rental payments made by the City under a property lease dated October 1, 2007. The bonds bear interest rate ranging from 4% to 4.25%. Interest is payable semi-annually on March 1 and September 1. Principal is payable annually beginning on March 1, 2009. Final maturity of the bonds is March 1, 2025. The outstanding balance of the bonds at June 30, 2009 was \$1,760,000.

The proceeds from the bonds along with a reserve fund from the 1995 Certificates were used to immediately call the 1995 bonds. The City has a total overall savings on the refunding of \$281,934 and a net present value savings (economic gain) of \$166,312. Annual debt service requirements are as follows:

<u>Fiscal Year(s)</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 85,000	\$ 71,780	\$ 156,780
2011	90,000	68,380	158,380
2012	95,000	64,780	159,780
2013	95,000	60,980	155,980
2014	100,000	57,180	157,180
2015-2019	565,000	222,100	787,100
2020-2024	680,000	99,230	779,230
2025	50,000	2,125	52,125
	<u>\$ 1,760,000</u>	<u>\$ 646,555</u>	<u>\$ 2,406,555</u>

E. Notes and Loans Payable

U.S. Economic Development Administration (EDA) Note – The revenues of the City's water utility serve as collateral for this Note. The City is required to maintain rates for service sufficient to generate net revenues equal to 1.10 times the principal and interest due the succeeding year. Principal and interest are payable annually each July 1. The outstanding balance of the note at June 30, 2009 was \$1,612,933. Annual debt service requirements are as follows:

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 7 – LONG-TERM DEBT (Continued)**

E. Notes and Loans Payable (Continued)

Fiscal Year(s) Ending June 30,	Principal	Interest	Total
2010	\$ 168,909	\$ 80,647	\$ 249,556
2011	177,355	72,201	249,556
2012	186,222	63,333	249,555
2013	195,534	54,022	249,556
2014	205,310	44,246	249,556
2015-2017	679,602	69,065	748,667
	<u>\$ 1,612,932</u>	<u>\$ 383,514</u>	<u>\$ 1,996,446</u>

1992 State of California Department of Transportation Division of Aeronautics Loans – The 1992 loan helped fund the construction of the Tracy Municipal Airport. In January 1995, the City received an additional loan of \$150,000 for the construction of the ten unit hangar at the airport. In November 1998, the City received an additional loan of \$250,000 for the paving of runways and fence construction. Principal and interest on each loan is payable annually each April 2 and January 12. The outstanding balance of the loans at June 30, 2009 was \$126,144. Annual debt service requirements are as follows:

Fiscal Year(s) Ending June 30,	Principal	Interest	Total
2010	\$ 16,869	\$ 6,291	\$ 23,160
2011	17,734	5,450	23,184
2012	18,599	4,566	23,165
2013	19,464	3,638	23,102
2014	20,329	2,667	22,996
2015-2016	33,149	2,249	35,398
	<u>\$ 126,144</u>	<u>\$ 24,861</u>	<u>\$ 151,005</u>

State of California Department of Health Services Loan – In 2006, the City entered into a loan agreement with the State of California Department of Health Services in the amount of \$20,000,00 for assistance in the construction of its new Water Treatment Plant. The proceeds from the loan can be 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 will be obligated to make semi-annual payments of principal and interest in the amount of \$628,960 beginning July 1, 2009 with a final maturity date of January 1, 2028. As of June 30, 2009 the City has balance due of \$18,801,203. Annual debt service requirements are as follows:

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 7 – LONG-TERM DEBT (Continued)**

E. Notes and Loans Payable (Continued)

Fiscal Year(s) Ending June 30,	Principal	Interest	Total
2010	\$ 822,757	\$ 435,163	\$ 1,257,920
2011	842,122	415,798	1,257,920
2012	861,943	395,977	1,257,920
2013	882,230	375,690	1,257,920
2014	902,995	354,925	1,257,920
2015-2019	4,843,964	1,445,634	6,289,598
2020-2024	5,441,497	848,101	6,289,598
2025-2028	4,203,695	199,021	4,402,716
	<u>\$ 18,801,203</u>	<u>\$ 4,470,309</u>	<u>\$ 23,271,512</u>

Banta Community Irrigation District Note – The City received a \$6,500,000 note agreement with an interest rate of 5% from the Banta Community Irrigation District. Principal is payable annually. Interest is payable monthly. The outstanding balance of the note at June 30, 2009 was \$5,000,000. Annual debt service requirements are as follows:

Fiscal Year(s) Ending June 30,	Principal	Interest	Total
2010	\$ 1,000,000	\$ 150,000	\$ 1,150,000
2011	1,000,000	120,000	1,120,000
2012	1,000,000	90,000	1,090,000
2013	1,000,000	60,000	1,060,000
2014	1,000,000	30,000	1,030,000
	<u>\$ 5,000,000</u>	<u>\$ 450,000</u>	<u>\$ 5,450,000</u>

F. Installment Purchase Obligations

The City on December 20, 2005 purchased police communications equipment under a lease agreement with Sun Trust Leasing Corp. The fair value of the equipment at the time of lease was \$438,766 and the lease qualifies as a capital lease. The City's minimum annual lease payment on the equipment is \$73,103, which includes interest at 4%. The final maturity of the lease is December 20, 2012. The balance outstanding as of June 30, 2009 was \$265,356. The future minimum debt service requirements are as follows:

Fiscal Year(s) Ending June 30,	Principal	Interest	Total
2010	\$ 62,489	\$ 10,614	\$ 73,103
2011	64,988	8,115	73,103
2012	67,588	5,515	73,103
2013	70,291	2,812	73,103
	<u>\$ 265,356</u>	<u>\$ 27,056</u>	<u>\$ 292,412</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 7 – LONG-TERM DEBT (Continued)**

**G. Changes in Long-Term Liabilities**

	Balance at July 1, 2008	Additions	Reductions	Balance at June 30, 2009	Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable:					
2008 Lease Revenue Bonds	\$ -	\$ 19,765,000	\$ -	\$ 19,765,000	\$ 300,000
2007 Revenue Bonds A	2,690,000			2,690,000	
2007 Revenue Bonds B	1,840,000		(80,000)	1,760,000	85,000
2003 Tax Allocation Bonds	52,030,000		(1,065,000)	50,965,000	1,105,000
Certificates of Participation					
1998 Certificates of Participation	10,155,000		(10,155,000)		
Capital leases	395,533		(130,177)	265,356	62,489
Compensated absences	2,849,086	1,143,335	(1,081,256)	2,911,165	1,109,321
Claims and judgments	91,717			91,717	22,929
Postretirement benefits	441,542	219,171	(192,356)	468,357	99,000
	<u>\$ 70,492,878</u>	<u>\$ 21,127,506</u>	<u>\$ (12,703,789)</u>	<u>\$ 78,916,595</u>	<u>\$ 2,783,739</u>
<b>Business-type activities:</b>					
Bonds payable:					
2003 Wastewater Revenue Bonds	\$ 1,925,000	\$ -	\$ (300,000)	\$ 1,625,000	\$ 310,000
Certificates of Participation					
2004 Wastewater Certificates of Participation	30,380,000		(585,000)	29,795,000	600,000
Notes Payable:					
U.S. Economic Development	1,773,799		(160,866)	1,612,933	168,909
Irrigation District Notes	5,000,000			5,000,000	1,000,000
State of California Department of Health Services	19,605,040		(803,837)	18,801,203	822,757
State of California Department of Transportation	142,147		(16,003)	126,144	16,869
Compensated absences	428,367	46,768	(10,163)	464,972	232,485
	<u>\$ 59,254,353</u>	<u>\$ 46,768</u>	<u>\$ (1,875,869)</u>	<u>\$ 57,425,252</u>	<u>\$ 3,151,020</u>

**H. Deferred Debt Issuance Costs And Gain/Loss on Debt Refunding**

Bond issuance costs and deferred gain/loss on refundings are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

**I. Defeased Debt**

As of June 30, 2009, all prior debt defeased has been paid in full, there are no outstanding debt balances.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 8 – SPECIAL ASSESSMENT DISTRICT DEBT WITH NO CITY COMMITMENT**

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, 2009, is as follows:

Description	Fiscal Year		Balance Outstanding June 30, 2009
	Issue Year	Maturity Year	
93-1 Community Facilities District	1997	2027	\$ 1,120,000
98-4 Morrison Homes Assessment District	1999	2024	1,860,000
99-1 Community Facilities District, 04 Refunding	2000	2025	8,255,000
99-2 Community Facilities District	2000	2026	3,630,000
2000-02 Assessment District	2000	2026	720,000
2002 Revenue Bonds, Series A	2002	2022	3,520,000
99-2 Community Facilities District, Series 2002	2003	2027	7,230,000
93-1 Community Facilities District, Series 2002	2003	2032	2,005,000
2003-01 Assessment District	2003	2027	875,000
2003-I205 Residential Assessment District, Series A	2003	2022	8,070,000
2003B Junior Lien	2003	2011	410,000
2003C Senior Lien	2003	2011	3,790,000
2003D Junior Lien	2003	2011	880,000
89-1 Community Facilities District, Series A	2004	2034	10,810,000
89-1 Community Facilities District, Series B	2004	2034	1,030,000
2005C Revenue bonds (JPA)	2005	2036	14,260,000
2005B Revenue Bonds Junior Lien (JPA)	2005	2036	3,475,000
2005A Revenue Bonds Senior Lien (JPA)	2005	2029	65,345,000
2006-01 NE Industrial Phase II	2006	2036	10,655,000
			<u>\$ 147,940,000</u>

**NOTE 9 – CONTINGENCIES AND COMMITMENTS**

The City had commitments under construction and similar contracts that approximate \$7.735 million at June 30, 2009.

The City is subject to other litigation arising in the normal course of business. In the opinion of the City Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

The City participates in Federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act Amendments of 1996 and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 10 – CITY EMPLOYEES’ RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**

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

Funding Policy: Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined combined rate of 11.834% for miscellaneous employees and 23.948% for fire and police safety employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost: For 2009, the City’s annual pension cost of \$6,585,870 for PERS was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) .25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008, was 29 years for safety, and 23 years for miscellaneous.

Funded Status and Funding Progress: As of June 30, 2008, the most recent actuarial valuation date, the miscellaneous plan and safety plan were 86.2 percent and 81.0 percent funded, respectively. The actual accrued liability for benefits were \$71.1 million (miscellaneous) and \$86.9 million (safety), and the actual value of assets were \$61.3 million (miscellaneous) and \$70.3 million (safety), resulting in unfunded actuarial accrued liabilities (UAAL) of 9.8 million (miscellaneous) and \$16.5 million (safety). The covered payroll (annual payroll of active employees covered by the plans) were \$21.0 million and \$16.4 million for miscellaneous and safety, respectively. The ratio of the UAAL to the covered payroll was 46.6% and 100.9%, respectively.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 10 – CITY EMPLOYEES’ RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**

The schedules of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**THREE-YEAR TREND INFORMATION FOR PERS**

Fiscal Year	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
<u>Miscellaneous</u>			
6/30/2007	\$ 1,943,911	100%	\$ -
6/30/2008	2,374,763	100%	-
6/30/2009	2,544,003	100%	-
<u>Safety</u>			
6/30/2007	\$ 3,223,963	100%	\$ -
6/30/2008	3,842,460	100%	-
6/30/2009	4,041,867	100%	-

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Plan Description The City of Tracy administers a single employer defined benefit (implicit subsidy) healthcare plan (Plan).

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

The City allows retirees to convert accrued sick leave to an account balance, called a “Medical Bank”, that can be used for medical, dental and vision premiums. After the account is exhausted, the retiree can 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 Governmental Accounting Standards Board Statement No. 45 (GASB 45). The inclusion of the retirees increase 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 we have included Medicare eligible retirees in this valuation, their liability under GASB 45 and their annual implicit subsidy are both \$0.

The Plan does not issue a separate financial report.



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

*Funding Policy.* 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, with an additional amount to prefund benefits as determined annually by the City.

*Annual OPEB and Net OPEB Obligation.* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 219,171
Annual OPEB cost (expense)	219,171
Contributions made	192,356
Increase in net OPEB obligation	26,815
Net OPEB obligation - beginning of year	441,542
Net OPEB obligation - end of year	\$ 468,357

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contribution</b>	<b>Net OPEB Obligation</b>
6/30/2007	\$ 220,771	0%	\$ 220,771
6/30/2008	220,771	0%	441,542
6/30/2009	219,171	88%	468,357

*Funded Status and Funding Progress.* As of June 1, 2007, the most recent actuarial valuation date, the plan was 29.1% funded. The actuarial accrued liability for benefits was \$1,481,968, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,481,968. The covered payroll (annual payroll of active employees covered by the plan) was \$38.4 million, and the ratio of the UAAL to the covered payroll was 3.9 percent.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2007, actuarial valuation, the Projected Unit Credit Cost method was used. The actuarial assumptions included a 6.0 percent investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after five years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over the five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2007 was thirty years.

**NOTE 12 – JOINT POWERS AGREEMENT**

During the fiscal year 2000, the City and the Tracy Rural Fire District formed the South County Fire Authority (Authority), a joint powers agreement. As part of this agreement, the employees of Tracy Rural Fire District became City employees and the City took over the management of the Authority's fire stations. The Authority is governed by a Board composed of two members each from the City and the Authority. Financial statements for the Authority may be obtained from the City of Tracy at 325 East Tenth Street, Tracy, CA 95376.

**NOTE 13 – NET ASSETS AND FUND BALANCES**

A. Net Assets

Net assets are the excess of all the City's assets over all its liabilities, regardless of fund. Net assets are divided into three captions under GASB Statement No. 34. These captions apply only to net assets, which is determined only at the government-wide level, proprietary funds, and fiduciary funds and are described below.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 13 – NET ASSETS AND FUND BALANCES (Continued)**

A. Net Assets

*Invested in capital assets, net of related debt* describe the portion of net assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describe the portion of net assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, redevelopment funds restricted for low-and-moderate income purposes, and gas tax funds for street construction.

*Unrestricted* describes the portion of net assets which is not restricted as to use.

B. Fund Balances, Reserves, and Designations

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

Reserves:

Portions of fund balance have been reserved for specific purposes as follows:

**Low/Moderate Income Housing** – Funds received under low/moderate income housing have been reserved for expenditures for low-and-moderate income housing purposes.

**Prepaid items** – Expenditures that are paid in the current fiscal year for services or products to be provided in the following fiscal year.

**Debt Service** – Funds which legally may only be used for debt service are reserved within the appropriate fund.

**Advances** – Amounts which have been advanced to other funds and are not expected to be paid within the next fiscal year.

**Encumbrances** – Amounts represent the portion of fund balance set aside for open purchase orders.

**Projects** – Amounts represent the portion of fund balance that are reserved for projects per debt agreements.

**Loans Receivable** – Amounts represent the portion of fund balance that are reserved to long-term loans receivable.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 14 – RESTRICTED NET ASSETS**

Restricted net assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net assets at June 30, 2009 are as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Restricted for Public Safety:		
Traffic safety	\$ 699,696	\$ -
Asset forfeiture	72,505	
Fire protection	<u>1,229,555</u>	
	<u>2,001,756</u>	
Streets and Roads:		
Construction and maintenance	<u>10,153,854</u>	
Community development	<u>8,047,372</u>	
Housing	<u>16,353,421</u>	
Special Districts:		
Parking	44,037	
Landscaping	<u>3,057,734</u>	
	<u>3,101,771</u>	
Debt Service:		
Redevelopment	5,705,891	
Sewer		183,829
Other	<u>1,094,168</u>	
	<u>6,800,059</u>	<u>183,829</u>
Projects:		
Redevelopment	8,047,372	
Specific areas/locations	<u>102,655,988</u>	
	<u>110,703,360</u>	
Total restricted net assets	<u>\$ 157,161,593</u>	<u>\$ 183,829</u>

Included in total governmental restricted net assets at June 30, 2009 are net assets restricted by enabling legislation of \$99,409,536.

**NOTE 15 – REVENUE LIMITATIONS IMPOSED BY CALIFORNIA PROPOSITION 2188**

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

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 16 – DEFERRED COMPENSATION PLAN AND TRUST**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employees. Accordingly, the plan/trust assets have been excluded from the City's reported assets.

**NOTE 17 – RISK MANAGEMENT**

A. Coverage

The City and 53 other entities in the Central San Joaquin area are members of a joint powers agreement called the Central San Joaquin Valley Risk Management Authority (RMA), which was established to provide for the sharing of risk among the member agencies. The RMA is governed by a Board of Directors elected by the member agencies; it is not a component unit of the City.

The RMA provides general liability coverage of \$900,000 above the City's self insurance limit of \$100,000 per occurrence, and property damage insurance up to \$500,000,000 including the City's deductible of \$1,000 to \$25,000 per occurrence. General liability claims in excess of \$1,000,000 up to a maximum of \$15,000,000 are covered through RMA's participation in the Local Agency Workers' Compensation Excess Joint Powers Authority. The remaining excess is covered by the RMA through a policy with an independent insurance carrier up to \$24,000,000 for workers compensation and \$1,000,000 each accident for employers liability excess of \$1,000,000 Self Insurance Retention Level (SIR).

The RMA maintains separate records for each member for each year of participation. The records track cash paid to the RMA 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 RMA 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, 2009, the City contributed \$2,665,907 for current year coverage and received refunds of \$204,227.

Audited financial statements are available from the Central San Joaquin Risk Management Authority at 6371 Auburn Boulevard, Citrus Heights, CA 95621.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 17 – RISK MANAGEMENT (Continued)**

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 50% of total claims will become due and payable within one year.

The City's liability for uninsured claims was estimated by management based on prior year claims experience and the third party JPA where the City as of June 30, 2009 has reserve deposits which cover claims and IBNRs except for \$91,717.

	Worker's Compensation	General Liability	Totals	
			2009	2008
Beginning balance	\$ 48,670	\$ 43,047	\$ 91,717	\$ 625,188
Increase in estimated liability for prior and current fiscal claims and claims incurred but not reported (IBNR)				
Claims paid				(533,471)
Ending balance	<u>\$ 48,670</u>	<u>\$ 43,047</u>	<u>\$ 91,717</u>	<u>\$ 91,717</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF TRACY  
REQUIRED SUPPLEMENTAL INFORMATION  
JUNE 30, 2009**

Pension Trend Information

REQUIRED SUPPLEMENTARY INFORMATION

MISCELLANEOUS PLAN

Actuarial Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
6/30/2006	\$ 55,787,879	\$47,555,919	\$ 8,231,960	85.2%	\$ 17,057,712	48.3%
6/30/2007	61,743,710	54,135,201	7,608,509	87.7%	17,659,100	43.1%
6/30/2008	71,076,934	61,224,571	9,802,363	86.2%	21,044,450	46.6%

REQUIRED SUPPLEMENTARY INFORMATION

SAFETY PLAN

Actuarial Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
6/30/2006	\$ 69,738,408	\$55,543,596	\$ 14,194,812	79.6%	\$13,271,346	107.0%
6/30/2007	78,759,367	63,039,853	15,719,514	80.0%	15,179,627	103.6%
6/30/2008	86,884,673	7,343,897	16,540,776	81.0%	16,390,286	100.9%

Modified Approach to Reporting Street Pavement Costs

GASB Statement No. 34 allows 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.

**CITY OF TRACY  
REQUIRED SUPPLEMENTAL INFORMATION  
JUNE 30, 2009**

Modified Approach to Reporting Street Pavement Costs (Continued)

The conditions of the pavement is 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).

The City's preservation costs are budgeted to be \$3,000,865 in fiscal year 2010. 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	\$ 1,369,043
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	3,000,865	

The City's administrative policy is to achieve a minimum rating of 65 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 \$19,115,824 for street preservation for fiscal year 2009.

Postemployment Benefit Plans Other Than Pensions

Trend Information

SCHEDULE OF FUNDING PROGRESS FOR  
RETIREE HEALTH PLAN  
BI-ANNUAL

Actuarial Valuation Date	Projected Unit Credit Cost Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
7/1/2006	\$ 1,481,968	\$ -	\$ 1,481,968	-%	\$31,865,746	4.7%
7/1/2007	1,481,968	-	1,481,968	0%	38,375,088	3.9%

**CITY OF TRACY**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
June 30, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Budgetary Data

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.

**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.

**CITY OF TRACY**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
June 30, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. Budgetary Data (Continued)

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 generally accepted accounting principles.

B. 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 reservations of fund balances, since the commitments will be honored through subsequent years' continuing appropriations. Encumbrances do not constitute expenditures or liabilities for GAAP reporting purposes.

**CITY OF TRACY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 35,295,000	\$ 35,195,000	\$ 31,556,617	\$ (3,638,383)
Licenses, permits, and fees	2,795,800	2,895,800	3,008,129	112,329
Fines and forfeitures	1,246,000	1,246,000	1,684,381	438,381
Use of money and property	3,142,000	3,142,000	2,064,984	(1,077,016)
Intergovernmental	1,448,000	1,513,020	1,289,316	(223,704)
Charges for services	4,954,700	4,954,700	8,222,621	3,267,921
Other revenues	1,451,100	1,451,100	1,360,700	(90,400)
Special assessments	325,000	325,000	337,771	12,771
Total revenues	<u>50,657,600</u>	<u>50,722,620</u>	<u>49,524,519</u>	<u>(1,198,101)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Economic development	466,890	537,415	500,588	36,827
City clerk	398,140	368,806	384,240	(15,434)
City council	114,810	124,910	111,139	13,771
City attorney	920,900	916,894	887,568	29,326
City treasurer	320,090	305,390	371,468	(66,078)
Administration	1,810,550	1,785,478	1,652,068	133,410
Human resources	1,104,680	1,069,506	831,926	237,580
Finance	2,001,700	1,922,510	1,952,609	(30,099)
Non-departmental	399,700	126,000	677,494	(551,494)
Public safety:				
Police	22,886,230	22,882,956	21,568,543	1,314,413
Fire	8,092,240	8,575,890	8,052,812	523,078
Public works:				
Development and engineering	6,914,250	6,868,397	6,588,441	279,956
Public works	4,931,970	4,822,572	3,765,025	1,057,547
Culture and leisure:				
Cultural arts	1,765,240	1,586,206	1,490,937	95,269
Parks and community services	4,198,670	4,003,314	3,015,685	987,629
Capital outlay	249,700	546,803	437,134	109,669
Total expenditures	<u>56,575,760</u>	<u>56,443,047</u>	<u>52,287,677</u>	<u>4,155,370</u>
Excess of revenues over (under) expenditures	<u>(5,918,160)</u>	<u>(5,720,427)</u>	<u>(2,763,158)</u>	<u>2,957,269</u>
<b>Other financing sources (uses):</b>				
Transfers in	5,001,400	5,001,400	3,281,042	(1,720,358)
Transfers out	<u>(1,173,000)</u>	<u>(1,173,000)</u>	<u>(1,173,000)</u>	
Total other financing sources (uses)	<u>3,828,400</u>	<u>3,828,400</u>	<u>2,108,042</u>	<u>(1,720,358)</u>
Net change in fund balance	(2,089,760)	(1,892,027)	(655,116)	1,236,911
Fund balance at beginning of fiscal year	<u>18,578,589</u>	<u>18,578,589</u>	<u>18,578,589</u>	
Fund balance at end of fiscal year	<u>\$ 16,488,829</u>	<u>\$ 16,686,562</u>	<u>\$ 17,923,473</u>	<u>\$ 1,236,911</u>

See accompanying notes to required supplemental information

**CITY OF TRACY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT AGENCY HOUSING SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 42,000	\$ 42,000	\$ 186,006	\$ 144,006
Total revenues	<u>42,000</u>	<u>42,000</u>	<u>186,006</u>	<u>144,006</u>
<b>EXPENDITURES</b>				
Current:				
Public works:				
Development and engineering	555,580	5,259,900	4,879,834	380,066
Total expenditures	<u>555,580</u>	<u>5,259,900</u>	<u>4,879,834</u>	<u>380,066</u>
Excess of revenues over (under) expenditures	<u>(513,580)</u>	<u>(5,217,900)</u>	<u>(4,693,828)</u>	<u>524,072</u>
<b>Other financing sources (uses):</b>				
Transfers in	2,103,000	2,103,000	2,369,875	266,875
Total other financing sources (uses)	<u>2,103,000</u>	<u>2,103,000</u>	<u>2,369,875</u>	<u>266,875</u>
Net change in fund balance	1,589,420	(3,114,900)	(2,323,953)	790,947
Fund balance at beginning of fiscal year	<u>6,009,710</u>	<u>6,009,710</u>	<u>6,009,710</u>	
Fund balance at end of fiscal year	<u>\$ 7,599,130</u>	<u>\$ 2,894,810</u>	<u>\$ 3,685,757</u>	<u>\$ 790,947</u>

See accompanying notes to required supplemental information

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**OTHER SUPPLEMENTAL INFORMATION**



**CITY OF TRACY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT AGENCY DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Taxes	\$ 10,394,000	\$ 10,259,535	\$ (134,465)
Use of money and property	47,000	121,704	74,704
Intergovernmental	720,000	705,258	(14,742)
Total revenues	<u>11,161,000</u>	<u>11,086,497</u>	<u>(74,503)</u>
<b>EXPENDITURES</b>			
Current:			
Intergovernmental	2,081,800	3,287,617	(1,205,817)
Debt service:			
Principal payments	1,065,000	1,065,000	
Interest and fiscal charges	2,658,300	2,669,812	(11,512)
Total expenditures	<u>5,805,100</u>	<u>7,022,429</u>	<u>(1,217,329)</u>
Excess of revenues over (under) expenditures	<u>5,355,900</u>	<u>4,064,068</u>	<u>(1,291,832)</u>
<b>Other financing sources (uses):</b>			
Transfers out	<u>(2,103,000)</u>	<u>(2,569,825)</u>	<u>(466,825)</u>
Total other financing sources (uses)	<u>(2,103,000)</u>	<u>(2,569,825)</u>	<u>(466,825)</u>
Net change in fund balance	3,252,900	1,494,193	(1,758,657)
Fund balance at beginning of fiscal year	<u>4,211,698</u>	<u>4,211,698</u>	
Fund balance at end of fiscal year	<u>\$ 7,464,598</u>	<u>\$ 5,705,891</u>	<u>\$ (1,758,707)</u>

**CITY OF TRACY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**REGIONAL MALL COP DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 84,424	\$ 84,424
Total revenues		<u>84,424</u>	<u>84,424</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal payments	320,000	10,155,000	(9,835,000)
Interest and fiscal charges	<u>569,800</u>	<u>558,895</u>	<u>10,905</u>
Total expenditures	<u>889,800</u>	<u>10,713,895</u>	<u>(9,824,095)</u>
Excess of revenues over (under) expenditures	<u>(889,800)</u>	<u>(10,629,471)</u>	<u>(9,739,671)</u>
<b>Other financing sources (uses):</b>			
Transfers out	10,158,880	9,269,881	888,999
Total other financing sources (uses)	<u>10,158,880</u>	<u>9,269,881</u>	<u>888,999</u>
Net change in fund balance	9,269,080	(1,359,590)	(10,628,670)
Fund balance at beginning of fiscal year	<u>2,640,080</u>	<u>2,640,080</u>	
Fund balance at end of fiscal year	<u>\$ 11,909,160</u>	<u>\$ 1,280,490</u>	<u>\$ (10,628,670)</u>

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**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

**ECONOMIC UNCERTAINTY FUND**

Established by the City Council and funded with a transfer from the General Fund to provide a reserve for economic uncertainties arising out of slowing economic growth; the impact of Measure A, a City-wide slow-growth initiative passed in November 2000; and uncertainties arising out of terrorist actions taking place in various parts of the world.

**PARKING DISTRICT FUND**

Established to account for the revenues that were received from the formation of a voluntary parking district that the City plans to develop.

**BUSINESS IMPROVEMENT DISTRICT FUND**

Established to accumulate revenues from business licenses for subsequent transfer to the General Fund in order to provide donations to the Main Street Tracy Program.

**ASSET FORFEITURE FUND**

Established to account for the revenues that occur from asset seizures. They are specifically restricted for the purchase of law enforcement equipment and supplies.

**PROPOSITION 1B FUND**

Established to account for the revenues from the State of California generated by the issuance of general obligation bonds. The revenues are to be used for highway safety, traffic reduction, and air quality.

**TRANSPORTATION DEVELOPMENT FUND**

Established 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**

Established 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**

Established 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.

**TEA GRANT FUND**

Established to account for the revenues from transportation efficiency act grant projects.

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

Established 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**

Established to account for transactions of the City's landscaping benefit assessment districts.

**NONMAJOR GOVERNMENTAL FUNDS (Continued)**

**SPECIAL REVENUE FUNDS (Continued)**

**RESIDENTIAL AND COMMERCIAL REHABILITATION LOAN FUND**

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.

**SOUTH COUNTY FIRE AUTHORITY FUND**

This fund was established to account for revenues and liabilities of the Authority, which is a Joint Powers Agreement between the City and the Tracy Rural Fire District. The Authority is responsible for fire prevention and suppression in parts of the City and in surrounding unincorporated areas.

**TRAFFIC CONGESTION RELIEF FUND**

Established to account for revenues received from the State of California under AB2928. AB2928 is to fund local streets and roads maintenance, rehabilitation, and reconstruction projects according to the State's Traffic Congestion Relief Plan.

**COMMUNITY ACCESS CTV FUND**

Used to account for fees collected from City cable TV customers to cover expenses for videotaping and broadcasting the City Council meetings.

**INTEREST STABILIZATION FUND**

This fund was established to account for the excess interest earned on investments to be used for the stabilization of market rate increases or decreases.

**DEBT SERVICE FUNDS**

**PARKS COP FUND**

Established to accumulate funds for payment of certificates of participating (COP) principal and interest. This COP provided the resources to purchase the Tracy Community Park as well as other public facilities sites.

**2007 LEASE REVENUE BONDS FUND**

Established to accumulate funds for the payment of debt service on the lease revenue bonds issued to 1) refund the prior Certificates of Participation and 2) finance the acquisition and construction of a fire station.

**2008 LEASE REVENUE BONDS FUND**

Established to accumulate funds for the payment of debt service on the 2008 lease revenue bonds that were originally issued to reflect prior certifications of participation and finance construction of certain City facility.

**NONMAJOR GOVERNMENTAL FUNDS (Continued)**

**CAPITAL PROJECTS FUNDS**

**RESIDENTIAL SPECIFIC PLAN PROJECTS FUND**

Established to account for capital projects financed by fees levied on developers in the City's 1987 Residential Specific Plan area.

**NORTH EAST INDUSTRIAL PLAN AREA # 2**

Established to account for capital projects to separate development in the North East Industrial area of the City.

**INFILL PROJECTS FUND**

Established to account for capital projects financed through capital development fees levied upon developers in the City's infill areas.

**I-205 AREA IMPROVEMENTS FUND**

Established to account for monies received from the sale of bonds for the purpose of construction of various community facilities within a specific area in the City.

**COMMUNITY DEVELOPMENT AGENCY CONSTRUCTION FUND**

Established to account for construction projects related to the redevelopment project area. These projects are financed by tax increment monies from the City and the County of San Joaquin.

**URBAN MANAGEMENT PLAN FACILITIES FUND**

Established 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**

Established 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.

**ASSESSMENT DISTRICT 87-3 IMPROVEMENT FUND**

Established to account for construction projects within the Assessment District 87-3.

**SOUTH MACARTHUR PLAN AREA FUND**

Established to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

**INDUSTRIAL SPECIFIC PLAN SOUTH FUND**

Established to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

**PRESIDIO PLAN AREA FUND**

Established to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

**TRACY GATEWAY AREA FUND**

Established to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

**PLAN C FUND**

Plan C is a development area of the City which was approved in 1998. Capital development fees levied on developers in this area and the related expenditures are accounted for in this fund

**CITY OF TRACY**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2009**

	Special Revenue Funds			
	Economic Uncertainty	Parking District	Business Improvement District	Asset Forfeiture
<b>Assets</b>				
Cash and investments	\$ 16,760,134	\$ 43,712	\$ 1	\$ 72,133
Cash and investments with fiscal agents				
Accounts receivable			40,225	
Interest receivable	118,178	324		453
Prepaid items				825
Total Assets	\$ 16,878,312	\$ 44,036	\$ 40,226	\$ 73,411
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 455	\$ 906
Due to other funds			2,892	
Deposits payable				
Deferred revenue			39,875	
Advances from other funds				
Total Liabilities			43,222	906
Fund Balances:				
Reserved:				
Prepaid items				825
Projects				
Encumbrances				
Debt service				
Unreserved:				
Undesignated	16,878,312	44,037	(2,996)	71,680
Total Fund Balances	16,878,312	44,037	(2,996)	72,505
Total Liabilities and Fund Balances	\$ 16,878,312	\$ 44,037	\$ 40,226	\$ 73,411

Special Revenue Funds

Proposition 1b	Transportation Development	Proposition K Transportation Tax	State Gas Tax Street	TEA Grant	Community Development Block Grant	Landscaping District
\$ 1,353,307	\$ 555,664	\$ 1,903,898	\$ 4,111,601	\$ 6	\$ -	\$ 3,249,964
	375,000	1,735,911	83,400	318,420	204,722	19,227
8,597	6,553	17,723	30,858			15,232
<u>\$ 1,361,904</u>	<u>\$ 937,217</u>	<u>\$ 3,657,532</u>	<u>\$ 4,225,859</u>	<u>\$ 318,426</u>	<u>\$ 204,722</u>	<u>\$ 3,284,423</u>
\$ -	\$ -	\$ 26,493	\$ 15,766	\$ -	\$ 11,112	\$ 226,689
				304,825	167,708	
					16,640	
		<u>26,493</u>	<u>15,766</u>	<u>304,825</u>	<u>195,460</u>	<u>226,689</u>
		55119	61702	546783		244,921
<u>1,361,904</u>	<u>937,217</u>	<u>3,575,920</u>	<u>4,148,391</u>	<u>(533,182)</u>	<u>9,262</u>	<u>2,812,813</u>
<u>1,361,904</u>	<u>937,217</u>	<u>3,631,039</u>	<u>4,210,093</u>	<u>13,601</u>	<u>9,262</u>	<u>3,057,734</u>
<u>\$ 1,361,904</u>	<u>\$ 937,217</u>	<u>\$ 3,657,532</u>	<u>\$ 4,225,859</u>	<u>\$ 318,426</u>	<u>\$ 204,722</u>	<u>\$ 3,284,423</u>

(Continued)



**CITY OF TRACY**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2009**  
**(Continued)**

	Special Revenue Funds			
	Residential and Commercial Rehabilitation Loan	South County Fire Authority	Traffic Congestion Relief	Community Access CTV
<b>Assets</b>				
Cash and investments	\$ 1,183,683	\$ 175,082	\$ 533,415	\$ -
Cash and investments with fiscal agents				
Accounts receivable		2,187,954	164,669	25,353
Interest receivable	2,955		1,612	
Prepaid items				
Total Assets	<u>\$ 1,186,638</u>	<u>\$ 2,363,036</u>	<u>\$ 699,696</u>	<u>\$ 25,353</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 5,678	\$ 33,934	\$ -	\$ 1,111
Due to other funds		1,080,935		24,202
Deposits payable		18,612		
Deferred revenue	27,675	78,375		
Advances from other funds				82,300
Total Liabilities	<u>33,353</u>	<u>1,211,856</u>		<u>107,613</u>
Fund Balances:				
Reserved:				
Prepaid items				
Projects				
Encumbrances		71,636		246
Debt service				
Unreserved:				
Undesignated	<u>1,153,285</u>	<u>1,079,544</u>	<u>699,696</u>	<u>(82,506)</u>
Total Fund Balances	<u>1,153,285</u>	<u>1,151,180</u>	<u>699,696</u>	<u>(82,260)</u>
Total Liabilities and Fund Balances	<u>\$ 1,186,638</u>	<u>\$ 2,363,036</u>	<u>\$ 699,696</u>	<u>\$ 25,353</u>

Special Revenue Funds	Debt Service Funds			Capital Projects Funds		
	2007 Lease Revenue Bonds	Parks COP	2008 Lease Revenue Bonds	Residential Specific Plan Projects	North East Industrial Plan Area # 2	Infill Projects
\$ 689,168	\$ 80,886	\$ 314,170	\$ 727,110 22,295	\$ 8,923,111	\$ 22,490,889 4,350,973	\$ 4,886,316
257,594		1,978		2,678 66,324	141,413	32,150 45,000
<u>\$ 946,762</u>	<u>\$ 80,886</u>	<u>\$ 316,148</u>	<u>\$ 749,405</u>	<u>\$ 8,992,113</u>	<u>\$ 26,983,275</u>	<u>\$ 4,963,466</u>
\$ -	\$ -	\$ -	\$ -	\$ 666	\$ 236	\$ 1,371
				666	236	1,371
						45,000
					4,350,973	
	80,886	316,148	749,405	690,556	35,899	10,960
<u>946,762</u>				<u>8,300,891</u>	<u>22,596,167</u>	<u>4,906,135</u>
<u>946,762</u>	<u>80,886</u>	<u>316,148</u>	<u>749,405</u>	<u>8,991,447</u>	<u>26,983,039</u>	<u>4,962,095</u>
<u>\$ 946,762</u>	<u>\$ 80,886</u>	<u>\$ 316,148</u>	<u>\$ 749,405</u>	<u>\$ 8,992,113</u>	<u>\$ 26,983,275</u>	<u>\$ 4,963,466</u>

(Continued)

**CITY OF TRACY**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2009**  
(Continued)

	Capital Projects Funds			
	I-205 Area Improvements	Community Development Agency Construction	Urban Management Plan Facilities	Capital Projects Deposit
<b>Assets</b>				
Cash and investments	\$ 4,672,591	\$ 5,891,039	\$ 4,779,428	\$ 7,169,591
Cash and investments with fiscal agents		2,126,307		
Accounts receivable			5,652	
Interest receivable	18,432	42,934	37,482	41,324
Prepaid items				
Total Assets	<u>\$ 4,691,023</u>	<u>\$ 8,060,280</u>	<u>\$ 4,822,562</u>	<u>\$ 7,210,915</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 1,003	\$ 12,908	\$ 21,501	\$ -
Due to other funds				
Deposits payable	1,136,112		290,583	832,265
Deferred revenue				
Advances from other funds				
Total Liabilities	<u>1,137,115</u>	<u>12,908</u>	<u>312,084</u>	<u>832,265</u>
Fund Balances:				
Reserved:				
Prepaid items				
Projects		2,126,307		
Encumbrances	559,586	145,664	243,911	15,255
Debt service				
Unreserved:				
Undesignated	<u>2,994,322</u>	<u>5,775,401</u>	<u>4,266,567</u>	<u>6,363,395</u>
Total Fund Balances	<u>3,553,908</u>	<u>8,047,372</u>	<u>4,510,478</u>	<u>6,378,650</u>
Total Liabilities and Fund Balances	<u>\$ 4,691,023</u>	<u>\$ 8,060,280</u>	<u>\$ 4,822,562</u>	<u>\$ 7,210,915</u>

Capital Projects Funds

Assessment District 87-3 Improvement	South MacArthur Plan Area	Industrial Specific Plan South	Presidio Plan Area	Tracy Gateway Area	Plan "C"	Total Nonmajor Governmental Funds
\$ 30,111	\$ 7,431,311	\$ 3,653,802	\$ 6,025,490 5,032	\$ 28,428 91,461	\$ 25,745,352	\$ 133,481,393 6,504,607 5,254,672 1,116,740 45,825
190	46,804	18,459	37,933		171,238	
<u>\$ 30,301</u>	<u>\$ 7,478,115</u>	<u>\$ 3,672,261</u>	<u>\$ 6,068,455</u>	<u>\$ 119,889</u>	<u>\$ 25,916,590</u>	<u>\$ 146,403,237</u>
\$ -	\$ 1,003	\$ -	\$ - 825,000	\$ - 62,821	\$ 35,590	\$ 396,422 1,643,383 3,102,572 162,565 82,300
	1,003	-	825,000	62,821	35,590	5,387,242
			5,032 39,956		912,825	45,825 7,390,837 3,348,120 1,146,439
30,301	6,901,122	3,626,625	5,198,467	57,068	24,968,175	129,084,775
30,301	7,477,112	3,672,261	5,243,455	57,068	25,881,000	141,015,996
<u>\$ 30,301</u>	<u>\$ 7,478,115</u>	<u>\$ 3,672,261</u>	<u>\$ 6,068,455</u>	<u>\$ 119,889</u>	<u>\$ 25,916,590</u>	<u>\$ 146,403,238</u>

**CITY OF TRACY**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2009**

	Special Revenue Funds			
	Economic Uncertainty	Parking District	Business Improvement District	Asset Forfeiture
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees				
Use of money and property	951,148	2,044		3,076
Intergovernmental				12,711
Special assessments		460	26,946	
Other revenues			43,625	
Charges for services				
Total Revenues	<u>951,148</u>	<u>2,504</u>	<u>70,571</u>	<u>15,787</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Administration				
Non-departmental			60,477	
Public safety				
Police				3,339
Fire				
Public works				
Development and engineering		14,501		
Public works				
Capital outlay				15,057
Debt service:				
Principal payments				
Interest and fiscal charges				
Debt issuance costs				
Total Expenditures		<u>14,501</u>	<u>60,477</u>	<u>18,396</u>
Excess of Revenues Over (Under) Expenditures	<u>951,148</u>	<u>(11,997)</u>	<u>10,094</u>	<u>(2,609)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from issuance of long term debt				
Transfers in				
Transfers out	<u>(2,011,760)</u>			
Total Other Financing Sources (Uses)	<u>(2,011,760)</u>			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,060,612)	(11,997)	10,094	(2,609)
Fund Balances, July 1, 2008	<u>17,938,924</u>	<u>56,034</u>	<u>(13,090)</u>	<u>75,114</u>
Fund Balances, June 30, 2009	<u>\$ 16,878,312</u>	<u>\$ 44,037</u>	<u>\$ (2,996)</u>	<u>\$ 72,505</u>

Special Revenue Funds

Proposition 1b	Transportation Development	Proposition K Transportation Tax	State Gas Tax Street	TEA Grant	Community Development Block Grant	Landscaping District
\$ -	\$ 1,817,001	\$ 1,047,033	\$ -	\$ -	\$ -	\$ -
70,204	41,908	115,695 693,045	212,160 1,428,493	34 285,634	(193) 228,105	110,371 2,412,861 1,216
<u>70,204</u>	<u>1,858,909</u>	<u>1,855,773</u>	<u>1,640,653</u>	<u>285,668</u>	<u>227,912</u>	<u>2,524,448</u>
						41580
24,020	154,800 2,134,800 225,020	38,270 2,372,275	520,476 1,404,162	285,634	71,165 149,579	1,800,115
<u>24,020</u>	<u>2,514,620</u>	<u>2,410,545</u>	<u>1,924,638</u>	<u>285,634</u>	<u>220,744</u>	<u>1,841,695</u>
<u>46,184</u>	<u>(655,711)</u>	<u>(554,772)</u>	<u>(283,985)</u>	<u>34</u>	<u>7,168</u>	<u>682,753</u>
46,184	(655,711)	(554,772)	(283,985)	34	7,168	682,753
<u>1,315,720</u>	<u>1,592,928</u>	<u>4,185,811</u>	<u>4,494,078</u>	<u>13,567</u>	<u>2,094</u>	<u>2,374,981</u>
<u>\$ 1,361,904</u>	<u>\$ 937,217</u>	<u>\$ 3,631,039</u>	<u>\$ 4,210,093</u>	<u>\$ 13,601</u>	<u>\$ 9,262</u>	<u>\$ 3,057,734</u>

(Continued)

**CITY OF TRACY**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2009**  
**(Continued)**

	Special Revenue Funds			
	Residential and Commercial Rehabilitaion Loan	South County Fire Authority	Traffic Congestion Relief	Community Access CTV
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees				104,162
Use of money and property	19,372		9,366	
Intergovernmental		7,565,636	690,330	
Special assessments				
Other revenues				
Charges for services		164,993		554
<b>Total Revenues</b>	<u>19,372</u>	<u>7,730,629</u>	<u>699,696</u>	<u>104,716</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Administration				98,064
Non-departmental				
Public safety				
Police				
Fire		7,333,718		
Public works				
Development and engineering				
Public works				
Capital outlay		206,321		
Debt service:				
Principal payments				
Interest and fiscal charges				
Debt issuance costs				
<b>Total Expenditures</b>		<u>7,540,039</u>		<u>98,064</u>
Excess of Revenues Over (Under) Expenditures	<u>19,372</u>	<u>190,590</u>	<u>699,696</u>	<u>6,652</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from issuance of long term debt				
Transfers in	446,000			
Transfers out		(244,692)		
<b>Total Other Financing Sources (Uses)</b>	<u>446,000</u>	<u>(244,692)</u>		
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	465,372	(54,102)	699,696	6,652
Fund Balances, July 1, 2008	<u>687,913</u>	<u>1,205,282</u>		<u>(88,912)</u>
Fund Balances, June 30, 2009	<u>\$ 1,153,285</u>	<u>\$ 1,151,180</u>	<u>\$ 699,696</u>	<u>\$ (82,260)</u>

Special Revenue Funds	Debt Service Funds			Capital Projects Funds		
	Interest Stabilization	2007 Lease Revenue Bonds	Parks COP	2008 Lease Revenue Bonds	Residential Specific Plan Projects	North East Industrial Plan Area # 2
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(247,168)	9	13,352		464,009	1,189,740	209,779
				616,415	954,000	32,750
						105,630
(247,168)	9	13,352		1,080,424	2,143,740	348,159
					148,523	
				1,995,531	1,850,616	830,821
	80,000					
	199,395			370,718		
				1,163,448		
	279,395			1,534,166	1,999,139	830,821
(247,168)	(279,386)	13,352	(1,534,166)	(915,107)	144,601	(482,662)
	284,000			19,765,000		
(1,024,590)				1,089,000		
				(18,570,429)		
(1,024,590)	284,000			(446,000)		
(1,271,758)	4,614	13,352	749,405	(1,361,107)	144,601	(482,662)
2,218,520	76,272	302,796		10,352,554	26,838,438	5,444,757
\$ 946,762	\$ 80,886	\$ 316,148	\$ 749,405	\$ 8,991,447	\$ 26,983,039	\$ 4,962,095

(Continued)



**CITY OF TRACY**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2009**  
**(Continued)**

	Capital Project Funds			
	I-205 Area Improvements	Community Development Agency Construction	Urban Management Plan Facilities	Capital Projects Deposits
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees				
Use of money and property	134,055	299,546	249,348	305,700
Intergovernmental				
Special assessments	875		117,000	
Other revenues	2,457,386		213,175	5,305,937
Charges for services				
<b>Total Revenues</b>	<b>2,592,316</b>	<b>299,546</b>	<b>579,523</b>	<b>5,611,637</b>
<b>EXPENDITURES:</b>				
Current:				
General government				
Administration				
Non-departmental				
Public safety				
Police				
Fire				
Public works				
Development and engineering		613,426		
Public works				
Capital outlay	189,516	1,323,152	1,878,748	167,004
Debt service:				
Principal payments				
Interest and fiscal charges				
Debt issuance costs				
<b>Total Expenditures</b>	<b>189,516</b>	<b>1,936,578</b>	<b>1,878,748</b>	<b>167,004</b>
Excess of Revenues Over (Under) Expenditures	2,402,800	(1,637,032)	(1,299,225)	5,444,633
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from issuance of long term debt				
Transfers in		2,126,306		
Transfers out				
<b>Total Other Financing Sources (Uses)</b>		<b>2,126,306</b>		
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,402,800	489,274	(1,299,225)	5,444,633
Fund Balances, July 1, 2008	1,151,108	7,558,098	5,809,703	934,017
Fund Balances, June 30, 2009	<b>\$ 3,553,908</b>	<b>\$ 8,047,372</b>	<b>\$ 4,510,478</b>	<b>\$ 6,378,650</b>

Capital Projects Funds

Assessment District 87-3 Improvement	South MacArthur Plan Area	Industrial Specific Plan South	Presidio Plan Area	Tracy Gateway Area	Plan "C"	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,864,034
1,289	313,603	133,433	256,904	28,428	1,140,546	104,162
		2,042,608			(4,546)	6,027,758
	57,700			35,864		10,903,954
						5,245,369
						9,174,533
						165,547
<u>1,289</u>	<u>371,303</u>	<u>2,176,041</u>	<u>256,904</u>	<u>64,292</u>	<u>1,136,000</u>	<u>34,485,357</u>
						139,644
						60,477
						3,339
						7,333,718
						892,162
						4,603,914
	99,935	377,418		7,224	1,965,963	15,367,996
						80,000
						570,113
						1,163,448
	<u>99,935</u>	<u>377,418</u>		<u>7,224</u>	<u>1,965,963</u>	<u>30,214,811</u>
<u>1,289</u>	<u>271,368</u>	<u>1,798,623</u>	<u>256,904</u>	<u>57,068</u>	<u>(829,963)</u>	<u>4,270,546</u>
						19,765,000
						3,945,306
						(22,297,471)
						1,412,835
1,289	271,368	1,798,623	256,904	57,068	(829,963)	5,683,381
29,012	7,205,744	1,873,638	4,986,551		26,710,963	135,332,615
<u>\$ 30,301</u>	<u>\$ 7,477,112</u>	<u>\$ 3,672,261</u>	<u>\$ 5,243,455</u>	<u>\$ 57,068</u>	<u>\$ 25,881,000</u>	<u>\$ 141,015,996</u>

**CITY OF TRACY**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**BUDGETED NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2009**

	Parking District			Business Improvement District		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees						
Use of money and property		2,044	2,044			
Intergovernmental						
Special assessments	400	460	60	33,000	26,946	(6,054)
Other revenues				112,500	43,625	(68,875)
Charges for services						
Total Revenues	400	2,504	2,104	145,500	70,571	(74,929)
<b>Expenditures:</b>						
Current:						
General government						
Administration						
Non-departmental				143,360	60,477	82,883
Public safety						
Police						
Fire						
Public works						
Development and engineering	35,600	14,501	21,099			
Public works						
Intergovernmental						
Capital outlay						
Debt service:						
Principal payments						
Interest and fiscal charges						
Debt issuance costs						
Total Expenditures	35,600	14,501	21,099	143,360	60,477	82,883
Excess of revenues over (under) expenditures	(35,200)	(11,997)	23,203	2,140	10,094	7,954
<b>Other Financing Sources (Uses):</b>						
Proceeds from issuance of long term debt						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (35,200)</u>	(11,997)	<u>\$ 23,203</u>	<u>\$ 2,140</u>	10,094	<u>\$ 7,954</u>
Fund Balances, July 1, 2008		56,034			(13,090)	
Fund Balances, June 30, 2009		<u>\$ 44,037</u>			<u>\$ (2,996)</u>	

Asset Forfeiture			Transportation Development			Proposition K Transportation Tax		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ 2,400,000	\$ 1,817,001	\$ (582,999)	\$ 1,236,000	\$ 1,047,033	\$ (188,967)
15,000	3,076 12,711	3,076 (2,289)		41,908	41,908	5,514,232	115,695 693,045	115,695 (4,821,187)
15,000	15,787	787	2,400,000	1,858,909	(541,091)	6,750,232	1,855,773	(4,894,459)
6,000	3,339	2,661						
			155,000 218,780	154,800 213,480	200 53,000	37,127	38,270	(1,143)
70,000	15,057	54,943	1,148,232	225,020	923,212	10,391,665	2,372,275	8,019,390
76,000	18,396	57,604	3,491,032	2,514,620	976,412	10,428,792	2,410,545	8,018,247
(61,000)	(2,609)	58,391	(1,091,032)	(655,711)	435,321	(3,678,560)	(554,772)	3,123,788
<u>\$ (61,000)</u>	<u>(2,609)</u>	<u>\$ 58,391</u>	<u>\$ (1,091,032)</u>	<u>(655,711)</u>	<u>\$ 435,321</u>	<u>\$ (3,678,560)</u>	<u>(554,772)</u>	<u>\$ 3,123,788</u>
	75,114			1,592,928			4,185,811	
	<u>\$ 72,505</u>			<u>\$ 937,217</u>			<u>\$ 3,631,039</u>	

(Continued)

**CITY OF TRACY**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**BUDGETED NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2009**  
**(Continued)**

	State Gas Tax Street			TEA Grant		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees						
Use of money and property		212,160	212,160		34	34
Intergovernmental	1,581,600	1,428,493	(153,107)	1,513,283	285,634	(1,227,649)
Special assessments						
Other revenues						
Charges for services						
Total Revenues	1,581,600	1,640,653	59,053	1,513,283	285,668	(1,227,615)
<b>Expenditures:</b>						
Current:						
General government						
Administration						
Non-departmental						
Public safety						
Police						
Fire						
Public works						
Development and engineering						
Public works	590,000	520,476	69,524			
Intergovernmental						
Capital outlay	5,480,081	1,404,162	4,075,919	3,173,283	285,634	2,887,649
Debt service:						
Principal payments						
Interest and fiscal charges						
Debt issuance costs						
Total Expenditures	6,070,081	1,924,638	4,145,443	3,173,283	285,634	2,887,649
Excess of revenues over (under) expenditures	(4,488,481)	(283,985)	4,204,496	(1,660,000)	34	1,660,034
<b>Other Financing Sources (Uses):</b>						
Proceeds from issuance of long term debt						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (4,488,481)	(283,985)	\$ 4,204,496	\$ (1,660,000)	34	\$ 1,660,034
Fund Balances, July 1, 2008		4,494,078			13,567	
Fund Balances, June 30, 2009		\$ 4,210,093			\$ 13,601	

Community Development Block Grant			Landscaping District			South County Fire Authority		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
418,720	(193) 228,105	(193) (190,615)	7,000	110,371	103,371	8,005,059	7,565,636	(439,423)
			2,363,800	2,412,861	49,061			
				1,216	1,216			
						165,440	164,993	(447)
418,720	227,912	(190,808)	2,370,800	2,524,448	153,648	8,170,499	7,730,629	(439,870)
			68,040	41,580	26,460			
						7,820,802	7,333,718	487,084
73,320	71,165	2,155						
			2,227,790	1,796,327	431,463			
345,400	149,579	195,821	239,610	3,788	235,822	247,717	206,321	41,396
418,720	220,744	197,976	2,535,440	1,841,695	693,745	8,068,519	7,540,039	528,480
	7,168	7,168	(164,640)	682,753	847,393	101,980	190,590	88,610
							(244,692)	(244,692)
							(244,692)	(244,692)
\$ -	7,168	\$ 7,168	\$ (164,640)	682,753	\$ 847,393	\$ 101,980	(54,102)	\$ (156,082)
	2,094			2,374,981			1,205,282	
	\$ 9,262			\$ 3,057,734			\$ 1,151,180	

(Continued)

**CITY OF TRACY**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**BUDGETED NONMAJOR FUNDS**  
**For the Fiscal Year Ended June 30, 2009**  
**(Continued)**

	Community Access CTV			2008 Lease Revenue Bonds		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>						
Taxes	\$ 115,000	\$ 104,162	\$ (10,838)	\$ -	\$ -	\$ -
Licenses, permits, and fees						
Use of money and property						-
Intergovernmental						
Special assessments						
Other revenues						
Charges for services	500	554	54			
Total Revenues	115,500	104,716	(10,784)			
<b>Expenditures:</b>						
Current:						
General government						
Administration	116,333	98,064	18,269			
Non-departmental						
Public safety						
Police						
Fire						
Public works						
Development and engineering						
Public works						
Intergovernmental						
Capital outlay						
Debt service:						
Principal payments						
Interest and fiscal charges					370,718	(370,718)
Debt issuance costs				1,194,571	1,163,448	31,123
Total Expenditures	116,333	98,064	18,269	1,194,571	1,534,166	(339,595)
Excess of revenues over (under) expenditures	(833)	6,652	7,485	(1,194,571)	(1,534,166)	(339,595)
<b>Other Financing Sources (Uses):</b>						
Proceeds from issuance of long term debt				19,765,000	19,765,000	
Transfers in					1,089,000	1,089,000
Transfers out				(18,570,429)	(18,570,429)	
Total Other Financing Sources (Uses)				1,194,571	2,283,571	1,089,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (833)	6,652	\$ 7,485	\$ -	749,405	\$ 749,405
Fund Balances, July 1, 2008		(88,912)				
Fund Balances, June 30, 2009		\$ (82,260)			\$ 749,405	

Proposition 1b			2007 Lease Revenue Bonds			Economic Uncertainty		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	70,204	70,204		9	9		951,148	951,148
	<u>70,204</u>	<u>70,204</u>		<u>9</u>	<u>9</u>		<u>951,148</u>	<u>951,148</u>
						5,001,400		5,001,400
1,303,688	24,020	1,279,668	80,000	80,000				
			202,480	199,395	3,085			
<u>1,303,688</u>	<u>24,020</u>	<u>1,279,668</u>	<u>282,480</u>	<u>279,395</u>	<u>3,085</u>	<u>5,001,400</u>		<u>5,001,400</u>
<u>(1,303,688)</u>	<u>46,184</u>	<u>1,349,872</u>	<u>(282,480)</u>	<u>(279,386)</u>	<u>3,094</u>	<u>(5,001,400)</u>	<u>951,148</u>	<u>5,952,548</u>
			284,000	284,000				
							(2,011,760)	(2,011,760)
			284,000	284,000			(2,011,760)	(2,011,760)
<u>\$ (1,303,688)</u>	<u>46,184</u>	<u>\$ 1,349,872</u>	<u>\$ 1,520</u>	<u>4,614</u>	<u>\$ 3,094</u>	<u>\$ (5,001,400)</u>	<u>(1,060,612)</u>	<u>\$ 3,940,788</u>
	<u>1,315,720</u>			<u>76,272</u>			<u>17,938,924</u>	
	<u>\$ 1,361,904</u>			<u>\$ 80,886</u>			<u>\$ 16,878,312</u>	



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## **INTERNAL SERVICE FUNDS**

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

The concept of major funds introduced by GASB Statement No. 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement No. 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

However, internal service funds are still presented separately in the Fund Financial Statements, including the funds below:

### **CENTRAL GARAGE FUND**

Established 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**

Established to account for monies received from various funds for postage, telephone, and copying charges.

### **EQUIPMENT ACQUISITION FUND**

Established to account for the replacement of equipment utilized by City departments.

### **BUILDING MAINTENANCE FUND**

Established to account for monies received from various funds for the repair and maintenance of all City owned and operated buildings.

### **INSURANCE FUND**

Established to finance and account for the City's risk management and insurance programs.

**CITY OF TRACY**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**June 30, 2009**

	Central Garage	Central Services	Equipment Acquisition
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 304,730	\$ 276,589	\$ 5,727,490
Accounts receivable - net	426,816		
Total current assets	731,546	276,589	5,727,490
Noncurrent Assets:			
Loans receivable			57,419
Capital Assets:			
Depreciable:			
Buildings	266,462		47,601
Improvements	545,513	9,239	
Equipment	81,896	125,001	21,016,074
Intangibles			338,812
Total depreciable capital assets	893,871	134,240	21,402,487
Less accumulated depreciation	(626,944)	(78,511)	(11,367,336)
Depreciable capital assets, net	266,927	55,729	10,035,151
Total capital assets, net	266,927	55,729	10,035,151
Total Assets	\$ 998,473	\$ 332,318	\$ 15,820,060

<u>Building Maintenance</u>	<u>Insurance</u>	<u>Totals</u>
\$ 513,013	\$ 3,406,143	\$ 10,227,965
		426,816
<u>513,013</u>	<u>3,406,143</u>	<u>10,654,781</u>
		<u>57,419</u>
		314,063
		554,752
4,670	18,219	21,245,860
		<u>338,812</u>
4,670	18,219	22,453,487
<u>(4,670)</u>	<u>(18,219)</u>	<u>(12,095,680)</u>
		<u>10,357,807</u>
		<u>10,357,807</u>
<u>\$ 513,013</u>	<u>\$ 3,406,143</u>	<u>\$ 21,070,007</u>

(Continued)

**CITY OF TRACY**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**June 30, 2009**  
**(Continued)**

	Central Garage	Central Services	Equipment Acquisition
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 34,658	\$ 5,023	\$ 29,389
Claims and judgments payable			
Accrued interest payable			5,307
	<u>34,658</u>	<u>5,023</u>	<u>34,696</u>
Total current liabilities			
	<u>34,658</u>	<u>5,023</u>	<u>34,696</u>
Noncurrent Liabilities:			
Capital lease payable			265,355
Compensated absences	28,425	132,500	
Claims and judgments payable			
	<u>28,425</u>	<u>132,500</u>	<u>265,355</u>
Total noncurrent liabilities			
	<u>28,425</u>	<u>132,500</u>	<u>265,355</u>
Total Liabilities	<u>63,083</u>	<u>137,523</u>	<u>300,051</u>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	266,927	55,729	9,769,796
Unrestricted	668,463	139,066	5,750,213
	<u>668,463</u>	<u>139,066</u>	<u>5,750,213</u>
Total Net Assets	<u>\$ 935,390</u>	<u>\$ 194,795</u>	<u>\$ 15,520,009</u>

<u>Building Maintenance</u>	<u>Insurance</u>	<u>Totals</u>
\$ 17,693	\$ 1,910 22,929	\$ 88,673 22,929 5,307
<u>17,693</u>	<u>24,839</u>	<u>116,909</u>
27775	18,012 68,788	265,355 206,712 68,788
<u>27,775</u>	<u>86,800</u>	<u>540,855</u>
<u>45,468</u>	<u>111,639</u>	<u>657,764</u>
<u>467,545</u>	<u>3,294,504</u>	10,092,452 <u>10,319,791</u>
<u>\$ 467,545</u>	<u>\$ 3,294,504</u>	<u>\$ 20,412,243</u>

**CITY OF TRACY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
For the Fiscal Year Ended June 30, 2009**

	Central Garage	Central Services	Equipment Acquisition
Revenues:			
Charges for services	\$ 1,249,132	\$ 1,195,301	\$ 2,367,689
Other revenues		16,161	
Total Operating Revenues	<u>1,249,132</u>	<u>1,211,462</u>	<u>2,367,689</u>
Expenses:			
Maintenance and operation	1,302,834	1,435,044	50,937
Administration	26,140		
Insurance costs and claims			
Depreciation	44,486	12,105	2,281,042
Total Expenses	<u>1,373,460</u>	<u>1,447,149</u>	<u>2,331,979</u>
Operating Income (Loss)	(124,328)	(235,687)	35,710
Non-Operating Revenues (Expenses)			
Interest income (loss)	(1,208)	(946)	(11,092)
Interest expense			(12,703)
Gain on sale of capital assets			45,298
Net income before contributions	(125,536)	(236,633)	57,213
Contributions			<u>1,574,769</u>
Change in Net Assets	(125,536)	(236,633)	1,631,982
Net Assets, July1, 2008	<u>1,060,926</u>	<u>431,428</u>	<u>13,888,027</u>
Net Assets, June 30, 2009	<u>\$ 935,390</u>	<u>\$ 194,795</u>	<u>\$ 15,520,009</u>

Building Maintenance	Insurance	Totals
\$ 1,348,301	\$ 1,853,600	\$ 8,014,023
	225,738	241,899
<u>1,348,301</u>	<u>2,079,338</u>	<u>8,255,922</u>
1,202,074	227,909	4,218,798
103,080	587,983	717,203
	2,665,907	2,665,907
		<u>2,337,633</u>
<u>1,305,154</u>	<u>3,481,799</u>	<u>9,939,541</u>
43,147	(1,402,461)	(1,683,619)
(587)	(9,832)	(23,665)
		(12,703)
		<u>45,298</u>
42,560	(1,412,293)	(1,674,689)
		<u>1,574,769</u>
42,560	(1,412,293)	(99,920)
424,985	4,706,799	20,512,163
<u>\$ 467,545</u>	<u>\$ 3,294,506</u>	<u>\$ 20,412,243</u>



**CITY OF TRACY**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2009**

	Central Garage	Central Services	Equipment Acquisition
Cash Flows from Operating Activities:			
Receipts from customers/interfund charges	\$ 822,316	\$ 1,211,462	\$ 2,367,689
Payments to suppliers and users	(899,428)	(575,513)	(239,275)
Payments to employees	(418,820)	(853,765)	
Net Cash Provided (Used) by Operating Activities	(495,932)	(217,816)	2,128,414
Cash flows from Non-Capital Financing Activities:			
Principal received on loans receivable			71,680
Net Cash Provided (Used) by Non-Capital Financing Activities			71,680
Cash Flows from Capital and Related Financing Activities:			
Principal paid on long-term debt			(130,178)
Interest paid			(15,681)
Acquisitions of capital assets		(32,082)	(1,592,265)
Proceeds from sales of capital assets			144,967
Net Cash Used by Capital and Related Financing Activities		(32,082)	(1,593,157)
Cash Flows from Investing Activities:			
Interest received (incurred)	(1,208)	(946)	(11,092)
Net Cash Provided by Investing Activities	(1,208)	(946)	(11,092)
Net Increase (Decrease) in Cash and Cash Equivalents	(497,140)	(250,844)	595,845
Cash and Cash Equivalents, July 1, 2008	801,870	527,433	5,131,645
Cash and Cash Equivalents, June 30, 2009	<u>\$ 304,730</u>	<u>\$ 276,589</u>	<u>\$ 5,727,490</u>
Noncash Transactions:			
Capital contributions/transfers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,574,769</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (124,328)	\$ (235,687)	\$ 35,710
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	44,486	12,105	2,281,042
(Increase) Decrease in Operating Assets:			
Accounts receivable	(426,816)		
Increase (Decrease) in Operating Liabilities:			
Accounts payable	9,594	(9,536)	(188,338)
Compensated absences	1,132	15,302	
Net Cash Provided (Used) by Operating Activities	<u>\$ (495,932)</u>	<u>\$ (217,816)</u>	<u>\$ 2,128,414</u>

Building Maintenance	Insurance	Totals
\$ 1,348,301	\$ 2,087,476	\$ 7,837,244
(599,005)	(3,052,451)	(5,365,672)
(698,824)	(439,898)	(2,411,307)
<u>50,472</u>	<u>(1,404,873)</u>	<u>60,265</u>
		71,680
		71,680
		(130,178)
		(15,681)
		(1,624,347)
		144,967
		<u>(1,625,239)</u>
<u>(587)</u>	<u>(9,832)</u>	<u>(23,665)</u>
<u>(587)</u>	<u>(9,832)</u>	<u>(23,665)</u>
49,885	(1,414,705)	(1,516,959)
<u>463,128</u>	<u>4,820,848</u>	<u>11,744,924</u>
<u>\$ 513,013</u>	<u>\$ 3,406,143</u>	<u>\$ 10,227,965</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,574,769</u>
\$ 43,147	\$ (1,402,461)	\$ (1,683,619)
		2,337,633
	8,138	(418,678)
5,678	(13,280)	(195,882)
1,647	2,730	20,811
<u>\$ 50,472</u>	<u>\$ (1,404,873)</u>	<u>\$ 60,265</u>

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**AGENCY FUNDS**

## **AGENCY FUNDS**

GASB Statement No. 34 requires that Agency Funds, the only fiduciary funds the City has, be presented separately from the Government-wide and Fund Financial Statements.

Agency Funds account for assets held by the City as an agent for individuals, government entities, and non-public organizations. These funds include the following:

### **87-3 ASSESSMENT FUND**

Established to account for the assets held on behalf of the 87-3 Assessment District property owners until they are remitted to the bond trustee.

### **84-1 ASSESSMENT DISTRICT FUND**

Established to account for the assets held on behalf of the 84-1 Assessment District property owners until they are remitted to the bond trustee.

### **89-1 COMMUNITY FACILITIES DISTRICT FUND**

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

### **94-1 ASSESSMENT DISTRICT FUND**

Established to account for the assets held on behalf of the 94-1 Community Facilities District property owners until they are remitted to the bond trustee.

### **93-1 COMMUNITY FACILITIES DISTRICT FUND**

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

### **98-1 COMMUNITY FACILITIES DISTRICT FUND**

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

### **98-3 COMMUNITY FACILITIES DISTRICT FUND**

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

### **98-4 ASSESSMENT DISTRICT FUND**

Established to account for the assets held on behalf of the 98-4 Community Facilities District property owners until they are remitted to the bond trustee.

## **AGENCY FUNDS (Continued)**

### **99-1 COMMUNITY FACILITIES DISTRICT FUND**

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

### **99-2 COMMUNITY FACILITIES DISTRICT FUND**

Established to account for the assets held on behalf of the 99-2 Community Facilities District property owners until they are remitted to the bond trustee.

### **2000-01 ASSESSMENT DISTRICT FUND**

Established to account for the assets held on behalf of the 2000-01 Assessment District property owners until they are remitted to the bond trustee.

### **2000-02 ASSESSMENT DISTRICT FUND**

Established to account for the assets held on behalf of the 2000-02 Assessment District property owners until they are remitted to the bond trustee.

### **2006-01 NE INDUSTRIAL # 2 FUND**

Established to account for the assets held on behalf of the 2006-01 Assessment District property owners until they are remitted to the bond trustee.

### **1999 I205 RESIDENTIAL REASSESSMENT DISTRICT FUND**

Established to 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.

### **2000-03 ASSESSMENT DISTRICT FUND**

Established to account for the assets held on behalf of the 2000-03 Assessment District property owners until they are remitted to the bond trustee.

### **2003-01 ASSESSMENT DISTRICT FUND**

Established to account for the assets held on behalf of the 2003-01 Assessment District property owners until they are remitted to the bond trustee.

### **CULTURAL ARTS FUND**

Established to account for deposits received for cultural arts projects within the City.

### **REGIONAL TRANSPORTATION IMPACT FUND**

Established to account for transportation impact fees collected by the City and which are to be used for transportation mitigation purposes.

### **MEDICAL LEAVE BANK FUND**

Established to account for amounts deposited from employees converted sick leave.

**CITY OF TRACY  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2009**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b><u>87-3 Assessment District</u></b>				
<u>Assets:</u>				
Cash and investments	\$ 1,033,722	\$ 1,797,662	\$ (1,773,115)	\$ 1,058,269
Cash and investments with fiscal agents	4,364,460	1,733,510	(1,646,118)	4,451,852
Interest receivable	7,622	6,024	(7,622)	6,024
<b>Total assets</b>	<b>\$ 5,405,804</b>	<b>\$ 3,537,196</b>	<b>\$ (3,426,855)</b>	<b>\$ 5,516,145</b>
<u>Liabilities</u>				
Accounts payable	\$ 1,348	\$ -	\$ (1,348)	\$ -
Due to assessment district bondholders	5,404,506	3,537,196	(3,425,507)	5,516,195
<b>Total liabilities</b>	<b>\$ 5,405,854</b>	<b>\$ 3,537,196</b>	<b>\$ (3,426,855)</b>	<b>\$ 5,516,195</b>
<b><u>84-1 Assessment District</u></b>				
<u>Assets:</u>				
Cash and investments	\$ 142,999	\$ 88,146	\$ -	\$ 231,145
Interest receivable	12,127	9,444	(12,127)	9,444
<b>Total assets</b>	<b>\$ 155,126</b>	<b>\$ 97,590</b>	<b>\$ (12,127)</b>	<b>\$ 240,589</b>
<u>Liabilities</u>				
Due to assessment district bondholders	\$ 1,442,126	\$ 97,590	\$ (12,127)	\$ 1,527,589
<b>Total liabilities</b>	<b>\$ 1,442,126</b>	<b>\$ 97,590</b>	<b>\$ (12,127)</b>	<b>\$ 1,527,589</b>

**CITY OF TRACY  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2009**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b><u>89-1 Community Facilities District</u></b>				
<u>Assets:</u>				
Cash and investments	\$ 1,759,832	\$ 1,704,648	\$ (1,287,617)	\$ 2,176,863
Cash and investments with fiscal agents	2,289,793	1,300,782	(1,260,121)	2,330,454
Interest receivable	13,176	11,095	(13,176)	11,095
Total assets	<b>\$ 4,062,801</b>	<b>\$ 3,016,525</b>	<b>\$ (2,560,914)</b>	<b>\$ 4,518,412</b>
<u>Liabilities</u>				
Accounts payable	\$ 1,206	\$ -	\$ (1,206)	\$ -
Due to assessment district bondholders	4,061,595	3,016,525	(2,559,708)	4,518,412
Total liabilities	<b>\$ 4,062,801</b>	<b>\$ 3,016,525</b>	<b>\$ (2,560,914)</b>	<b>\$ 4,518,412</b>
 <b><u>94-1 Assessment District</u></b>				
<u>Assets:</u>				
Cash and investments	\$ 365,418	\$ 413,410	\$ (400,255)	\$ 378,573
Cash and investments with fiscal agents	713,539	390,607	(380,255)	723,891
Interest receivable	2,814	2,238	(2,814)	2,238
Total assets	<b>\$ 1,081,771</b>	<b>\$ 806,255</b>	<b>\$ (783,324)</b>	<b>\$ 1,104,702</b>
<u>Liabilities</u>				
Accounts payable	\$ 1,171	\$ -	\$ (1,171)	\$ -
Due to assessment district bondholders	1,080,600	806,255	(782,153)	1,104,702
Total liabilities	<b>\$ 1,081,771</b>	<b>\$ 806,255</b>	<b>\$ (783,324)</b>	<b>\$ 1,104,702</b>

(Continued)



**CITY OF TRACY  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2009  
(Continued)**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b><u>93-1 Community Facilities District</u></b>				
<u>Assets:</u>				
Cash and investments	\$ 2,382,388	\$ 472,278	\$ (362,105)	\$ 2,492,561
Cash and investments with fiscal agents	558,438	355,398	(254,129)	659,707
Interest receivable	19,907	15,527	(19,907)	15,527
<b>Total assets</b>	<b>\$ 2,960,733</b>	<b>\$ 843,203</b>	<b>\$ (636,141)</b>	<b>\$ 3,167,795</b>
<u>Liabilities</u>				
Accounts payable	\$ 1,485	\$ -	\$ (1,485)	\$ -
Due to assessment district bondholders	2,959,248	843,203	(634,656)	3,167,795
<b>Total liabilities</b>	<b>\$ 2,960,733</b>	<b>\$ 843,203</b>	<b>\$ (636,141)</b>	<b>\$ 3,167,795</b>
<b><u>98-1 Community Facilities District</u></b>				
<u>Assets:</u>				
Cash and investments	\$ 1,691,038	\$ 4,573,557	\$ (4,508,016)	\$ 1,756,579
Cash and investments with fiscal agents	1,739,889	3,907,609	(4,298,705)	1,348,793
Interest receivable	10,621	8,837	(10,621)	8,837
<b>Total assets</b>	<b>\$ 3,441,548</b>	<b>\$ 8,490,003</b>	<b>\$ (8,817,342)</b>	<b>\$ 3,114,209</b>
<u>Liabilities</u>				
Accounts payable	\$ 3,242	\$ -	\$ (3,242)	\$ -
Due to assessment district bondholders	3,438,306	8,490,003	(8,814,100)	3,114,209
<b>Total liabilities</b>	<b>\$ 3,441,548</b>	<b>\$ 8,490,003</b>	<b>\$ (8,817,342)</b>	<b>\$ 3,114,209</b>

**CITY OF TRACY  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2009**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b><u>98-3 Community Facilities District</u></b>				
<u>Assets:</u>				
Cash and investments with fiscal agents	\$ 453,288	\$ 881,971	\$ (310,625)	\$ 1,024,634
Cash and investments with fiscal agents	43,895	350,949	(351,169)	43,675
Interest receivable		237		237
Total assets	\$ 497,183	\$ 1,233,157	\$ (661,794)	\$ 1,068,546
<u>Liabilities</u>				
Accounts payable	\$ 692	\$ -	\$ (692)	\$ -
Due to assessment district bondholders	496,491	1,233,157	(661,102)	1,068,546
Total liabilities	\$ 497,183	\$ 1,233,157	\$ (661,794)	\$ 1,068,546
 <b><u>98-4 Assessment District</u></b>				
<u>Assets:</u>				
Cash and investments	\$ 67,167	\$ 214,459	\$ (205,514)	\$ 76,112
Cash and investments with fiscal agents	307,197	193,275	(186,185)	314,287
Interest receivable	512	404	(512)	404
Total assets	\$ 374,876	\$ 408,138	\$ (392,211)	\$ 390,803
<u>Liabilities</u>				
Accounts payable	\$ 1,525	\$ -	\$ (1,525)	\$ -
Due to assessment district bondholders	373,351	408,138	(390,686)	390,803
Total liabilities	\$ 374,876	\$ 408,138	\$ (392,211)	\$ 390,803

(Continued)

**CITY OF TRACY  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2009  
(Continued)**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b><u>99-1 Community Facilities District</u></b>				
<u>Assets:</u>				
Cash and investments	\$ 8,988	\$ 748,191	\$ (749,599)	\$ 7,580
Cash and investments with fiscal agents	<u>1,597,605</u>	<u>771,408</u>	<u>(729,145)</u>	<u>1,639,868</u>
Total assets	<u>\$ 1,606,593</u>	<u>\$ 1,519,599</u>	<u>\$ (1,478,744)</u>	<u>\$ 1,647,448</u>
<u>Liabilities</u>				
Accounts payable	\$ 1,100	\$ -	\$ (1,100)	\$ -
Due to assessment district bondholders	<u>1,605,493</u>	<u>1,519,599</u>	<u>(1,477,644)</u>	<u>1,647,448</u>
Total liabilities	<u>\$ 1,606,593</u>	<u>\$ 1,519,599</u>	<u>\$ (1,478,744)</u>	<u>\$ 1,647,448</u>
<b><u>99-2 Community Facilities District</u></b>				
<u>Assets:</u>				
Cash and investments	\$ 112,257	\$ 855,115	\$ (853,939)	\$ 113,433
Cash and investments with fiscal agents	1,681,902	875,636	(817,645)	1,739,893
Interest receivable	<u>258</u>	<u></u>	<u>(258)</u>	<u></u>
Total assets	<u>\$ 1,794,417</u>	<u>\$ 1,730,751</u>	<u>\$ (1,671,842)</u>	<u>\$ 1,853,326</u>
<u>Liabilities</u>				
Accounts payable	\$ 2,194	\$ -	\$ (2,194)	\$ -
Due to assessment district bondholders	<u>1,792,223</u>	<u>1,730,751</u>	<u>(1,669,648)</u>	<u>1,853,326</u>
Total liabilities	<u>\$ 1,794,417</u>	<u>\$ 1,730,751</u>	<u>\$ (1,671,842)</u>	<u>\$ 1,853,326</u>

**CITY OF TRACY  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2009**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b><u>2000-01 Assessment District</u></b>				
<u>Assets:</u>				
Cash and investments	\$ 299,059	\$ 858,058	\$ (870,876)	\$ 286,241
Cash and investments with fiscal agents	393,618	854,996	(835,613)	413,001
Interest receivable	2,042	1,451	(2,042)	1,451
Accounts receivable		22,866		22,866
Total assets	<u>\$ 694,719</u>	<u>\$ 1,737,371</u>	<u>\$ (1,708,531)</u>	<u>\$ 723,559</u>
<u>Liabilities</u>				
Accounts payable	\$ 1,702	\$ -	\$ (1,702)	\$ -
Due to assessment district bondholders	693,017	1,737,371	(1,706,829)	723,559
Total liabilities	<u>\$ 694,719</u>	<u>\$ 1,737,371</u>	<u>\$ (1,708,531)</u>	<u>\$ 723,559</u>
<b><u>2000-02 Assessment District</u></b>				
<u>Assets:</u>				
Cash and investments	\$ 412	\$ 57,411	\$ (57,823)	\$ -
Cash and investments with fiscal agents	121,293	73,745	(72,618)	122,420
Total assets	<u>\$ 121,705</u>	<u>\$ 131,156</u>	<u>\$ (130,441)</u>	<u>\$ 122,420</u>
<u>Liabilities</u>				
Accounts payable	\$ 1,454	\$ 22,866	\$ (1,454)	\$ 22,866
Due to assessment district bondholders	120,251	108,290	(128,987)	99,554
Total liabilities	<u>\$ 121,705</u>	<u>\$ 131,156</u>	<u>\$ (130,441)</u>	<u>\$ 122,420</u>
<b><u>2006-01 NE Industrial # 2</u></b>				
<u>Assets:</u>				
Cash and investments with fiscal agents	\$ 1,514,082	\$ 898,734	\$ (614,570)	\$ 1,798,246
Cash and investments	139,873	761,096	(755,674)	145,295
Interest receivable		538		538
Total assets	<u>\$ 1,653,955</u>	<u>\$ 1,660,368</u>	<u>\$ (1,370,244)</u>	<u>\$ 1,944,079</u>
<u>Liabilities</u>				
Accounts payable	\$ 1,435	\$ -	\$ (1,435)	\$ -
Due to assessment district bondholders	1,652,520	1,660,368	(1,368,809)	1,944,079
Total liabilities	<u>\$ 1,653,955</u>	<u>\$ 1,660,368</u>	<u>\$ (1,370,244)</u>	<u>\$ 1,944,079</u>

(Continued)

**CITY OF TRACY  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2009  
(Continued)**

<b>1999 I205 Residential Reassessment District</b>	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>Assets:</b>				
Cash and investments	\$ 737,192	\$ 1,011,369	\$ (985,326)	\$ 763,235
Cash and investments with fiscal agents	1,622,419	953,499	(891,489)	1,684,429
Interest receivable	5,608	4,458	(5,608)	4,458
Total assets	<u>\$ 2,365,219</u>	<u>\$ 1,969,326</u>	<u>\$ (1,882,423)</u>	<u>\$ 2,452,122</u>
<b>Liabilities</b>				
Accounts payable	\$ 4,429	\$ -	\$ (4,429)	\$ -
Due to assessment district bondholders	2,360,790	1,969,326	(1,877,994)	2,452,122
Total liabilities	<u>\$ 2,365,219</u>	<u>\$ 1,969,326</u>	<u>\$ (1,882,423)</u>	<u>\$ 2,452,122</u>
<b>2000-03 Assessment District</b>				
<b>Assets:</b>				
Cash and investments	\$ 33,364	\$ 1,076	\$ -	\$ 34,440
Interest receivable	283	220	(283)	220
Accounts receivable		482		482
Total assets	<u>\$ 33,647</u>	<u>\$ 1,778</u>	<u>\$ (283)</u>	<u>\$ 35,142</u>
<b>Liabilities</b>				
Due to assessment district bondholders	\$ 33,647	\$ 1,778	\$ (283)	\$ 35,142
Total liabilities	<u>\$ 33,647</u>	<u>\$ 1,778</u>	<u>\$ (283)</u>	<u>\$ 35,142</u>
<b>2003-01 Assessment District</b>				
<b>Assets:</b>				
Cash and investments	\$ -	\$ 76,225	\$ (76,225)	\$ -
Cash and investments with fiscal agents	124,866	72,787	(68,295)	129,358
Total assets	<u>\$ 124,866</u>	<u>\$ 149,012</u>	<u>\$ (144,520)</u>	<u>\$ 129,358</u>
<b>Liabilities</b>				
Accounts payable	\$ 4,270	\$ 482	\$ (4,270)	\$ 482
Due to assessment district bondholders	120,596	148,530	(140,250)	128,876
Total liabilities	<u>\$ 124,866</u>	<u>\$ 149,012</u>	<u>\$ (144,520)</u>	<u>\$ 129,358</u>

**CITY OF TRACY  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2009**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b><u>Cultural Arts</u></b>				
<u>Assets:</u>				
Restricted cash and investments	\$ 6,264	\$ 1	\$ (4,820)	\$ 1,445
Total assets	<u>\$ 6,264</u>	<u>\$ 1</u>	<u>\$ (4,820)</u>	<u>\$ 1,445</u>
<u>Liabilities</u>				
Deposits	\$ 6,264	\$ 1	\$ (4,820)	\$ 1,445
Total liabilities	<u>\$ 6,264</u>	<u>\$ 1</u>	<u>\$ (4,820)</u>	<u>\$ 1,445</u>
<b><u>Regional Transportation Impact</u></b>				
<u>Assets:</u>				
Cash and investments	\$ 2,150,858	\$ 32,189	\$ (405,516)	\$ 1,777,531
Total assets	<u>\$ 2,150,858</u>	<u>\$ 32,189</u>	<u>\$ (405,516)</u>	<u>\$ 1,777,531</u>
<u>Liabilities</u>				
Due to other governments	\$ 405,516	\$ 14	\$ (405,516)	\$ 14
Deposits	1,745,342	32,175		1,777,517
Total liabilities	<u>\$ 2,150,858</u>	<u>\$ 32,189</u>	<u>\$ (405,516)</u>	<u>\$ 1,777,531</u>
<b><u>Medical Leave Bank</u></b>				
<u>Assets:</u>				
Cash and investments	\$ 555	\$ -	\$ (555)	\$ -
Total assets	<u>\$ 555</u>	<u>\$ -</u>	<u>\$ (555)</u>	<u>\$ -</u>
<u>Liabilities</u>				
Deposits	\$ 555	\$ -	\$ (555)	\$ -
Total liabilities	<u>\$ 555</u>	<u>\$ -</u>	<u>\$ (555)</u>	<u>\$ -</u>

(Continued)

**CITY OF TRACY  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2009  
(Continued)**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b><u>Totals - All Agency Funds</u></b>				
<u>Assets:</u>				
Cash and investments, restricted	\$ 6,264	\$ 1	\$ (4,820)	\$ 1,445
Cash and investments	12,256,067	14,015,839	(13,643,324)	12,628,582
Cash and investments with fiscal agents	17,482,389	13,263,957	(12,365,513)	18,380,833
Interest receivable	74,970	60,473	(74,970)	60,473
Accounts receivable		23,348		23,348
	<u>\$ 29,819,690</u>	<u>\$ 27,363,618</u>	<u>\$ (26,088,627)</u>	<u>\$ 31,094,681</u>
<u>Liabilities</u>				
Due to other governments	\$ 405,516	\$ 14	\$ (405,516)	\$ 14
Accounts payable	27,253	23,348	(27,253)	23,348
Deposits payable	1,752,161	32,176	(5,375)	1,778,962
Due to assessment district bondholders	27,634,760	27,308,080	(25,650,483)	29,292,357
	<u>\$ 29,819,690</u>	<u>\$ 27,363,618</u>	<u>\$ (26,088,627)</u>	<u>\$ 31,094,681</u>

# Statistical Section



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CITY OF TRACY  
 Summary of Statistical Section Pages  
 June 30, 2009

**Statistical Section**

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

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<i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	
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<i>These schedules offer demographic and economic indicators to help the reader Understand the environment within which the City’s financial activities take place.</i>	
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<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial relates to the services the government provides and the activities it performs.</i>	

*Sources: Unless otherwise noted, the information in these schedules is derived from the City’s comprehensive annual financial reports for the year ended June 30, 2009. The City implemented GASB Statement No. 34 during 1999-2000 fiscal year; schedules presenting government-wide information include information beginning in that year.*

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## **FINANCIAL TRENDS**

**CITY OF TRACY**  
**NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**  
**(In thousands)**

	Fiscal years ended June 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
	(in thousands 000s)									
Governmental activities										
Invested in capital assets, net of related debt	\$ 448,841	\$ 451,849	\$ 396,124	\$ 357,579	\$ 371,908	\$ 298,323	\$ 306,381	\$ 224,599	\$ 184,693	\$ 156,058
Restricted	157,162	134,092	135,593	139,007	62,021	143,948	146,313	131,156	101,824	88,651
Unrestricted	34,330	45,861	42,395	15,645	79,527	41,927	25,546	18,682	9,794	123
<b>Total governmental activities net assets</b>	<b>640,333</b>	<b>631,802</b>	<b>574,112</b>	<b>512,231</b>	<b>513,456</b>	<b>484,198</b>	<b>478,240</b>	<b>374,437</b>	<b>296,311</b>	<b>244,832</b>
Business-type activities:										
Invested in capital assets, net of related debt	346,861	352,609	353,095	339,971	288,340	223,792	175,878	164,528	146,890	139,319
Restricted	183	244	555	3,344	31,249	766	1,513	766	782	763
Unrestricted	38,826	34,303	25,827	25,174	5,240	73,175	50,342	44,925	38,184	34,926
<b>Total business-type activities</b>	<b>385,870</b>	<b>387,156</b>	<b>379,477</b>	<b>368,489</b>	<b>324,829</b>	<b>297,733</b>	<b>227,733</b>	<b>210,219</b>	<b>185,856</b>	<b>175,008</b>
Primary government:										
Invested in capital assets, net of related debt	795,702	804,458	749,219	697,550	660,248	522,115	482,259	389,127	331,583	295,377
Restricted	157,345	134,336	136,148	142,351	93,270	144,714	147,826	131,922	102,606	89,414
Unrestricted	73,156	80,164	68,222	40,819	84,767	115,102	75,888	63,607	47,978	35,049
<b>Total primary government</b>	<b>\$ 1,026,203</b>	<b>\$ 1,018,958</b>	<b>\$ 953,589</b>	<b>\$ 880,720</b>	<b>\$ 838,285</b>	<b>\$ 781,931</b>	<b>\$ 705,973</b>	<b>\$ 584,656</b>	<b>\$ 482,167</b>	<b>\$ 419,840</b>

Note - The City began to report accrual information when it implemented GASB 34 in the fiscal year 1999-2000.

Source: City of Tracy, Finance and Administrative Services Department:

**CITY OF TRACY  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

	Fiscal Years Ended June 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
	(in thousands 000s)									
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 9,195	\$ 7,183	\$ 6,391	\$ 7,432	\$ 6,698	\$ 9,771	\$ 7,410	\$ 5,408	\$ 8,493	\$ 3,481
Public safety	36,663	35,074	30,178	28,434	26,684	23,660	20,699	19,595	16,188	13,762
Public works	29,492	24,661	29,391	24,821	20,952	79,722	24,083	13,393	15,798	11,681
Culture and leisure	9,159	7,502	3,929	3,760	4,119	3,607	3,070	4,251	2,261	2,070
Interest on long-term debt	4,201	3,548	4,084	3,994	3,626	4,306	3,008	2,902	3,053	2,745
Unallocated depreciation	295	820	649	506	860	-	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<b>89,005</b>	<b>78,788</b>	<b>74,622</b>	<b>68,947</b>	<b>62,939</b>	<b>121,066</b>	<b>58,270</b>	<b>45,549</b>	<b>45,793</b>	<b>33,739</b>
<b>Business-type Activities:</b>										
Water	19,173	18,786	16,106	16,029	9,363	10,076	8,266	8,737	8,455	7,410
Sewer	15,380	11,415	9,639	10,281	8,987	8,624	7,309	6,379	6,023	5,532
Airport	742	542	666	592	471	388	408	433	510	385
Solid waste	17,893	17,088	16,492	16,367	15,604	13,452	11,916	11,061	10,018	8,762
Transit	1,277	1,531	1,499	1,438	381	1,361	913	837	683	706
Drainage	2,646	3,486	3,247	3,957	978	854	762	725	645	446
<b>Total Business-Type Activities</b>	<b>57,111</b>	<b>52,848</b>	<b>47,649</b>	<b>48,664</b>	<b>35,784</b>	<b>34,755</b>	<b>29,574</b>	<b>28,172</b>	<b>26,334</b>	<b>23,241</b>
<b>Total Primary Government Expenses</b>	<b>\$ 146,116</b>	<b>\$ 131,636</b>	<b>\$ 122,271</b>	<b>\$ 117,611</b>	<b>\$ 98,723</b>	<b>\$ 155,821</b>	<b>\$ 87,844</b>	<b>\$ 73,721</b>	<b>\$ 72,127</b>	<b>\$ 56,980</b>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for Services:</b>										
Development fees	\$ 8,840	\$ 5,289	\$ 4,700	\$ 5,281	\$ 4,030	\$ 5,538	\$ 7,711	\$ 7,169	\$ 8,297	\$ 4,053
Other public works	3,983	26,478	7,660	8,660	5,380	3,611	52	40	61	9
Parks and community services	1,065	1,206	1,480	3,621	973	804	619	634	719	740
Other activities	3,778	1,457	2,281	1,008	1,064	1,693	658	1,043	615	687
Operating grants and contributions	12,766	13,091	11,800	12,621	8,666	5,457	10,492	10,134	10,114	8,830
Capital grants and contributions	12,965	24,426	49,554	19,936	27,450	74,462	99,521	78,237	45,678	59,837
<b>Total Governmental Activities Program Revenues</b>	<b>43,397</b>	<b>71,947</b>	<b>77,475</b>	<b>51,127</b>	<b>47,563</b>	<b>91,565</b>	<b>119,053</b>	<b>97,257</b>	<b>65,484</b>	<b>74,156</b>
<b>Business-type Activities:</b>										
Water	15,833	15,305	13,654	12,472	11,723	12,867	11,235	10,699	9,826	9,175
Sewer	11,661	12,513	12,115	8,471	7,805	7,023	5,594	5,809	5,146	4,945
Airport	257	281	265	272	278	221	216	200	194	180
Solid waste	16,774	17,950	15,006	15,147	13,937	14,402	12,669	11,877	11,218	9,571
Transit	940	92	1,231	109	113	92	74	65	53	64
Drainage	541	563	545	535	491	465	432	410	394	365
Operating grants and contributions	20	1,774	865	1,038	1,763	1,367	753	705	952	1,169
Capital grants and contributions	9,161	10,992	13,119	10,063	24,897	55,033	12,443	4,701	218	17,398
<b>Total Business-Type Activities Program Revenue</b>	<b>55,187</b>	<b>59,470</b>	<b>56,800</b>	<b>48,107</b>	<b>61,007</b>	<b>91,470</b>	<b>43,416</b>	<b>34,466</b>	<b>28,001</b>	<b>42,867</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 98,584</b>	<b>\$ 131,417</b>	<b>\$ 134,275</b>	<b>\$ 99,234</b>	<b>\$ 108,570</b>	<b>\$ 183,035</b>	<b>\$ 162,469</b>	<b>\$ 131,723</b>	<b>\$ 93,485</b>	<b>\$ 117,023</b>

(Continued)

**CITY OF TRACY**  
**CHANGES IN NET ASSETS (Continued)**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	Fiscal Years Ended June 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
	(in thousands 000s)									
Net (expense)/revenue										
Governmental activities	\$ (45,608)	\$ (6,841)	\$ 2,853	\$ (17,820)	\$ (15,376)	\$ (29,498)	\$ 60,784	\$ 51,709	\$ 19,692	\$ 40,417
Business-type activities	(1,924)	6,622	9,149	(557)	25,223	56,715	13,841	6,293	1,668	19,626
Total primary government net (expense) revenue	<u>(47,532)</u>	<u>(219)</u>	<u>12,002</u>	<u>(18,377)</u>	<u>9,847</u>	<u>27,217</u>	<u>74,625</u>	<u>58,002</u>	<u>21,360</u>	<u>60,043</u>
General revenues and other changes in net assets										
Governmental activities:										
Taxes:										
Property taxes	29,324	31,160	23,859	24,613	17,616	15,886	14,155	11,759	9,737	8,303
Franchise taxes	2,138	1,991	2,010	1,808	1,700					
Sales and use taxes	10,964	12,407	13,053	12,587	12,162	11,944	9,723	8,618	7,777	6,081
Other taxes	1,886	4,321	2,373	2,979	1,578	5,362	2,819	3,339	3,202	2,508
Unrestricted motor vehicle in lieu	277	360	6,228	437	5,665	3,185	3,759	3,448	2,867	2,456
Investment earnings	9,023	12,016	10,406	7,934	5,738	2,576	9,608	11,392	11,776	5,377
Miscellaneous	527	2,275	1,098	930	175	2,760	4,240	3,371	3,167	1,478
Transfers			1			545	(1,285)	(15,510)	(7,056)	(150)
Total governmental activities	<u>54,139</u>	<u>64,530</u>	<u>59,028</u>	<u>51,288</u>	<u>44,634</u>	<u>42,258</u>	<u>43,019</u>	<u>26,417</u>	<u>31,470</u>	<u>26,053</u>
Business-type activities:										
Interest earnings	633	1,038	1,796	1,865	1,220	(271)	2,388	2,561	2,439	1,614
Miscellaneous	5	19			652	364				
Transfers			(1)			(545)	1,285	15,510	7,056	150
Total business-type activities	<u>638</u>	<u>1,057</u>	<u>1,795</u>	<u>1,865</u>	<u>1,872</u>	<u>(452)</u>	<u>3,673</u>	<u>18,071</u>	<u>9,495</u>	<u>1,764</u>
Total primary government	<u>54,777</u>	<u>65,587</u>	<u>60,823</u>	<u>53,153</u>	<u>46,506</u>	<u>41,806</u>	<u>46,692</u>	<u>44,488</u>	<u>40,965</u>	<u>27,817</u>
Change in net assets										
Governmental activities	8,531	57,689	61,881	33,469	29,258	12,760	103,803	78,126	51,162	66,470
Business-type activities	(1,286)	7,679	10,944	1,308	27,095	56,263	17,514	24,364	11,163	21,390
Total primary government	<u>\$ 7,245</u>	<u>\$ 65,368</u>	<u>\$ 72,825</u>	<u>\$ 34,777</u>	<u>\$ 56,353</u>	<u>\$ 69,023</u>	<u>\$ 121,317</u>	<u>\$ 102,490</u>	<u>\$ 62,325</u>	<u>\$ 87,860</u>

Note - The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 1999-2000.  
In 2004-2005 the City reported its depreciation on infrastructure as unallocated instead of public works.

**CITY OF TRACY**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

Function/Program	Fiscal Years Ended June 30,								
	2009	2008	2007	2006	2005	2004	2003	2002	2001
	(in thousands 000s)								
<b>Governmental activities:</b>									
General government	\$ 3,590	\$ 924	\$ 1,722	\$ 484	\$ 1,073	\$ 1,121	\$ 215	\$ 631	\$ 281
Police	1,984	1,422	1,760	1,691	1,380	743	1,122	1,237	1,074
Fire	10,372	7,506	7,648	5,635	4,678	3,997	3,192	2,969	2,375
Development and engineering	14,288	5,477	5,945	7,969	17,832	5,699	8,862	8,102	9,520
Public works	11,460	53,382	55,183	29,807	18,522	77,719	103,443	82,326	49,943
Parks, recreation, and community services	1,114	2,645	4,662	4,950	3,488	1,907	2,219	1,992	2,293
Interest in long-term debt	590	591	592	591	591	-	-	-	-
<b>Subtotal governmental activities</b>	<b>43,398</b>	<b>71,947</b>	<b>77,512</b>	<b>51,127</b>	<b>47,564</b>	<b>91,186</b>	<b>119,053</b>	<b>97,257</b>	<b>65,486</b>
<b>Business-type activities:</b>									
Water	16,859	19,044	16,050	12,487	17,230	61,390	16,410	11,882	10,152
Sewer	13,113	16,150	14,934	17,108	24,414	13,511	9,825	8,848	5,282
Solid waste	16,774	17,950	15,006	15,168	13,937	14,424	24,585	11,887	11,218
Airport	277	897	386	615	488	251	249	237	235
Transit	7,386	3,029	3,232	2,194	3,271	1,429	674	621	720
Drainage	777	2,400	7,190	535	1,667	465	3,589	991	394
<b>Subtotal business-type activities</b>	<b>55,186</b>	<b>59,470</b>	<b>56,798</b>	<b>48,107</b>	<b>61,007</b>	<b>91,470</b>	<b>55,332</b>	<b>34,466</b>	<b>28,001</b>
<b>Total primary government</b>	<b>\$ 98,584</b>	<b>\$ 131,417</b>	<b>\$ 134,310</b>	<b>\$ 99,234</b>	<b>\$ 108,571</b>	<b>\$ 182,656</b>	<b>\$ 174,385</b>	<b>\$ 131,723</b>	<b>\$ 93,487</b>

**CITY OF TRACY**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Years Ended June 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
	(in thousands 000s)									
General Fund:										
Reserved	\$ 1,218	\$ 1,386	\$ 1,755	\$ 1,028	\$ 762	\$ 911	\$ 1,359	\$ 567	\$ 3,465	\$ 1,305
Unreserved	16,705	17,193	17,356	19,471	19,038	18,905	15,323	12,478	6,612	8,533
<b>Total general fund</b>	<b><u>\$ 17,923</u></b>	<b><u>\$ 18,579</u></b>	<b><u>\$ 19,111</u></b>	<b><u>\$ 20,499</u></b>	<b><u>\$ 19,800</u></b>	<b><u>\$ 19,816</u></b>	<b><u>\$ 16,682</u></b>	<b><u>\$ 13,045</u></b>	<b><u>\$ 10,077</u></b>	<b><u>\$ 9,838</u></b>
All other governmental funds										
Reserved	\$ 38,366	\$ 33,226	\$ 42,960	\$ 49,991	\$ 29,795	\$ 36,812	\$ 21,578	\$ 21,790	\$ 16,466	\$ 6,671
Unreserved reported in:										
Special revenue funds	33,100	35,121	30,971	27,491	16,983	12,255	11,105	8,610	5,919	2,125
Capital projects funds	100,196	96,588	76,671	73,913	104,667	108,748	145,260	125,541	101,070	81,154
Debt service funds	-	-	-	-	-	-	8,099	6,717	5,707	2,492
<b>Total all other governmental funds</b>	<b><u>\$ 171,662</u></b>	<b><u>\$ 164,935</u></b>	<b><u>\$ 150,602</u></b>	<b><u>\$ 151,395</u></b>	<b><u>\$ 151,445</u></b>	<b><u>\$ 157,815</u></b>	<b><u>\$ 186,042</u></b>	<b><u>\$ 162,658</u></b>	<b><u>\$ 129,162</u></b>	<b><u>\$ 92,442</u></b>

Note - Beginning in 2004 the City classified all of its fund balances in its debt service funds as reserved due to the fact all the funds were in cash accounts earmarked for service, interest or as a revenue.

Source: City of Tracy, Finance and Administrative Services Department



**CITY OF TRACY**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Years Ended June 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
	(in thousands 000s)									
<b>Revenues:</b>										
Taxes	\$ 44,680	\$ 48,048	\$ 48,343	\$ 40,105	\$ 30,827	\$ 30,345	\$ 26,698	\$ 23,716	\$ 20,716	\$ 16,892
Licenses, permits, and fees	3,112	2,839	3,501	3,688	4,944	5,497	24,639	21,614	25,272	26,135
Fines and forfeits	1,722	1,515	1,273	290	302	467	347	307	218	210
Use of money and property	9,046	11,992	9,900	7,479	5,361	2,576	8,981	11,038	11,353	5,096
Intergovernmental	12,899	13,578	18,130	16,948	18,537	17,283	13,248	12,962	12,434	10,797
Charges for services	8,438	5,186	4,913	5,041	6,529	6,905	5,886	6,640	6,225	4,590
Special assessments	5,583	4,843	8,845	10,796	20,580	25,163	1,659	1,300	1,386	1,085
Contributions from assessment districts	6,049	23,043	12,800	14,296		39,247	25,377	31,942	4,956	10,220
Other	4,595	2,058	1,810	2,684	4,072	5,134	3,236	2,383	2,111	672
<b>Total revenues</b>	<b>96,124</b>	<b>113,102</b>	<b>109,515</b>	<b>101,327</b>	<b>91,152</b>	<b>132,617</b>	<b>110,071</b>	<b>111,902</b>	<b>84,671</b>	<b>75,697</b>
<b>Expenditures:</b>										
General government	\$ 7,569	\$ 8,730	\$ 6,274	\$ 4,700	\$ 4,534	\$ 5,238	\$ 4,398	\$ 3,763	\$ 3,427	\$ 2,634
Police	21,574	20,161	17,607	15,834	15,210	13,625	12,231	10,461	9,071	8,157
Fire	15,387	14,602	13,594	12,201	11,337	9,589	9,069	8,386	7,264	6,050
Community development	12,360	10,114	7,241	12,105	9,128	7,197	7,740	7,545	6,493	5,217
Public works	8,369	8,082	8,203	3,680	5,322	7,524	5,713	5,469	4,669	5,562
Parks and recreation	4,507	3,146	3,117	3,009	2,864	2,734	2,485	2,430	2,258	2,205
Capital outlay	20,502	28,712	47,363	41,653	38,775	124,383	33,444	16,060	16,533	12,552
Debt service-principal	11,300	3,620	1,430	1,390	5,060	380	1,005	940	895	845
Debt service-interest	3,799	3,390	3,934	3,849	3,484	3,570	2,801	2,816	2,653	2,031
Debt service-issue costs	1,163	237				2,503				
Intergovernmental	3,288	3,177	2,931	2,570	1,825	4,516	2,897	1,326	2,394	686
<b>Total expenditures</b>	<b>109,818</b>	<b>103,971</b>	<b>111,694</b>	<b>100,991</b>	<b>97,539</b>	<b>181,259</b>	<b>81,783</b>	<b>59,196</b>	<b>55,657</b>	<b>45,939</b>
Excess of revenue over (under) expenditures	(13,694)	9,131	(2,179)	336	(6,387)	(48,642)	28,288	52,706	29,014	29,758
<b>Other financing sources (uses):</b>										
Bond proceeds	19,765	4,670				55,720			15,000	
Transfers in	26,040	12,680	22,148	11,595	9,304	4,567	5,125	8,610	11,435	5,680
Transfers out	(26,040)	(12,680)	(22,150)	(11,595)	(9,304)	(4,081)	(6,390)	(24,854)	(18,491)	(5,972)
Payment to bond escrow agent						(34,072)				
<b>Total other financing sources (uses)</b>	<b>19,765</b>	<b>4,670</b>	<b>(2)</b>			<b>22,134</b>	<b>(1,265)</b>	<b>(16,244)</b>	<b>7,944</b>	<b>(292)</b>
<b>Net change in fund balances</b>	<b>\$ 6,071</b>	<b>\$ 13,801</b>	<b>\$ (2,181)</b>	<b>\$ 336</b>	<b>\$ (6,387)</b>	<b>\$ (26,508)</b>	<b>\$ 27,023</b>	<b>\$ 36,462</b>	<b>\$ 36,958</b>	<b>\$ 29,466</b>
Debt service as a percentage of non-capital expenditures	22.26%	10.36%	7.93%	9.68%	17.01%	12.80%	8.55%	9.54%	9.97%	9.43%

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## **REVENUE CAPACITY**

**City of Tracy  
Tax Revenues By Source  
All Governmental Fund Types  
Last Ten Fiscal Years**

Fiscal Year	Property Current	Property Transfer	Business License	Sales	Franchise	Transient	Transportation Tax and Other	Total
1999	\$7,204,242	\$305,209	\$437,208	\$5,293,587	\$968,766	\$351,677	\$863,800	\$15,424,489
2000	8,303,468	398,837	459,149	6,080,617	1,071,979	577,815	904,677	17,796,542
2001	9,890,207	538,721	488,580	7,776,657	1,302,282	719,257	999,810	21,715,514
2002	11,969,110	404,276	544,735	8,618,122	1,523,995	655,925	1,128,379	24,844,542
2003	13,715,513	569,668	619,852	9,723,275	1,528,012	671,103	1,328,364	28,155,787
2004	15,920,685	779,435	559,720	10,982,717	1,639,091	699,339	1,276,007	31,856,994
2005	14,725,983	1,047,848	686,826	11,775,349	1,699,614	777,878	1,398,516	32,112,014
2006	19,411,722	859,089	651,967	12,774,796	1,807,158	709,219	3,891,486	40,105,437
2007	23,859,318	480,284	816,891	13,298,126	2,010,294	795,223	7,082,375	48,342,511
2008	30,645,530	243,258	697,667	12,407,253	1,991,444	814,883	3,239,289	50,039,324
2009	29,323,472	409,317	657,597	10,963,986	2,137,393	721,649	1,977,865	46,191,279

Source: City of Tracy, Finance and Administrative Services Department

**CITY OF TRACY  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	City of Tracy					Redevelopment Agency				Total Direct Tax Rate	
	Residential Property	Commercial/ Industrial Property	Agricultural Exceptions	Total	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exceptions		Taxable Assessed Value
2000	3,199,613,082	586,819,803	12,511,709	3,798,944,594	138,513,829	3,660,430,765	584,197,307	64,880,261	\$ 8,692,592	640,384,976	N/A
2001	3,817,180,417	700,083,730	14,926,633	4,532,190,780	142,991,758	4,389,199,022	673,615,153	71,126,276	9,198,710	735,542,719	N/A
2002	4,382,219,462	803,713,792	17,136,152	5,203,069,406	161,044,613	5,042,024,793	739,975,093	81,623,438	9,708,581	811,889,950	0.3598%
2003	4,961,479,265	909,951,988	19,401,279	5,890,832,532	173,466,349	5,717,366,183	804,131,872	88,173,424	9,683,658	882,621,638	0.2970%
2004	5,701,252,137	1,045,628,822	22,294,073	6,769,175,032	183,784,907	6,585,390,125	849,586,203	97,885,651	9,547,022	937,924,832	0.2413%
2005	6,636,119,348	1,217,086,613	25,949,761	7,879,155,722	197,097,465	7,682,058,257	950,930,395	94,790,962	9,148,204	1,036,573,153	0.2409%
2006	7,676,540,593	1,407,903,370	30,018,206	9,114,462,169	203,710,884	8,910,751,285	1,064,000,083	118,029,640	8,894,854	1,173,134,869	0.2410%
2007	7,722,515,369	1,926,262,386	28,870,984	9,677,648,739	206,027,034	9,471,621,705	1,153,659,910	129,426,090	8,627,642	1,274,458,358	0.2905%
2008	7,100,460,195	1,802,322,555	29,831,945	8,932,614,695	210,456,479	8,722,158,216	1,064,845,371	119,462,219	8,442,153	1,175,865,437	0.2905%
2009	6,738,669,242	1,541,725,210	10,742,998	8,291,137,450	158,643,838	8,132,493,612	905,118,865	101,542,886	7,168,541	999,493,210	0.2905%

Source:

1. San Joaquin County -Office of the Auditor-controller and Assessor
2. City of Tracy, Finance and Administrative Services Department

**CITY OF TRACY  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
(RATE PER \$100 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>City District rates:</u>										
Basic County-wide Levy	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
City Basic	N/A	N/A	0.1800%	0.1500%	0.1209%	0.1206%	0.1207%	0.17029%	0.17028%	0.17019%
Redevelopment Agency	N/A	N/A	0.1798%	0.1470%	0.1204%	0.1203%	0.1203%	0.1203%	0.1203%	0.1203%
Total Direct Rate	N/A	N/A	1.3598%	1.2970%	1.2413%	1.2409%	1.2410%	1.2905%	1.2905%	1.2905%
<u>Overlapping rates:</u>										
San Joaquin County	N/A	N/A	0.2000%	0.2100%	0.1963%	0.1963%	0.1962%	0.1962%	0.1962%	0.1962%
Tracy Unified School District	N/A	N/A	0.1500%	0.1600%	0.1925%	0.1998%	0.1998%	0.1920%	0.1970%	0.1970%
ERAF	N/A	N/A	0.3000%	27.0000%	0.2793%	0.2801%	0.2801%	0.2790%	2.7900%	0.2790%
Delta Community College District	N/A	N/A	0.0300%	0.0400%	0.0339%	0.0352%	0.0134%	0.0183%	0.0131%	0.0131%
All Other Districts	N/A	N/A	N/A	N/A	0.1771%	0.1779%	0.1779%	0.1760%	0.1760%	0.1760%

Source:

1. San Joaquin County -Office of the Auditor-controller
2. City of Tracy, Finance and Administrative Services Department

**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
2000	4,899,025	4,899,025	100.00%	0.00	4,899,025	100.00%	3,182,025,137
2001	5,292,521	5,292,521	100.00%	0.00	5,292,521	100.00%	3,792,944,594
2002	6,135,524	6,135,524	100.00%	0.00	6,135,524	100.00%	4,532,190,780
2003	7,140,790	7,140,790	100.00%	0.00	7,140,790	100.00%	5,203,069,406
2004	8,987,072	8,987,072	100.00%	0.00	8,987,072	100.00%	6,675,942,094
2005	10,306,934	10,306,934	100.00%	0.00	10,306,934	100.00%	7,774,533,118
2006	12,585,686	12,585,686	100.00%	0.00	12,585,686	100.00%	8,663,313,347
2007	17,529,617	17,529,617	100.00%	0.00	17,529,617	100.00%	9,003,246,048
2008	13,551,184	13,551,184	100.00%	0.00	13,551,184	100.00%	8,722,158,216
2009	12,771,479	12,771,479	100.00%	0.00	12,771,479	100.00%	9,131,986,822

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. City of Tracy, Finance and Administrative Services Department

**City of Tracy  
Sales Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	City Direct Rate	Prop K Rate	Transportation Development Act Rate	San Joaquin County Rate	State Rate	Total Sales Tax Rate
2000	1%	0.50%	0.25%	1%	5%	7.75%
2001	1%	0.50%	0.25%	1%	5%	7.75%
2002	1%	0.50%	0.25%	1%	5%	7.75%
2003	1%	0.50%	0.25%	1%	5%	7.75%
2004	1%	0.50%	0.25%	1%	5%	7.75%
2005	1%	0.50%	0.25%	1%	5%	7.75%
2006	1%	0.50%	0.25%	1%	5%	7.75%
2007	1%	0.50%	0.25%	1%	5%	7.75%
2008	1%	0.50%	0.25%	1%	5%	7.75%
2009	1%	0.50%	0.25%	1%	6%	(1) 8.75%

(1) A 1% increase in Sales and Use Tax became effective as of April 1, 2009 to augment the State's budget. On May 19, 2009, the voters did not approve the proposed "Budget Stabilization" constitutional amendment and set the expiration date of this 1% on July 1, 2011.

Source:

Office of the Auditor-Controller, San Joaquin County  
Finance and Administrative Services Department, City of Tracy



City of Tracy					
Water and Wastewater Rates					
Last Ten Fiscal Years					
Water					Wastewater
Fiscal Year	Monthly Base Rate		Per 100 cubic feet		Monthly Base Rate
2000	17.15		0.85		17.50
2001	17.15		0.85		17.50
2002	17.15		0.85		17.50
2003	17.15		0.85		22.25
2004	17.15		0.85		22.25
2005	17.15		0.85		22.25
2006	17.15		0.85		31.00
2007	17.15		0.85		31.00
2008	20.40		1.00		31.00
2009	20.40		1.00		31.00
<i>Notes:</i>					
<i>100 cubic feet = 748 gallons</i>					
<i>Rates are based on 1 inch meter-the standard household meter size in Tracy.</i>					
<i>Utility charges an excess use rate above normal demand.</i>					

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## **DEBT CAPACITY**

**CITY OF TRACY**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Government Activities			Business Activity				Total Primary Government	Per Capita	Population
	General Obligation Bonds (a)	Special Assessment Bonds (b)	Capital Leases (b)	Water Revenue Bonds (b)	Water/Sewer Notes Payable (b)	Sewer Revenue Bonds (b)	Airport Notes Payable (b)			
2000	\$ 40,413,000	\$ 90,843,000	\$ -	\$ 2,270,000	\$ 2,813,509	\$ 3,905,000	\$ 332,615	\$ 140,909,739	2,478	56,861
2001	38,083,000	93,138,000	512,684	2,030,000	2,704,239	3,705,000	306,638	140,786,199	2,301	61,180
2002	33,020,000	125,525,000	439,929	1,775,000	2,589,838	3,495,000	279,161	167,403,089	2,547	65,735
2003	32,785,000	154,555,000	383,890	1,510,000	2,469,716	3,340,000	249,371	195,542,348	2,794	69,990
2004	30,045,000	151,113,000	325,723	1,235,000	2,343,589	34,065,000	217,216	219,561,744	2,964	74,080
2005	27,095,000	146,735,000	265,345	945,000	9,211,877	33,785,000	184,966	218,407,154	2,789	78,310
2006	25,870,000	153,395,000	641,339	645,000	8,572,915	33,505,000	171,558	222,807,262	2,769	80,461
2007	23,675,000	158,750,000	520,835	330,000	25,176,853	33,215,000	157,285	241,824,973	2,982	81,107
2008	20,855,000	136,580,000	395,533	-	26,378,839	32,305,000	142,147	216,656,519	2,657	81,548
2009	16,430,000	129,940,000	265,356	-	25,414,136	31,420,000	126,144	203,595,636	2,492	81,714

Note: Special Assessment Bonds have no City commitments.

Source:

(a) California Municipal Statistics

(b) Finance and Administrative Services Department, City of Tracy

**CITY OF TRACY  
RATIO OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Outstanding General Bond Debt			Percent of Assessed Value	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Total		
1999	\$ 40,400,174	\$ 19,810,000	\$ 60,210,174	2.22%	\$ 1,192
2000	40,413,000	19,230,000	59,643,000	1.95%	1,049
2001	38,083,000	33,620,000	71,703,000	1.96%	1,172
2002	33,020,000	32,975,000	65,995,000	1.50%	1,004
2003	32,785,000	32,290,000	65,075,000	1.29%	928
2004	30,045,000	55,720,000	85,765,000	1.30%	1,158
2005	27,095,000	55,050,000	82,145,000	1.07%	1,049
2006	25,870,000	54,070,000	79,940,000	1.00%	994
2007	23,675,000	53,065,000	76,740,000	0.71%	946
2008	20,855,000	52,030,000	72,885,000	0.74%	894
2009	16,430,000	50,965,000	67,395,000	0.74%	825

Source:

Finance and Administrative Services Department, City of Tracy

**CITY OF TRACY**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2009**

2008-09 Assessed Valuation:	\$ 9,131,986,822
Redevelopment Incremental Valuation:	1,032,986,160
Adjusted Assessed Valuation:	\$ 8,099,000,662

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt		City's Share of
	6/30/09	% Applicable (1)	Debt 6/30/09
San Joaquin Delta Community College District	\$ 162,819,352	12.818 %	\$ 20,870,185
Tracy Unified School District	48,790,000	63.935	31,193,887
Tracy Unified School District School Facilities Improvement District No	12,000,000	89.883	10,785,960
Banta School District	750,000	33.385	250,388
City of Tracy Community Facilities District No. 87-1	40,015,000	100.	40,015,000
City of Tracy Community Facilities District No. 89-1	11,840,000	100.	11,840,000
City of Tracy Community Facilities District No. 93-1	3,125,000	100.	3,125,000
City of Tracy Community Facilities District No. 98-1	62,240,000	100.	62,240,000
City of Tracy Community Facilities District No. 98-3	3,240,000	100.	3,240,000
City of Tracy Community Facilities District No. 99-1	8,255,000	100.	8,255,000
City of Tracy Community Facilities District No. 99-2	10,860,000	100.	10,860,000
City of Tracy Community Facilities District No. 2000-1	13,890,000	100.	13,890,000
City of Tracy Community Facilities District No. 2006-1	10,655,000	100.	10,655,000
City of Tracy 1915 Act Bonds	18,555,000	100.	18,555,000
<b>TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 245,775,420</b>
Less: City of Tracy Community Facilities District No. 87-1 economically defeased obligations			33,670,000
<b>TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 212,105,420</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Joaquin County Certificates of Participation	197,130,000	14.209 %	28,010,202
Jefferson School District Certificates of Participation	3,850,000	67.933	2,615,421
Byron -Bethany Irrigation District General Fund Obligation	5,750,000	14.026	806,495
<b>City of Tracy General Fund Obligations</b>	<b>24,215,000</b>	<b>100.</b>	<b>24,215,000</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			<b>55,647,118</b>
 GROSS COMBINED TOTAL DEBT			 \$ 301,422,538 (2)
NET COMBINED TOTAL DEBT			\$ 267,752,538

(1) Percentage of overlapping agency's assessed valuation located boundaries of the city.

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

Ratios to 2008-09 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.69%
Total Net Overlapping Tax and Assessment Debt.....	2.32%

Ratios to Adjusted Assessed Valuation:

<b>Combined Direct Debt (\$24,215,000).....</b>	<b>0.30%</b>
Gross Combined Total Debt.....	3.72%
Combined Total Debt.....	3.31%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09 \$0

Source: California Municipal Statistics, Inc.

**CITY OF TRACY  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(In Millions)**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed Value	\$ 3,182	\$ 3,793	\$ 4,532	\$ 5,203	\$ 6,769	\$ 7,879	\$ 7,775	\$ 9,003	\$ 9,563	\$ 9,132
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	796	948	1,133	1,301	1,692	1,970	1,944	2,251	2,391	2,283
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	119	142	170	195	254	296	292	338	359	342
Total net debt applicable to limit	<u>81</u>	<u>93</u>	<u>86</u>	<u>84</u>	<u>135</u>	<u>130</u>	<u>125</u>	<u>136</u>	<u>132</u>	<u>138</u>
Legal debt margin	<u>\$ 38</u>	<u>\$ 49</u>	<u>\$ 84</u>	<u>\$ 111</u>	<u>\$ 119</u>	<u>\$ 166</u>	<u>\$ 167</u>	<u>\$ 202</u>	<u>\$ 227</u>	<u>\$ 204</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.

**CITY OF TRACY  
PLEGDED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Water revenue bonds/EOA note</b>										
Water revenue	\$ 10,300,132	\$ 11,129,136	\$ 12,173,003	\$ 12,552,319	\$ 12,795,412	\$ 12,354,096	\$ 13,381,880	\$ 14,341,129	\$ 15,433,890	\$ 15,963,584
Less: operating expenses	(4,517,270)	(5,677,055)	(5,390,383)	(4,937,301)	(6,047,909)	(5,383,787)	(8,821,723)	(9,384,661)	(10,360,873)	(10,485,876)
Net available revenue	<u>5,782,862</u>	<u>5,452,081</u>	<u>6,782,620</u>	<u>7,615,018</u>	<u>6,747,503</u>	<u>6,970,309</u>	<u>4,560,157</u>	<u>4,956,468</u>	<u>5,073,017</u>	<u>5,477,708</u>
<b>Debt service:</b>										
Principal	338,831	348,954	369,401	394,439	275,000	1,038,703	938,962	1,960,910	878,166	964,703
Interest	400,453	98,157	233,851	204,831	288,618	568,637	477,056	791,373	850,589	731,215
Total Debt Service	<u>739,284</u>	<u>447,111</u>	<u>603,252</u>	<u>599,270</u>	<u>563,618</u>	<u>1,607,340</u>	<u>1,416,018</u>	<u>2,752,283</u>	<u>1,728,755</u>	<u>1,695,918</u>
Coverage	7.82	12.19	11.24	12.71	11.97	4.34	3.22	1.80	2.93	3.23
<b>Wastewater revenue bonds:</b>										
Wastewater revenue	5,561,647	6,083,665	6,648,515	6,389,490	6,974,031	8,752,321	9,255,199	12,896,719	13,158,013	12,060,864
Less: operating expenses	(2,618,316)	(2,999,179)	(3,420,444)	(4,392,083)	(4,526,278)	(4,150,266)	(4,509,073)	(4,666,466)	(5,030,130)	(6,846,611)
Net available revenue	<u>2,943,331</u>	<u>3,084,486</u>	<u>3,228,071</u>	<u>1,997,407</u>	<u>2,447,753</u>	<u>4,602,055</u>	<u>4,746,126</u>	<u>8,230,253</u>	<u>8,127,883</u>	<u>5,214,253</u>
<b>Debt service:</b>										
Principal	195,000	200,000	210,000	155,000	270,000	280,000	280,000	290,000	910,000	885,000
Interest	203,312	195,106	202,239	277,516	797,849	1,699,361	1,429,186	1,413,783	1,370,803	1,375,786
Total Debt Service	<u>398,312</u>	<u>395,106</u>	<u>412,239</u>	<u>432,516</u>	<u>1,067,849</u>	<u>1,979,361</u>	<u>1,709,186</u>	<u>1,703,783</u>	<u>2,280,803</u>	<u>2,260,786</u>
Coverage	7.39	7.81	7.83	4.62	2.29	2.33	2.78	4.83	2.81	2.31
<b>Tax allocation bonds:</b>										
Tax increment	3,150,099	3,815,236	4,676,135	5,314,152	6,590,591	6,449,080	7,943,581	9,459,352	10,153,405	10,259,535
<b>Debt service:</b>										
Principal	580,000	610,000	645,000	685,000	2,825,622	670,000	980,000	1,005,000	1,035,000	1,065,000
Interest	1,172,189	1,648,996	2,033,794	1,992,586	2,503,186	2,753,317	2,739,269	2,714,677	2,690,489	2,669,812
Total Debt Service	<u>1,752,189</u>	<u>2,258,996</u>	<u>2,678,794</u>	<u>2,677,586</u>	<u>5,328,808</u>	<u>3,423,317</u>	<u>3,719,269</u>	<u>3,719,677</u>	<u>3,725,489</u>	<u>3,734,812</u>
Coverage	1.80	1.69	1.75	1.98	1.24	1.88	2.14	2.54	2.73	2.75

Note: Deficits 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.

Source: City of Tracy. Finance and Administrative Services Department



## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**CITY OF TRACY  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS**

Year	Population (2)	Labor Force (1)	Employment (1)	Unem- ployment Rate (1)	# of Returns (2)	Adjusted Gross Income (In thousands) (2)	Per Capita Adjusted Gross Income (2)
2000	56,861	29,400	28,200	4.2%	N/A	N/A	N/A
2001	61,180	30,200	28,800	4.5%	N/A	N/A	N/A
2002	65,735	31,100	29,400	5.4%	N/A	N/A	N/A
2003	69,990	31,700	29,900	5.6%	N/A	N/A	N/A
2004	74,080	32,000	30,300	5.3%	N/A	N/A	N/A
2005	78,310	32,500	30,900	4.8%	28,954	1,602,439	20,463
2006	80,461	32,700	31,200	4.5%	29,637	1,637,958	20,357
2007	81,107	32,930	31,310	4.9%	N/A	N/A	N/A
2008	81,548	34,100	32,000	6.2%	N/A	N/A	N/A
2009	81,714	34,169	28,872	15.5%	N/A	N/A	N/A

Sources:

(1) California State Department of Finance (data shown is for the City of Tracy)

(2) California Franchise Tax Board (data shown is for all Tracy residents with zip codes 95376 and 95377)

**CITY OF TRACY  
PRINCIPAL PROPERTY TAXPAYERS  
JUNE 30, 2009**

Taxpayer	2009			2000		
	Taxable Assesed Value	Rank	Percentage of Total Taxable Assesed Value	Taxable Assesed Value	Rank	Percentage of Total Taxable Assesed Value
Tracy Mall Partners LP	104,637,282	1	1.14583%			
Leprino Foods Corporation	91,535,207	2	1.00236%			
Central Valley Limited Liability Co.	50,628,176	3	0.55440%			
Inland Container Corp	41,676,711	4	0.45638%			
U.S. Cold Storage of California	31,369,709	5	0.34351%			
TCE Tracy LLC	31,281,938	6	0.34255%			
Car Corral Hollow, LLC	29,856,393	7	0.32694%			
U.S. Industrial REIT III Container	29,140,000	8	0.31910%			
Fairfield Edgewood Station LP	28,885,673	9	0.31631%			
OSH Properties LLC	28,019,151	10	0.30682%			
Mark T. O'Brien et al.	27,591,861	11	0.30215%			
Miref Chabot Tracy LLC	27,456,867	12	0.30067%			
YRC, Inc.	27,270,584	13	0.29863%			
Catellus Corporate Center Tracy LLC	25,810,008	14	0.28263%			
Prologis Logistics Services, Inc.	21,405,923	15	0.23441%			
KLP Properties, Inc.	20,434,670	16	0.22377%			
Kaiser Foundation Health Plan, Inc.	19,753,764	17	0.21631%			
Sycamore Village Investments	19,211,868	18	0.21038%			
Costco Wholesale Corp.	18,349,267	19	0.20093%			
McLane Food Service, Inc.	17,770,278	20	0.19459%			
Shirlee M. Queirolo Trust	17,709,419	21	0.19393%			
Barbosa Investment Group Ltd.	14,768,720	22	0.16173%			
Save Mart Supermarket	13,847,146	23	0.15163%			
Stuart Limited Partnership	13,010,391	24	0.14247%			
Prologis Logis Trust	12,840,260	25	0.14061%			
<b>Total</b>	<b>764,261,266</b>		<b>8.36906%</b>			
<b>Total Taxable Assesed Value</b>	<b>9,131,986,822</b>					

**NOT AVAILABLE**  
The City of Tracy started compiling  
this information in 2008.

Source: San Joaquin County Assessor's Office

**CITY OF TRACY  
FULL-TIME AND PART-TIME CITY EMPLOYEES  
BY FUNCTION  
LAST TEN FISCAL YEARS**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Legislative	5	5	5	5	5	5	5	5	5	5
City Attorney	3	4	4	4	4	4	4	4	4	4
City Treasurer	1	1	1	1	1	1	1	1	1	1
Administrative	6	6	6	6	6	6	6	6	17	16
Personnel	6	6	6	6	6	7	7	9	9	9
Finance	18	20	24	24	24	24	25	25	27	26
Police	101	107	118	122	123	126	132	141	155	154
Fire	98	99	101	101	104	104	107	81	84	85
Development and Engineering	49	50	52	54	52	52	54	52	55	55
Public Works	50	54	61	66	66	66	64	80	74	71
Parks and Community Services	20	20	19	19	19	18	18	40	49	48
Water	33	34	35	37	37	38	38	40	44	44
Wastewater	19	20	21	23	23	24	24	25	29	29
Airport	1	1	1	1	1	1	1	1	2	2
Solid waste	1	1	1	1	1	2	1	1	1	1
Transit	1	1	1	1	1	2	2	2	2	2
Drainage	2	2	2	2	2	2	2	2	2	2
Total	<u>414</u>	<u>431</u>	<u>458</u>	<u>473</u>	<u>475</u>	<u>482</u>	<u>491</u>	<u>515</u>	<u>560</u>	<u>554</u>

Note:

1. In 2001, Information System staff was merged with the Finance Department

Source: City of Tracy, Finance and Administrative Services Department

**OPERATING INFORMATION**

**CITY OF TRACY  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Police:</b>										
Arrests	2,611	2,545	2,634	2,957	3,367	3,787	3,561	4,448	4,450	4,435
Parking citations issued	N/A	N/A	2,559	2,395	1,956	2,282	2,107	2,292	2,916	2,948
Traffic violations	N/A	5,670	7,768	9,423	6,662	6,959	6,132	8,059	6,867	7,007
<b>Fire:</b>										
Number of emergency calls	3,296	4,299	4,662	4,620	5,092	5,135	5,907	6,580	6,165	6,159
Inspections	1,555	2,530	2,945	2,444	2,590	2,106	2,316	3,586	3,814	3,776
<b>Water:</b>										
Water Mains (miles)	320	340	355	370	380	390	395	400	402	402
New connections	1,500	1,600	1,600	1,800	1,500	1,200	600	40	40	25
Maximum Daily Capacity (gallons) (thousands of gallons)	42	42	42	42	42	57	57	57	57	57
Average daily consumptions (gallons) (thousands of gallons)	12	13	14	15	16	16	16	16	16	16
<b>Sewer:</b>										
Sanitary Sewer (miles)	320	340	355	370	380	390	395	400	400	400
New connections	1,500	1,600	1,600	1,800	1,500	1,200	600	40	40	25
Average daily treatment (in gallons)	7	7	7	7	8	9	9	9	9	9
<b>Airport:</b>										
Hangar rentals	35	76	76	76	76	76	76	76	76	76
<b>Solid waste:</b>										
Refuse collected (tons per day)	277	294	304	319	326	339	325	339	342	339
Recyclables collected (tons per day)	10	12	12	12	12	27	27	27	28	26
<b>Transit:</b>										
Average daily passengers	N/A	N/A	325	293	381	361	318	325	329	323
Total route miles	N/A	N/A	198,438	205,593	213,210	206,975	213,928	236,689	236,684	154,937

Source: City of Tracy, Finance and Administrative Services Department

**CITY OF TRACY  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2007</u>	<u>2008</u>	<u>2008</u>
Police:											
Number of stations	1	1	1	1	1	1	1	1	1	1	1
Fire:											
Number of stations	6	6	6	7	7	7	7	7	7	7	7
Public works:											
Streets (miles)											
Number of street lights	2,697	3,007	3,433	3,600	3,693	3,967	4,658	4,752	4,752	4,763	4,770
Number of traffic signals											
Parks and recreation:											
Number of parks	51	54	61	66	68	69	74	74	74	76	76
Number of community centers	2	2	2	3	3	3	3	3	3	3	3
Water:											
Water mains (miles)	320	340	355	370	380	390	395	395	395	395	395
Wastewater											
Sanitary sewers (miles)	320	340	355	370	380	390	395	395	395	395	395
Airport:											
Number of hangars	35	76	76	76	76	76	76	76	76	76	76
Transit:											
Number of vehicles	6	8	8	8	8	8	8	7	7	8	8

Source: City of Tracy, Finance and Administrative Services Department



## TRACY, CALIFORNIA

Located in Northern California, 60 miles east of San Francisco, 70 miles south of Sacramento, 20 miles south of Stockton, and 343 miles north of Los Angeles

Located within a triangle formed by Interstate 5, Interstate 205, and Interstate 580