



# CITY OF TRACY

## California

### Comprehensive Annual Financial Report

### For the Fiscal Year Ended

### June 30, 2019



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**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

of the  
**CITY OF TRACY, CALIFORNIA**

For the fiscal year ended  
June 30, 2019

Prepared by the  
Finance Department

**KARIN SCHNAIDER**  
Finance Director

**MARTHA GARCIA**  
Finance Manager

**ROBERT HARMON, CPA (Inactive)**  
Interim Budget Officer

**FELICIA GALINDO**  
Senior Accountant

**GUADALUPE PENA**  
Accountant

**SARA COWELL**  
Accountant

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# Introductory Section



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**CITY OF TRACY**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**

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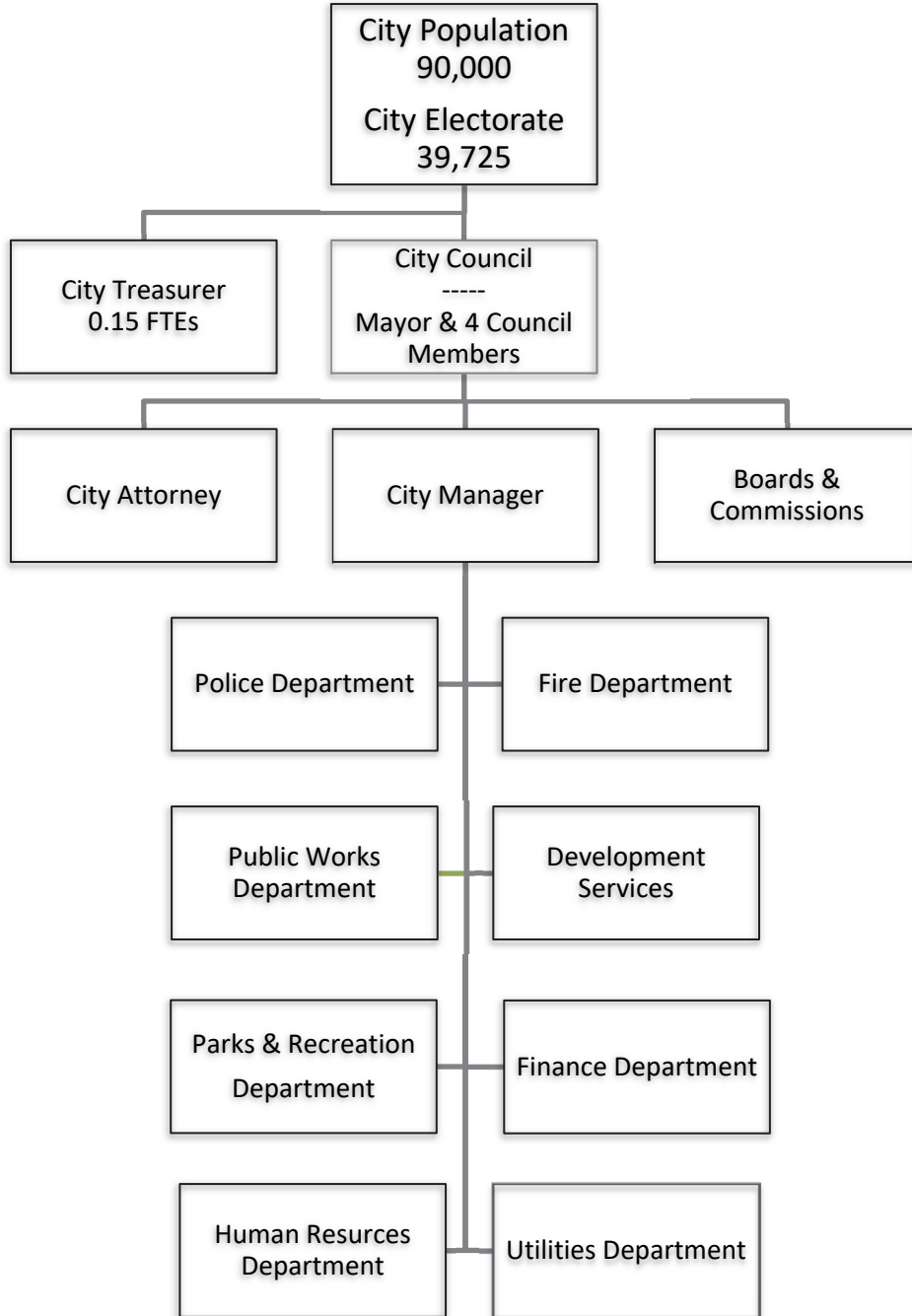
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**CITY OF TRACY  
ORGANIZATIONAL CHART**



**CITY OF TRACY, CALIFORNIA**

**COUNCIL – MANAGER FORM OF GOVERNMENT**

June 30, 2019

**CITY COUNCIL**

**ROBERT RICKMAN**

*Mayor*

**NANCY YOUNG**

*Mayor Pro Tem*

**DAN ARRIOLA**

*Council Member*

**RHODESIA RANSOM**

*Council Member*

**VERONICA VARGAS**

*Council Member*

**OTHER ELECTED OFFICIALS**

**RAYMOND McCRAY**

*City Treasurer*

# CITY OF TRACY, CALIFORNIA

## OTHER CITY OFFICIALS

**Jenny Haruyama**

*City Manager*

**Midori Lichtwardt**

*Assistant City Manager*

**Andrew Malik**

*Assistant City Manager*

**Leticia Ramirez**

*City Attorney*

**Karin Schnaider**

*Finance Director*

**Alex Neicu**

*Interim Police Chief*

**Randall Bradley**

*Fire Chief*

**Don Scholl**

*Public Works Director*

**Kul Sharma**

*Utilities Director*

**Brian MacDonald**

*Parks & Recreation Director*

**Kimberly Murdaugh**

*Human Resources Director*



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
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Presented to

**City of Tracy  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO



City of Tracy  
333 Civic Center Plaza  
Tracy, CA 95376

CITY MANAGER'S OFFICE

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

December 19, 2019

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

We are pleased to present the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2019.

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.

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

The City's financial statements have been audited by Maze & Associates Accountancy Corporation located in Pleasant Hill, California. The independent auditors concluded, based on their audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year (FY) ended June 30, 2019 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is the first item presented in the financial section of this report.

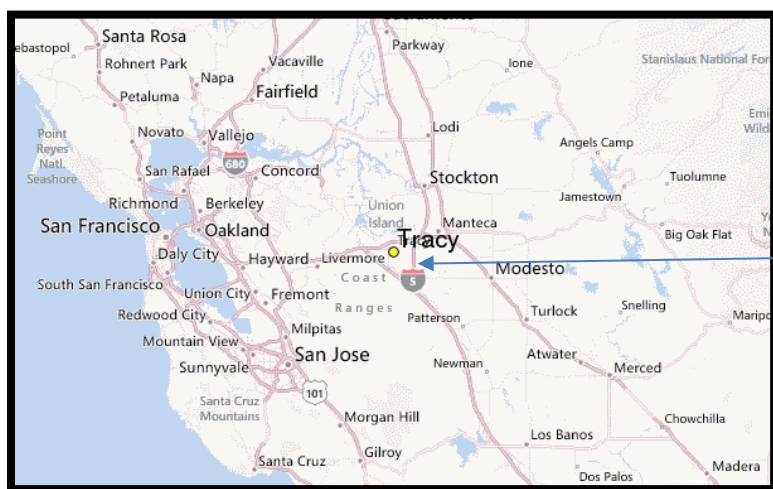
In addition to the financial audit, each year the City is required to undergo an audit of federal grant expenditures. That report is commonly referred to as a Single Audit report and is issued as a separate document and is not included herein. The Single Audit report includes the Schedule of Expenditures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

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

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

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

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



Situated as the first major city east of the Altamont Pass, Tracy is considered an outer suburb of the Bay Area. It is the second largest City in San Joaquin County, and although the Stockton-Lodi Metropolitan Statistical Area (MSA) does not directly border San Francisco, it has now been added to the San Jose – San Francisco – Oakland Combine Statistical Area (CSA) due to being economically connected to the other nine counties in the region. The population and size of Tracy has increased from 18,428 and 7.0 square miles in 1980 to over 92,000 and 29.1 square miles in 2019. The San Joaquin Council of Governments (SJCOG) forecasts that Tracy's population is anticipated to grow to nearly 130,000 by 2040. The SJCOG population projections are based on the growth projections developed by the Eberhardt School of Business at University of the Pacific (UOP) in collaboration with SJCOG.

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



government's departments. The Council is elected on a non-partisan basis. Council members are elected to four-year staggered terms, with two Council members elected every two years. The Mayor is elected every two years.

**Economic Conditions and Outlook:** Tracy's financial condition continues to improve as the economy remains in the midst of a steady upward growth. Since the Great Recession, the City has executed various business recruitment and retention strategies that have diversified the City's growing tax base. Working with our local and regional partners, we actively promote the City as an ideal place for residential and commercial investment. The City's economic development efforts continued to bear fruit with the expansion of several businesses and construction of new e-commerce distribution facilities. In addition, the City's housing stock is growing as multiple housing developments are currently under construction. Historically, Tracy has been an agricultural-based community. However, the continuing vibrant outward growth of the San Francisco Bay Area has pushed industrial, warehousing, and logistics growth into the Northern San Joaquin Valley. This is benefiting Tracy due to its strategic location at the gateway to the Tri Valley Area of the East Bay.

The strengthening of the regional economy in the past few years, paired with the growth of the housing market, and a declining unemployment rate has led to the increase in consumer confidence and spending. As consumer confidence grows, consumer spending continues to grow, resulting in sales tax revenue exceeding peaks last seen prior to the Great Recession. Housing prices continued to appreciate at a steady pace with median home prices in Tracy slightly lower than their western neighbors in the Bay Area, but higher than median housing prices in San Joaquin County and eastern neighbors of the Central Valley. This trend cultivates a perpetual buyers' market from the Bay Area to more affordable housing in Tracy.

The pace of commercial development, which has been slower to respond to the strengthening economy in the past year, accelerated as more previously vacant commercial space in Tracy has become occupied. The City's sales tax revenues endured the recession and, over the past several years, have continued to experience annual increases. The City's sales tax revenues are expected to show modest annual increases as population and consumer activity continue to rise and businesses continue to view Tracy as a "smart money" investment. In Fiscal Year 2019-2020, the City is poised to bring in additional retail, restaurants, and hotels that will potentially boost the sales tax and transient occupancy tax by an additional 2-3%.

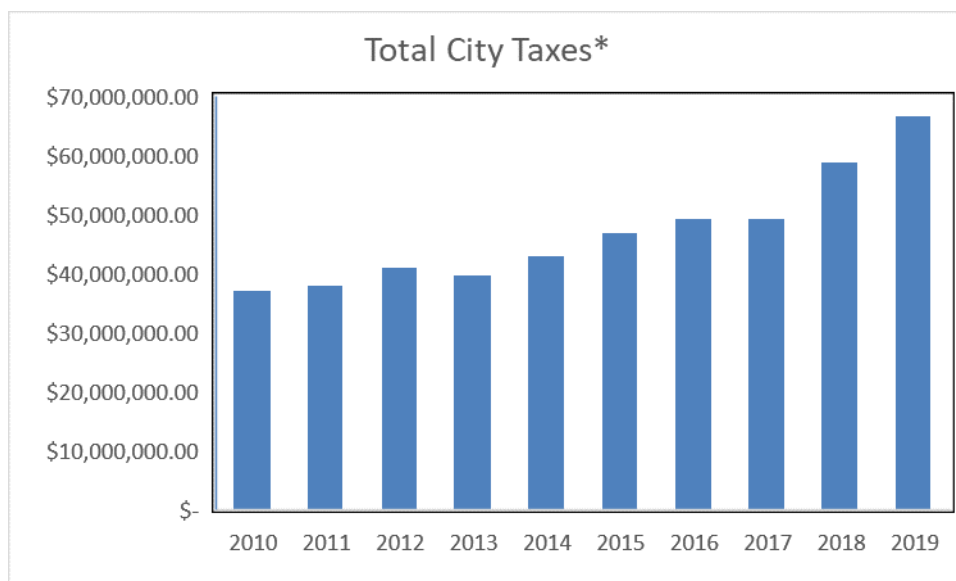
In addition, the City is growing exponentially in the commercial-industrial markets. Major industrial developers such as Majestic Realty, Industrial Property Trust, Seefried Properties, Scannell Properties and Prologis are investing millions of dollars into infrastructure and building construction for new companies locating in Tracy. Highlights of business locations for FY 2018-2019 include: Fischer Scientific occupying 225,000 square feet, Lindt-Ghirardelli occupying more than 708,000 square feet, System Services of America occupying 154,500 square feet, Clutter occupying 460,000 square feet, Federal Emergency Management Agency occupying 210,270 square feet, and Zinus occupying more than 664,000 square feet. Katerra, an advanced manufacturer of pre-fabricated residential and commercial office space, is currently constructing a new 577,000 square foot facility for its west coast manufacturing plant. Combined, these facilities represent significant investments in infrastructure, will provide approximately 2,000 new jobs to our workforce, and enhance property taxes within the industrial areas of the City.

New housing units being added to the assessor's roll, coupled with commercial developments in the community and higher property values, have led to a steady increase in local property tax

revenues. Developments in the community, combined with increased consumer confidence and a strong labor market, have all contributed to the strengthening of the General Fund. The City estimates property tax will grow 5% annually over the next 3-5 years.

In addition to the growth in commercial and residential, the City Council and voters passed in November 2016 an additional ½ cent local sales tax (known as Measure V). This measure replaced a prior ½ cent sales tax measure that expired earlier in the calendar year. The City implemented the half-cent Measure V sales tax in April of 2017 for a term of 20 years. The revenue is expected to generate approximately \$9-10 million annually for the City of Tracy’s General Fund. The City Council has dedicated the Measure V resources toward future amenities including a new aquatic center, multi-generational facility, and improvements at Tracy’s Legacy Fields Sports Park.

The Council has been committed to having development pay its own way. The City continues to review and update the developer impact fees throughout the City to ensure adequate infrastructure is in place to meet the demands of an ever-growing city. The Council also adopted a Citywide Services Community Facilities District, CFD 2018-1, in January of 2018. Any new subdivision of 5 or more units is expected to join or mitigate the costs associated with the Police and Public Works services demands connected to new development. The CFD taxes are set at \$68 per parcel per year and has an inflation rate set to the Consumer Price Index; and will offset costs associated with adding personnel to meet future population growth in the developing communities of Tracy.



\*See **Statistical Section** for more data on the City’s economic influences

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

**Strategic Priorities and Long-term Fiscal Planning:** The Council remains committed to maintaining fiscal sustainability while providing high quality public safety, public works, and community development to meet its existing and future needs. In 2017, the Council identified desired outcomes related to the City's social, economic, organizational and environmental landscape. The Council adopted a governance strategy designed to retain and attract talent, enhance fiscal stability, improve the use of technology, and enhance transparency for the betterment of the community. The plan includes 12 specific goals that address Public Safety, Quality of Life, Governance and Economic Development.

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

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

Given continued growth in development and population, the demand for City services has increased. The Council recognizes the dedication and professionalism of the City staff and the importance of attracting and retaining a highly skilled workforce to serve the public. Beginning July 1, 2018, the City entered into three-year labor contracts that provided an annual salary increase of 4%; or 12% over three years. In addition, staffing levels expanded by an average of 3% annually throughout the organization. Many of these staffing changes included a shift from temporary contract services to permanent staff as staffing levels begin to return to pre-recession levels, such as in Parks, Public Works, and Development Services. Other areas like public safety have adjusted to respond to increased service level demands due to growth. The City has strategically leveraged its financial resources to accommodate the short-term and long-term service demands. By doing so, the City is expected to maintain reserves within the Council's 30% reserve policy.

The economy is recovering in both housing prices that bolster property tax and diversification in commercial and retail that grows and strengthens our sales tax revenues. However, the economy has natural growth and contraction ebbs and flows that are outside of the City's control. While financial planning and long-term forecasting cannot predict all future outcomes,

the City's healthy resources and strong fiscal policies will ensure it can manage its fiduciary responsibilities appropriately.

### **Major Initiatives in 2018-2019:**

The Council continues to invest in community infrastructure to enhance the quality of life for the citizens of Tracy:

- Widening of Corral Hollow Road between Parkside Drive and Linne Road: Corral Hollow Road between Parkside Drive and Linne Road is a heavily travelled major north south arterial street in the City. The project will provide widening of the existing two lane street to four lanes with median, curb, gutter, street lighting, sidewalk, and landscaping. The project design and acquisition of most of the right of ways for widening of this street has been completed. Once the remaining right of ways are acquired, the project will be ready for construction in mid-2020. The project is funded from Measure K sales Tax and development impact fees (TIMP).
- Recycled Water Project: Construction of the City's Recycled Water Project continued and the last phase of construction will be completed in early 2020. The project involves construction of a pump station at the City's Wastewater Treatment Plant and recycled water pipeline from the Wastewater Treatment Plant to Lammers Road south of Kimball High School via Larch Road, Grant Line Road and Byron Road. The completion of this project will allow the City to use recycled water for irrigation purposes in Legacy Fields, Tracy Sports Complex and Placentia Fields. The project is funded from a grant from Department of Water Resources and development impact fees (TIMP).
- Wastewater Effluent Pipeline Project: After completion of the design and acquisition of Right of Ways, competitive construction bids were invited from the Contractors to install a new wastewater effluent pipeline from the City's Wastewater treatment Plant to the Old River. The condition of the existing asbestos cement outfall pipeline has deteriorated due to age and needed to be replaced. The construction of the project is scheduled to start during last quarter of 2019 and is expected to be completed in three years. The project is partly funded from the existing rate payers and the new development in proportion to their use and impact.
- Airport Improvements: Began reconstruction of T-hangar taxi-lanes and installation of new rotating beacon. Received state matching grant from State of California Division of Aeronautics for \$50,000 towards the project. Construction is in progress; began upgrading three Precision Approach Path Indicators (PAPI's) and installing one new PAPI. Construction is in progress; and replaced existing Automated Weather Observation System (AWOS) III. Project was completed in September 2018.
- Park Planning and Development: Began construction of Legacy Fields Phase 1D. Construction is in progress; Completed construction of the Lolly Hansen Senior Center Expansion, the recirculation system for the splash pad at McDonald Park, the Dr. Powers Park sidewalk project, and site improvements to the Joe Wilson Pool including new shade umbrellas, site furnishings and storage boxes.
- Citywide Improvements: The Public Works Department repaired, replaced or made improvements on various city assets including: replacing or repairing 75 fire hydrants, replaced 1,200 Flex-Net meters, applied 194 tons of asphalt to repair potholes, utilized 207 cubic yards of concrete to repair sidewalks, planted 300 trees at legacy fields, commenced the re-landscaping of entryway medians and streetscapes in various locations – including the renovation of the landscaping in and around storm basin at 11th St. and Lammers Road, and completed multiple site improvements at the Tracy Sports

Complex including: metal fence and sports field netting repairs, repainting of all buildings, and the planting of 19 trees in a previously vacant portion of the site.

**GASB 54:** The City is required to produce its financial statements in conformity with GASB 54. This GASB requirement concerns mainly the designation of fund balance into use categories. In addition, Statement 54 clarifies how rainy-day amounts are reported by treating stabilization arrangements as a specified purpose. Consequently, amounts constrained to stabilization must be reported committed or assigned fund balance in the General Fund if they meet the other criteria for those classifications. In October 2014, the City Council adopted a stabilization policy and created three stabilization reserves and revised the policy in June 2017. Please refer to Note # 9 for more information.

Summary of the General Fund Reserves as of June 30, 2019

Non-spendable	Loans Receivable	\$ 469,979
Committed	20% reserve	14,882,561
Assigned	10% reserve (Economic Stability)	7,441,280
	Measure V	5,644,905
	Prior Year Re-Appropriations	2,104,626
	Animal Control	22,192
		<hr/>
		\$ 30,565,543

**GASB 68 & 71:** These accounting standards deal with reporting of pension liabilities. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. These standards were designed to improve and provide transparency to the accounting and financial reporting for state and local government defined benefit pension plans and to bring governmental employer accounting and reporting standards closer in line with private sector requirements. The City implemented GASB Statement No. 68 and GASB Statement No. 71 in FY 14/15.

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

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

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

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

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

The City has implemented GASB 75 in FY 2017-2018.

**GASB 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements:** The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of the statement are effective for reporting periods beginning after June 15, 2018. The City implemented GASB Statement No. 88 for disclosures in the FY 2018/19 financial statements.

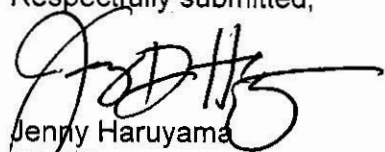
**Gann Limit vs. Appropriations Subject to Limit:** Proposition 4, the "Gann Initiative," was passed by California voters in 1978, and is intended to limit government appropriations. The appropriations limit is calculated each year based upon fiscal year 1978-79 appropriations, which is modified by the composite consumer price index and population changes that have occurred in subsequent years. The City's appropriations limit and the estimated appropriations subject to the limit for the FY 2018-19 amounted to \$65,081,990 and \$46,473,050 respectively. City appropriations subject to the limit have consistently remained far below the appropriation limits and are not expected to deviate from this trend in the foreseeable future.

**Awards and Acknowledgements:** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tracy for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the 31<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.

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

Respectfully submitted,



Jenny Haruyama  
City Manager



Karin Schnaider  
Finance Director

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# Financial Section



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## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tracy, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to 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 as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As discussed in Note 9E, the City made prior period adjustments to the beginning fund balance of the Community Development Fees Special Revenue Fund and the Capital Projects Deposit Capital Projects Fund and the beginning net position of the Wastewater Utility Enterprise Fund in the amounts of \$458,644, \$2,410,207 and \$4,500 respectively.

The emphasis of this matter does not constitute a modification to our opinions.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the other Required Supplementary Information listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to this information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, 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* in considering the City's internal control over financial reporting and compliance.

*Maye & Associates*

Pleasant Hill, California  
December 19, 2019

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis provides an overview of the City of Tracy's financial performance for the fiscal year ended June 30, 2019. This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB). We encourage our readers to consider this information in conjunction with the information provided in the accompanying basic financial statements and notes thereto.

### **FINANCIAL HIGHLIGHTS**

- The City's assets and deferred outflows of resources exceeds its liabilities and deferred inflows of resources at the close of the 2018-19 fiscal year by \$1,223 million Net Position. Of this amount, \$26.6 million Unrestricted Net Position, is designated to be used to meet ongoing obligations to citizens and creditors.
- The City's total net position increased by \$35 million, with \$23 million attributable to governmental activities and \$12 million attributable business-type activities.
- As of June 30, 2019, the City's combined governmental funds reported fund balance of \$197.8 million, of which \$197.3 million is available to meet the City's current and future needs.
- As of June 30, 2019 the fund balance for the General Fund was \$30.6 million of which \$.5 million is designated as Non-Spendable for items such as deposits, prepaid assets, inter-fund advances, and inventory. Committed fund balance was \$14.9 million, designated for Contingency/Emergency. Assigned fund balance was \$15.2 million, designated for items such as prior reappropriation and fiscal sustainability. There were zero unassigned funds as of June 30, 2019.

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

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

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

### **The Basic Financial Statements**

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

## **Government-wide Financial Statements**

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

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

*Statement of Activities* – Presents information reflecting any change in the government's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs (regardless of the timing of related cash flows). Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and compensated time leaves).

Both of the Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- Governmental activities – All of the City's basic services are considered to be governmental activities, including general government, public safety, public ways and facilities/transportation, public works, and culture and leisure. These services are supported by general city revenues such as taxes, and by specific program revenues such as developer fees.
- The City's governmental activities include not only the City of Tracy (known as the primary government), but also the activities of the Tracy Operating Partnership Joint Powers Authority, South San Joaquin County Fire Authority (SSJCFA), Tracy Public Financing Authority, and the Tracy Industrial Development Authority, which are controlled by and dependent on the City. While they are separate legal entities, City Council serves in separate sessions as the governing body of the Tracy Operating Partnership Joint Powers Authority, the Tracy Public Financing Authority, and the Tracy Industrial Development Authority; and the City is financially accountable for those entities, as well as, the personnel for SSJCFA. The financial activities of all three entities have been aggregated and merged, termed "blended", with those of the City in the accompanying financial statements.

Pursuant to ABX I 26 ("AB 26"), approved by Governor Brown on June 28, 2011 and upheld by the California State Supreme Court on December 29, 2011, the Tracy Community Development Agency ("Agency") was dissolved on January 31, 2012. The former Agency is now administered under the name of Successor Agency to the Community Development Agency of the City of Tracy. The activities of the Successor Agency can be found in the Fiduciary Fund Section of the Financial Statements.

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



## ***Fund Financial Statements***

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

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

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

The City of Tracy has 36 governmental funds of which 8 are considered major funds for presentation purposes. Each major fund is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances. The financial information for the remaining non-major governmental funds is combined into a single, aggregated presentation.

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

Since the City's Internal Service Funds provide goods and services only to the City's governmental activities, their activities are reported only in 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 City-wide financial statements and any related profits or losses are returned to the activities which created them.

- Fiduciary Funds – These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the Government-wide Financial Statements because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is similar to that used for Proprietary Funds. With the dissolution of the Community Development Agency per ABX 126 and AB 1484, the activities of the Successor Agency to the Tracy Community Development Agency are reported as a Private Purpose Trust Fund in the Fiduciary Fund section.

## **Notes to the Financial Statements**

The Notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

### **Combining Statements**

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

### **Required Supplemental Information**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position** – The net position for the City as a whole increased by \$33 million or 2.8%, from \$1,190 million at June 30, 2018 to \$1,223 million at June 30, 2019. In addition, during fiscal year 2019, the City adopted revised accounting policies and made other corrections that resulted in restatements (see Note 9) to beginning net position. Including these restatements, net position increased by \$35 million. The increase is summarized by the change in net position as recorded in the Statement of Activities, which flows through the Statement of Net Position. Restricted net position accounted for \$199.2 million restricted for capital projects, debt service and legally segregated taxes, grants, and fees. The unrestricted net position decreased by \$11 million, from \$38 million in at June 30, 2018 to \$26.6 million at June 30, 2019 and is designated to be used to meet ongoing obligations to citizens and creditors. The Unrestricted Net Position reflects the inclusion of a Net Pension Liability of \$79.5 million in accordance with Generally Accepted Accounting Principles.

The following table reflects the Summary of Net Position for the fiscal year ended June 30, 2019 with comparative data for the fiscal year ended June 30, 2018.

**Summary of Net Position at June 30**  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018*	2019	2018*	2019	2018*
Cash and Investments	\$ 224,116	\$ 208,992	\$ 46,999	\$ 49,815	\$ 271,115	\$ 258,808
Other Assets	45,193	51,566	18,906	12,541	64,099	64,108
Capital Assets	647,535	630,800	403,414	393,568	1,050,949	1,024,366
Total Assets	916,844	891,358	469,319	455,924	1,386,163	1,347,282
Deferred Outflows						
Related to Pensions	19,803	24,453	2,420	2,786	22,223	27,239
Current Liabilities	28,873	26,651	11,063	8,278	39,936	34,929
Non-Current Liabilities	99,869	100,827	40,451	42,298	140,320	143,125
Total Liabilities	128,742	127,478	51,514	50,576	180,256	178,054
Deferred Inflows						
Related to Pensions	4,947	6,236	277	305	5,224	6,541
Net Investment in Capital						
Assets	626,220	609,080	370,880	359,213	997,100	968,293
Restricted	199,212	183,594	1	-	199,213	183,594
Unrestricted	(22,474)	(10,576)	49,067	48,616	26,593	38,040
Total Net Position	\$ 802,958	\$ 782,098	\$ 419,948	\$ 407,829	\$ 1,222,906	\$ 1,189,927

\*Note: Not restated for the effect of changes discussed in Note 9E.

The City's Government-wide Net Position as of June 30, 2019, comprised of the following:

- Cash and investments combined increased by \$12.3 million or 4.8%, from \$259 million at June 30, 2018 to \$271.1 million at June 30, 2019. The \$271.1 million of cash and investments is in the city treasury and investments. Cash and Investments with Fiscal Agents is \$1,199 at June 30, 2019. The increase is primarily attributable to capital projects activity.
- Receivables increased by \$1.1 million or 1.8%, from \$59.7 million at June 30, 2018 to \$60.8 million at June 30, 2019. Receivables were comprised of \$38.1 million of current receivables and \$22.7 million of long-term receivables. Current receivables are primarily related to sales tax and grants; and long-term receivables are related to housing loans provided by the former Community Development Agency. The grants and loans have varying repayment terms and interest rates.
- Capital assets increased by \$26.6 million or 2.6%, from \$1,024 million at June 30, 2018 to \$1,051 million at June 30, 2019. Net capital assets of \$1,050 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position increased \$15.6 million or 8.5%, from \$183.6 million at June 30, 2018 to \$199.2 million at June 30, 2019. Restricted Net Position is restricted for capital projects \$146.7 million; low-moderate income housing projects \$16.9 million; debt service \$9 million; and \$26.6 million may be spent on other projects as specified by funding source restrictions.

- Unrestricted Net Position decreased by \$11.4 million or 30.1%, from \$38 million at June 30, 2018 to \$26.6 million at June 30, 2019. The unrestricted net position is available to be used to finance day to day operations without constraints established by debt covenants or other legal requirements or restrictions. While these assets are technically unrestricted, most of these assets are committed or assigned for a specific use.

The Change in Net Position expressed as the change in revenues and expenses through June 30, 2019 is further reflected in the Statement of Changes in Net Position.

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

	Governmental Activities		Business-type Activities		Totals	
	2019	2018*	2019	2018*	2019	2018*
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 20,792	\$ 19,520	\$ 53,676	\$ 53,656	\$ 74,468	\$ 73,176
Operating Contributions and Grants	15,142	14,191	3,733	6,397	18,875	20,588
Capital Grants and Contributions	36,408	68,535	20,936	9,181	57,344	77,716
Total Program Revenues	72,342	102,246	78,345	69,234	150,687	171,480
General Revenues:						
Property Taxes	22,723	20,857			22,723	20,857
Other Taxes	44,331	38,075			44,331	38,075
Other General Revenues	1,846	(6,173)	1,642	9,307	3,488	3,134
Total General Revenues	68,900	52,759	1,642	9,307	70,542	62,066
Total Revenues	141,242	155,005	79,987	78,541	221,229	233,546
<b>Expenses</b>						
General Government	14,455	13,479			14,455	13,479
Police	31,808	29,141			31,808	29,141
Fire	22,267	23,644			22,267	23,644
Development & Engineering	11,511	13,833			11,511	13,833
Public Works	31,182	20,351			31,182	20,351
Parks & Community Services	3,920	3,395			3,920	3,395
Interest on Long-term Debt	1,271	1,288			1,271	1,288
Water			19,941	19,087	19,941	19,087
Wastewater			18,961	18,601	18,961	18,601
Solid Waste			1,123	20,958	1,123	20,958
Storm Drainage			22,289	2,791	22,289	2,791
Airport			5,017	1,475	5,017	1,475
Transit			2,558	5,571	2,558	5,571
Total Expenses	116,414	105,131	69,889	68,483	186,303	173,614
Changes in net position before transfers and Special Items	24,828	49,874	10,098	10,058	34,926	59,932
Transfers	(2,016)		2,016			
Special Item	-	(3,347)			-	(3,347)
Change in Net Position	22,812	46,527	12,114	10,058	34,926	56,585
Net Position, Beginning**	780,146	735,571	407,834	397,771	1,187,980	1,133,342
Net Position, Ending	\$ 802,958	\$ 782,098	\$ 419,948	\$ 407,829	\$ 1,222,906	\$ 1,189,927

\*Note: Not restated for the effect of changes discussed in Note 9E.

\*\*Note: Net Position as of July 1, 2018 as restated for the changes discussed in Note 9E.

## Revenues

Total revenues decreased by \$12.3 million or 5.3%, from \$233.5 million at June 30, 2018 to \$221.2 million at June 30, 2019. Total governmental activity revenues decreased by \$13 million. This decrease is attributable to one-time decreased capital grants and contributions. Total governmental general revenues increased by \$16.1 million related to property tax and general sales tax.

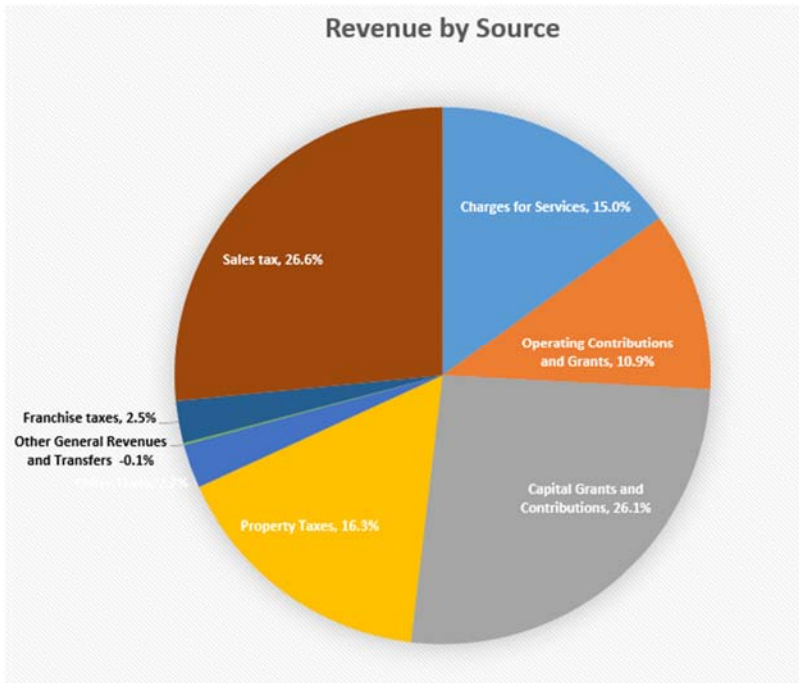
## Expenses

Total expenses for the City increased by \$12.7 million or 7.3%, from \$173.6 million at June 30, 2018 to \$186.3 million at June 30, 2019. Beginning July 1, 2018, the City entered into three-year labor contracts that provided an annual salary increase of 4%; or 12% over three years. In addition, staffing levels expanded by an average of 3% annually throughout the organization. Governmental activities incurred \$116.4 million of expenses while business-type activities incurred \$69.9 million. Of the Governmental Activities, the largest expenses were in Public Safety \$54.1 million; Public Works \$31.1 million; and General Government \$14.5 million.

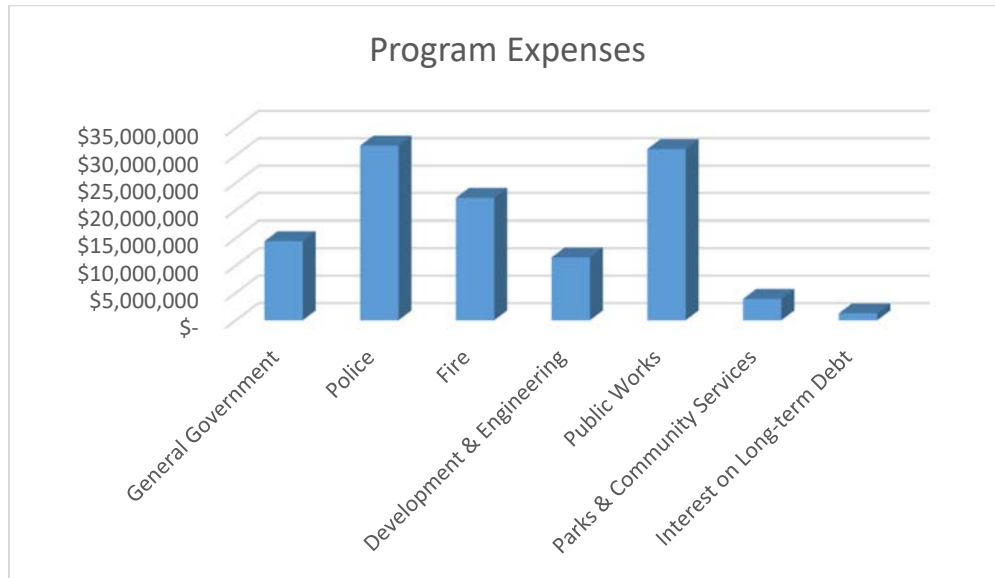
## Governmental Activities

Total resources available during the year to finance governmental operations were \$921.3 million consisting of net position at June 30, 2018 of \$782.1 million, program revenues of \$72.3 million and general revenues and transfers of \$66.9 million. Government Activities revenue is graphed below by the source of funding, followed by the expenses by program.

**Revenue by Source - Governmental Activities**  
**Fiscal Year Ended June 30**  
(in thousands of dollars)



**Cost of Services by Program - Governmental Activities  
Fiscal Year Ended June 30**



The change in net position of Government Activities decreased by \$23.7 million or 51.0%, from \$46.5 million at June 30, 2018 to \$22.8 million at June 30, 2019, largely due to decreased revenues from Capital Grants and Contributions of \$36.4 million and increased personnel costs citywide.

**Business-Type Activities**

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

	Business-type Activities	
	2019	2018
Net Revenue (Expense) from Business-type Activities		
Water	\$366	\$2,310
Wastewater	10,375	(1,991)
Airport	602	1,430
Solid Waste	(736)	15
Transit	(1,103)	970
Drainage	(1,049)	(1,983)
<b>Total Business-type Activities</b>	<b>\$8,455</b>	<b>\$751</b>

Program revenues of Business-type Activities increased \$9.1 million or 13.2%, from a total of \$69.2 million at June 30, 2018 to a total of \$78.3 million at June 30, 2019. This was a result of increased revenues related to Capital Grants and Contributions.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

### **Governmental Funds**

The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spending resources. Such information is useful in assessing the City's financing requirements. The classification of spendable fund balances to committed, assigned, and unassigned, is intended to be helpful in measuring the resources available for spending at the end of the fiscal year. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2019, the City's governmental funds reported combined fund balances of \$197.8 million, which is an increase of \$10.6 million or 5.7%, from \$187.2 million at June 30, 2018. Total revenues decreased by \$17.4 million or 11.1%, from \$156.4 million at June 30, 2018 to \$138.9 million at June 30, 2019. Of this total, \$80.1 million was in the General Fund. Total expenditures decreased by \$4.7 million or 3.6%, from \$129.7 million at June 30, 2018 to \$125 million at June 30, 2019. Of this total, \$71.5 million was in the General Fund. Expenditures increased in relation to capital outlay for capital improvement projects and the addition of City staff.

### **General Fund**

At June 30, 2019, the General Fund balance of \$30.6 million, was comprised of \$.5 million in non-spendable balances, \$14.9 million committed funds for contingency/emergency reserve, and \$15.2 million in assigned funds. Included in this amount is \$5.6 million reserved from Measure V to fund future amenities and \$2.1 million for reappropriation to balance FY2020. There were zero unassigned funds at June 30, 2019. Fund balances have been classified in accordance with generally accepted accounting principles. While amounts have been categorized as unassigned, they may be informally earmarked by the City Council for specific purposes.

### **Housing Successor Special Revenue Fund**

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

The City of Tracy elected to become the Housing Successor and established the Housing Successor Special Revenue Fund to account for the housing assets and activities previously provided by the Tracy Community Development Agency. As of June 30, 2019, the fund balance of the Housing Successor Special Revenue Fund was comprised of \$2.8 million in cash and investments and \$1.7 million in loans to the Successor Agency.

### **TEA Grant Fund Special Revenue Fund**

The TEA Grant Fund had revenues of \$9.1 million and expenditures of \$1.6 million, all for capital projects. The fund balance increased from to (\$6.6) million at June 30, 2018 to (\$.1) million at June 30, 2019, as a result of fiscal year ending June 30, 2018 outstanding grant receivables received in fiscal year ending June 30, 2019.

### **South San Joaquin County Fire Authority Special Revenue Fund**

The SSJCFA had revenues of \$.9 million, \$5.5 million in unavailable revenues and expenditures of \$6.4 million. Recorded receivable at June 30, 2019 was \$7.9 million. The ending fund balance decreased from \$.1 million at June 30, 2018 to (\$5.4) million at June 30, 2019. The South San Joaquin County Fire Authority has sufficient funds in the Authority to pay their obligations to the City.

### **Community Development Fees Special Revenue Fund**

The Community Development Fees Special Revenue Fund had revenues of \$10 million and expenditures of \$10.1 million. The ending fund balance decreased from (\$1) million at June 30, 2018 to (\$1.1) million at June 30, 2019.

### **2008 Lease revenue Bonds Debt Fund**

The fund balance of the 2008 Lease Revenue Bond Fund decreased by \$31 thousand over the prior year. Fund balance was \$.652 million at June 30, 2018 comparable to \$.621 million at June 30, 2019.

### **General Projects Capital Fund**

The General Projects Fund had revenues of \$.8 million, transfers in of \$16.2 million, and expenditures of \$11.4 million. The fund balance increased \$5.5 million from \$6.7 million at June 30, 2018 to \$12.2 million at June 30, 2019. Funding for the General Project Fund is transferred from the City's General Fund. Capital project expenses included Legacy Fields Phase 1C (CIP 78153), 11<sup>th</sup> Street Beautification (CIP 73162), Boyd Service Center Phase 2 (CIP 71091), and McDonald Splash Pad (CIP 78162). Future projects include the Aquatic Center and Multi-Generational Gymnasium.

### **Tracy Infrastructure Master Plan Capital Fund**

The Tracy Infrastructure Master Plan (TIMP) Fund had revenues of \$10.2 million and expenditures of \$3.4 million. The fund balance increased \$4 million from \$39.8 million at June 30, 2018 to \$43.8 million at June 30, 2019. TIMP Funds cover areas of the City not covered by their own financing plan. Project expenditures included, Widening of Corral Hollow Rd (CIP 73102), New Wastewater Lines at Corral Hollow Rd (CIP 74118) and Booster Pump Station at the Water Treatment Plant (CIP 75121). Future projects include fire stations, recycled water, and Waste Water treatment expansion.

### **Enterprise Funds**

The City's Enterprise Funds provide the same type of information found in the Government-wide Financial Statements, but in more detail. The City's Enterprise Funds are comprised of the Water Utility Fund, the Wastewater Utility Fund, Drainage Fund, Solid Waste Fund, Municipal Airport and Municipal Transit Funds. Enterprise Fund net position totaled \$420 million at June 30, 2019. Enterprise operating revenues were \$53.7 million and operating expenses were \$68.5 million in fiscal year 2019. Operating expenses includes \$12.7 million in depreciation recognition. Future projects include recycled water and Waste Water treatment expansion.



## **Water Fund**

The net position of the Water Fund at June 30, 2019 was \$182.4 million, an increase of \$0.6 million over the prior fiscal year. The net position of the Water fund at June 30, 2018 was \$181.8. Approximately \$(.8) million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$183.1 million. Activities for the year were comprised of \$16.5 million in operating revenues for the current year and \$19.7 million in operating expenses including \$4.5 million in depreciation expenses.

## **Wastewater Fund**

The net position of the Wastewater Fund at June 30, 2019 was \$149.7 million, an increase of \$13.2 million over the prior fiscal year. The net position of the Wastewater fund at June 30, 2018 was \$136.5 million. Approximately \$32.7 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$117 million. Activities for the year were comprised of \$14.2 million in operating revenues for the current year and \$17.9 million in operating expenses including \$5.3 million in depreciation expenses

## **Solid Waste Fund**

The net position of the Solid Waste Fund at June 30, 2019 was \$17.5 million, a decrease of \$0.3 million over the prior fiscal year. The net position of the Solid Waste fund at June 30, 2018 was \$17.8 million. Approximately \$17.5 million of the Fund's net position was unrestricted at the fiscal year end. Activities for the year were comprised of \$21.5 million in operating revenues for the current year and \$22 million in operating expenses.

## **Drainage Fund**

The net position of the Drainage Fund at June 30, 2019 was \$42.8 million, a decrease of \$1.0 million over the prior fiscal year. The net position of the Drainage fund at June 30, 2018 was \$43.8 million. Approximately \$(0.5) million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$43.3 million. Activities for the year were comprised of \$.7 million in operating revenues for the current year and \$2.6 million in operating expenses including \$1.7 million in depreciation expenses.

## **Airport Fund**

The net position of the Airport Fund at June 30, 2019 was \$13.7 million, an increase of \$0.8 million over the prior fiscal year. The net position of the Airport fund at June 30, 2018 was \$12.9 million. Approximately \$(0.1) million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$13.8 million. Activities for the year were comprised of \$0.7 million in operating revenues, grants and transfers-in for the current year and \$1.1 million in operating expenses including \$0.3 million in depreciation expenses. Refer to Note 4 for a discussion of the transfers.

## **Transit Fund**

The net position of the Transit Fund at June 30, 2019 was \$13.9 million, a decrease of \$1.0 million over the prior fiscal year. The net position of the Transit fund at June 30, 2018 was \$14.9 million. Approximately \$0.2 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$13.7 million. Activities for the year were comprised of \$0.1 million in operating revenues and grants for the current year and \$5 million in operating expenses including \$0.9 million in depreciation expenses.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the General Fund totaled \$68.6 million. The difference in appropriations between the original budget and the final amended budget was \$3.5 million, largely due to increases in revenue primarily from property taxes, sales taxes, and grants. The City also funded \$16 million in capital projects. At the end of the fiscal year, the total actual expenses of the General Fund were \$71.5 million; the General Fund's assigned fund balance reappropriations of \$2.1 million in items that began in 2019 but remained in progress in 2020.

## CAPITAL ASSETS

At the end of fiscal 2019 the City had \$1 billion, net of depreciation, invested in a broad range of capital assets used in governmental and business type activities, as shown below. During fiscal year 2017, the City completed a full physical inventory of its capital assets that included determining the historical cost or acquisition value and accumulated depreciation. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are valued at their estimated acquisition value on the date of contribution.

### Capital Assets Fiscal Year Ended June 30 (in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>Non-depreciable assets</b>						
Land	\$ 177,266	\$ 174,200	\$ 10,007	\$ 11,841	\$ 187,273	\$ 186,041
Streets and Roads	303,950	249,137	-		303,950	249,137
Construction in-Progress	34,439	77,141	41,415	29,662	75,854	106,803
Total	515,655	500,478	51,422	41,503	567,077	541,981
<b>Depreciable assets</b>						
Buildings and Improvements	127,027	120,705	166,821	166,821	293,848	287,526
Improvements	46,556	46,556	3,571	3,571	50,127	50,127
Grading, Curbs & Gutters						
Sidewalks & Driveway Approaches	31,762	31,353			31,762	31,353
Traffic Signals	22,420	22,096			22,420	22,096
Equipment	33,333	33,662	45,222	44,937	78,555	78,599
Infrastructure	12,219	10,666	330,053	317,947	342,272	328,613
Intangible Assets	610	610	72,883	72,883	73,493	73,493
Less: accumulated depreciation	(142,048)	(135,326)	(266,558)	(254,094)	(408,606)	(389,420)
Net depreciable assets	131,879	130,322	351,992	352,065	483,871	482,387
Total Capital Assets	\$ 647,534	\$ 630,800	\$ 403,414	\$ 393,568	\$ 1,050,948	\$ 1,024,368

The City depreciates all its capital assets over their estimated useful lives, except for roads, which are reported using the Modified Approach. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in Note 6 to the financial statements. The Modified Approach requires the City to employ an asset management system that maintains a current inventory of these assets, estimates annual costs to maintain them, and assesses the condition of the assets in a replicable way.

The City has elected to use the modified approach discussed above with respect to its roads, most of which are relatively new. The City's policy is to maintain these roads at an overall condition index level averaging 69, instead of providing depreciation. During the fiscal year 2019, the City expended \$2,825,868 to preserve its roads, and the condition index level was 69. The City estimates that it will be required to expend approximately \$10,810,600 in fiscal year 2020 to maintain its roads at a condition level of 69.

## DEBT SERVICE ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 7 in the Notes to the Basic Financial Statements. The City long-term debt outstanding decreased by \$.4 million or 2%, from \$21.7 million at June 30, 2018 to \$21.3 million at June 30, 2019, in debt associated with Governmental Activities. The City long debt outstanding decreased by \$1.9 million or 6%, from \$34.4 million at June 30, 2018 to \$32.5 million at June 30, 2019, in debt associated with Business-Type Activities.

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

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
2008 Lease Revenue Bonds	\$ 17,895	\$ 18,180	\$ -	\$ -	\$ 17,895	\$ 18,180
2007 Lease Revenue Bonds-A	2,690	2,690			2,690	2,690
2007 Lease Revenue Bonds-B	730	850			730	850
PG&E LED Street Light Program					-	-
2004 Wastewater Revenue Bonds			22,890	23,695	22,890	23,695
State of California-Department of Health Services Loan			9,645	10,660	9,645	10,660
Total Long Term Liabilities	\$ 21,315	\$ 21,720	\$ 32,535	\$ 34,355	\$ 53,850	\$ 56,075

## **ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

As reflected in this fiscal report, the City is experiencing the positive effects in an improved economic climate. The City has executed various business recruitment and retention strategies. Economic development efforts allow for the continued expansion of several businesses and construction of new distribution facilities. Consumer spending has continually increased over the past few years, paired with a growing housing market, the City has seen an increase in sales tax revenue exceeding peaks last seen prior to the Great Recession. The City's sales tax revenues are expected to show moderate annual increases as population and consumer activity continue to rise and businesses continue to invest. Property tax revenues have steadily increased as a result of new residential and commercial development, restoration of Proposition 8 and higher property values. However, the City must continue its path of fiscal prudence as it prepares for future increases to CalPERS pension costs. More detail about the City's economic outlook is discussed 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, CA 95376.

**CITY OF TRACY**

**STATEMENT OF NET POSITION  
AND STATEMENT OF ACTIVITIES**

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position.

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column, and the financial position of all of the City's Business-type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, deferred outflows/inflows of resources, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program, followed by the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both of these Statements include the financial activities of the City, Tracy Operating Partnership Joint Powers Authority, South San Joaquin County Fire Authority, Tracy Public Financing Authority and the Tracy Industrial Development Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities.

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CITY OF TRACY  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 3)	\$224,115,401	\$46,998,291	\$271,113,692
Cash and investments with fiscal agents (Note 3)	658	541	1,199
Accounts receivable	19,398,693	16,854,950	36,253,643
Inventory (Note 1H)		570,994	570,994
Interest receivable	1,464,432	302,695	1,767,127
Prepaid items (Note 1H)		40,902	40,902
Internal balances (Note 4)	(1,136,633)	1,136,633	
Deposits (Note 5I)	1,000,000		1,000,000
Loans receivable (Note 5)	22,717,391		22,717,391
Advances to CDA successor agency (Note 5)	1,748,605		1,748,605
Capital assets, not being depreciated (Note 6)	515,655,920	51,421,952	567,077,872
Capital assets, being depreciated, net of accumulated depreciation (Note 6)	131,879,074	351,992,330	483,871,404
Total Assets	<u>916,843,541</u>	<u>469,319,288</u>	<u>1,386,162,829</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions (Note 10)	19,419,078	2,360,176	21,779,254
Related to OPEB (Note 11)	383,682	59,972	443,654
Total Deferred Outflows	<u>19,802,760</u>	<u>2,420,148</u>	<u>22,222,908</u>
<b>LIABILITIES</b>			
Accounts payable	11,341,855	6,280,076	17,621,931
Salaries and benefits payable	1,190,461	280,945	1,471,406
Accrued interest payable	300,952	89,111	390,063
Deposits payable	14,245,450	1,715,882	15,961,332
Unearned revenue	228,653	608,830	837,483
Compensated absences (Note 1G):			
Due within one year	1,125,428	209,665	1,335,093
Due in more than one year	2,628,257	498,120	3,126,377
Long-term debt (Note 7):			
Due within one year	440,000	1,878,261	2,318,261
Due in more than one year	20,875,000	30,656,933	51,531,933
Net pension liability - due in more than one year (Note 10)	70,968,395	8,542,788	79,511,183
Total OPEB liability - due in more than one year (Note 11)	5,397,452	753,432	6,150,884
Total Liabilities	<u>128,741,903</u>	<u>51,514,043</u>	<u>180,255,946</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions (Note 10)	4,405,806	193,881	4,599,687
Related to OPEB (Note 11)	540,751	83,062	623,813
Total Deferred Inflows	<u>4,946,557</u>	<u>276,943</u>	<u>5,223,500</u>
<b>NET POSITION (Note 9)</b>			
Net investment in capital assets	626,219,994	370,879,629	997,099,623
Restricted for:			
Debt service	8,976,461	541	8,977,002
Public safety	1,841,894		1,841,894
Streets and roads	9,120,436		9,120,436
Community development	1,839,690		1,839,690
Special districts	13,833,743		13,833,743
Projects	146,743,863		146,743,863
Housing	16,855,594		16,855,594
Total Restricted Net Position	<u>199,211,681</u>	<u>541</u>	<u>199,212,222</u>
Unrestricted	(22,473,834)	49,068,280	26,594,446
Total Net Position	<u>\$802,957,841</u>	<u>\$419,948,450</u>	<u>\$1,222,906,291</u>

See accompanying notes to basic financial statements

CITY OF TRACY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government				
Economic development	\$994,287	\$231	\$228,097	\$2,412,699
General government	7,953,073	5,598,302		192,909
Finance	5,049,410			
Non-departmental	457,792	408,394		147,221
Public safety				
Police	31,808,172	284,244	1,265,920	726,373
Fire	22,266,816	935,801	5,509,299	
Public ways and facilities/transportation				
Development and engineering	11,510,968	10,068,098	53,682	7
Public works	31,182,055	2,831,345	8,085,062	32,593,522
Culture and leisure				
Parks and community services	3,920,248	665,492		334,906
Interest and fiscal charges	1,270,993			
<b>Total Governmental Activities</b>	<b>116,413,814</b>	<b>20,791,907</b>	<b>15,142,060</b>	<b>36,407,637</b>
<b>Business-type Activities:</b>				
Water	19,941,298	16,496,834		3,810,467
Wastewater	18,961,236	14,168,206		15,168,470
Airport	1,122,752	658,243		1,066,719
Solid waste	22,288,652	21,549,394		3,755
Transit	5,016,694	116,784	3,733,345	63,398
Drainage	2,558,368	686,178		823,379
<b>Total Business-type Activities</b>	<b>69,889,000</b>	<b>53,675,639</b>	<b>3,733,345</b>	<b>20,936,188</b>
<b>Total</b>	<b>\$186,302,814</b>	<b>\$74,467,546</b>	<b>\$18,875,405</b>	<b>\$57,343,825</b>
<b>General revenues:</b>				
Taxes:				
Property taxes				
Franchise taxes				
Sales and use taxes				
Transient occupancy tax				
Business license tax				
Transfer tax				
Motor vehicle in lieu, unrestricted				
Gain from sale of property				
Other revenue				
Interest income				
Transfers (Note 4)				
<b>Total general revenues and transfers</b>				
Change in Net Position				
Net Position-Beginning, As Restated (Note 9E)				
Net Position-Ending				

See accompanying notes to basic financial statements



Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$1,646,740		\$1,646,740
(2,161,862)		(2,161,862)
(5,049,410)		(5,049,410)
97,823		97,823
(29,531,635)		(29,531,635)
(15,821,716)		(15,821,716)
(1,389,181)		(1,389,181)
12,327,874		12,327,874
(2,919,850)		(2,919,850)
(1,270,993)		(1,270,993)
<u>(44,072,210)</u>		<u>(44,072,210)</u>
	\$366,003	366,003
	10,375,440	10,375,440
	602,210	602,210
	(735,503)	(735,503)
	(1,103,167)	(1,103,167)
	<u>(1,048,811)</u>	<u>(1,048,811)</u>
	8,456,172	8,456,172
<u>(44,072,210)</u>	<u>8,456,172</u>	<u>(35,616,038)</u>
22,722,833		22,722,833
3,545,578		3,545,578
37,082,569		37,082,569
1,638,102		1,638,102
934,792		934,792
1,130,147		1,130,147
44,426		44,426
7,874		7,874
398,945	65,765	464,710
1,395,238	1,576,144	2,971,382
(2,016,400)	2,016,400	
<u>66,884,104</u>	<u>3,658,309</u>	<u>70,542,413</u>
22,811,894	12,114,481	34,926,375
<u>780,145,947</u>	<u>407,833,969</u>	<u>1,187,979,916</u>
<u>\$802,957,841</u>	<u>\$419,948,450</u>	<u>\$1,222,906,291</u>

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<b>FUND FINANCIAL STATEMENTS</b>
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<b>MAJOR GOVERNMENTAL FUNDS</b>
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The funds described below were determined to be Major Funds by the City in fiscal 2019. Individual non-major funds may be found in the Supplemental 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. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

***HOUSING SUCCESSOR***

This fund was established to account for housing activities assumed by the City from the former Tracy Community Development Agency and revenues and expenditures related to the low and moderate income housing program.

***TEA GRANT***

Established to account for the revenues from State and Federal transportation efficiency act grants that are restricted for specific projects.

***SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY***

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.

***COMMUNITY DEVELOPMENT FEES***

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

***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.

***GENERAL PROJECTS***

Established to account for capital projects financed through transfers from the General Fund.

***TRACY INFRASTRUCTURE MASTER PLANS***

The Tracy Infrastructure Master Plans were approved in 2012 and 2013 and cover all subsequent new development in areas of the City not covered by their own financing plan. Capital development fees are levied on developments in these areas and expenditures for various capital facilities to support the developments are accounted for in 6 functional categories.

CITY OF TRACY  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2019

	General	Housing Successor	TEA Grant	South San Joaquin County Fire Authority	Community Development Fees
<b>ASSETS</b>					
Cash and investments (Note 3)	\$17,927,009	\$2,788,142	\$1,364		\$3,129,076
Cash and investments with fiscal agents (Note 3)					
Accounts receivable	8,415,783		1,213,860	\$7,913,662	
Interest receivable	231,123	16,599	1,966		27,649
Due from other funds (Note 4)	8,193,988				
Deposits					
Loans receivable (Note 5)	495,249	12,300,984			
Advances to CDA successor agency (Note 5)		1,748,605			
Total Assets	<u>\$35,263,152</u>	<u>\$16,854,330</u>	<u>\$1,217,190</u>	<u>\$7,913,662</u>	<u>\$3,156,725</u>
<b>LIABILITIES</b>					
Accounts payable	\$1,840,494		\$500,557	\$17,411	\$867,529
Salaries and benefits payable	520,144			394,353	149,368
Due to other funds (Note 4)	1,833,600		60,791	7,392,156	
Deposits payable	401,907			24,994	3,199,538
Unearned revenue	76,194				
Total Liabilities	<u>4,672,339</u>		<u>561,348</u>	<u>7,828,914</u>	<u>4,216,435</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - accounts receivable			765,122	5,509,299	
Unavailable revenue - loans	25,270	\$12,300,984			
Total Deferred Inflows of Resources	<u>25,270</u>	<u>12,300,984</u>	<u>765,122</u>	<u>5,509,299</u>	
<b>FUND BALANCES</b>					
Fund balance (Note 9):					
Nonspendable					
Loans receivable	469,979				
Restricted					
Committed	14,882,561	4,553,346			
Assigned	15,213,003				
Unassigned					
			(109,280)	(5,424,551)	(1,059,710)
Total Fund Balances	<u>30,565,543</u>	<u>4,553,346</u>	<u>(109,280)</u>	<u>(5,424,551)</u>	<u>(1,059,710)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$35,263,152</u>	<u>\$16,854,330</u>	<u>\$1,217,190</u>	<u>\$7,913,662</u>	<u>\$3,156,725</u>

See accompanying notes to basic financial statements

2008 Lease Revenue Bonds	General Projects	Tracy Infrastructure Master Plans	Other Governmental Funds	Total Governmental Funds
\$616,742	\$16,703,578	\$47,098,814	\$119,619,535	\$207,884,260
455			203	658
			1,828,362	19,371,667
3,672	99,054	280,353	709,119	1,369,535
			2,347,667	10,541,655
			1,000,000	1,000,000
8,000,000			1,921,158	22,717,391
				1,748,605
<u>\$8,620,869</u>	<u>\$16,802,632</u>	<u>\$47,379,167</u>	<u>\$127,426,044</u>	<u>\$264,633,771</u>
	\$3,319,442	\$2,736,373	\$1,744,215	\$11,026,021
	4,535	1,247	46,886	1,116,533
			2,391,741	11,678,288
	1,286,816	852,000	8,473,437	14,238,692
			152,459	228,653
	<u>4,610,793</u>	<u>3,589,620</u>	<u>12,808,738</u>	<u>38,288,187</u>
				6,274,421
<u>\$8,000,000</u>			<u>1,921,158</u>	<u>22,247,412</u>
<u>8,000,000</u>			<u>1,921,158</u>	<u>28,521,833</u>
				469,979
620,869		43,789,547	115,093,348	164,057,110
				14,882,561
	12,191,839			27,404,842
			(2,397,200)	(8,990,741)
<u>620,869</u>	<u>12,191,839</u>	<u>43,789,547</u>	<u>112,696,148</u>	<u>197,823,751</u>
<u>\$8,620,869</u>	<u>\$16,802,632</u>	<u>\$47,379,167</u>	<u>\$127,426,044</u>	<u>\$264,633,771</u>

CITY OF TRACY  
Reconciliation of the  
GOVERNMENTAL FUNDS-- BALANCE SHEET  
to the  
STATEMENT OF NET POSITION  
JUNE 30, 2019

Fund balances of Governmental Funds	\$197,823,751
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Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	636,659,468
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ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.

Cash and investments	16,231,141
Accounts receivable	27,026
Interest receivable	94,897
Capital assets (net of accumulated depreciation)	10,875,526
Accounts payable	(315,834)
Salaries and benefits payable	(73,928)
Deposits payable	(6,758)
Compensated absences	(281,235)
Net pension liability and pension-related deferred outflows/inflows of resources	(1,754,807)
Net OPEB liability and pension-related deferred outflows/inflows of resources	(212,653)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets, because they are not available currently are taken into revenue in the Statement of Activities.	28,521,833
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LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Long-term debt	(21,315,000)
Interest payable	(300,952)
Compensated absences	(3,472,450)
Net pension liability and pension-related deferred outflows/inflows of resources	(54,200,316)
Total OPEB liability and OPEB-related deferred outflows/inflows of resources	(5,341,868)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$802,957,841
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See accompanying notes to basic financial statements

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CITY OF TRACY  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General	Housing Successor	TEA Grant	South San Joaquin County Fire Authority	Community Development Fees
<b>REVENUES</b>					
Taxes	\$62,924,050				
Licenses, permits and fees	3,588,115				\$4,408,884
Fines and penalties	209,256				
Use of money and property	1,299,415	\$351,703	\$3,330		139,783
Intergovernmental	1,475,809		9,132,935		
Charges for current services	9,824,853			\$937,999	5,517,199
Special assessments	463,527				
Contributions	147,221				
Other revenue	125,463				7,508
<b>Total Revenues</b>	<b>80,057,709</b>	<b>351,703</b>	<b>9,136,265</b>	<b>937,999</b>	<b>10,073,374</b>
<b>EXPENDITURES</b>					
Current:					
General government					
Economic development	618,371				
General government	7,171,344				
Finance	5,052,345				
Non-departmental	433,091				413,596
Public safety					
Police	29,868,676				
Fire	14,978,488			6,425,522	
Public ways and facilities/transportation					
Development and engineering	1,217,572				9,683,249
Public works	6,886,803				
Culture and leisure					
Parks and community services	3,245,383				
Capital outlay	2,018,668		1,649,329		38,931
Debt service:					
Principal					
Interest and fiscal charges					
<b>Total Expenditures</b>	<b>71,490,741</b>		<b>1,649,329</b>	<b>6,425,522</b>	<b>10,135,776</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,566,968</b>	<b>351,703</b>	<b>7,486,936</b>	<b>(5,487,523)</b>	<b>(62,402)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of property	2,034				
Transfers in (Note 4)	1,250,000		162,395		
Transfers (Note 4)	(17,578,348)		(1,196,931)		
<b>Total Other Financing Sources (Uses)</b>	<b>(16,326,314)</b>		<b>(1,034,536)</b>		
<b>NET CHANGE IN FUND BALANCES</b>	<b>(7,759,346)</b>	<b>351,703</b>	<b>6,452,400</b>	<b>(5,487,523)</b>	<b>(62,402)</b>
<b>FUND BALANCES, JULY 1, 2018 (AS RESTATED) (Note 9E)</b>	<b>38,324,889</b>	<b>4,201,643</b>	<b>(6,561,680)</b>	<b>62,972</b>	<b>(997,308)</b>
<b>FUND BALANCES, JUNE 30, 2019</b>	<b>\$30,565,543</b>	<b>\$4,553,346</b>	<b>(\$109,280)</b>	<b>(\$5,424,551)</b>	<b>(\$1,059,710)</b>

See accompanying notes to basic financial statements



2008 Lease Revenue Bonds	General Projects	Tracy Infrastructure Master Plans	Other Governmental Funds	Total Governmental Funds
			\$3,007,451	\$65,931,501
			163,806	8,160,805
			670,519	879,775
\$9,861	\$256,417	\$1,124,878	2,817,581	6,002,968
400,000	239,728		5,484,221	16,732,693
		9,061,357	9,410,938	34,752,346
	242,627		4,182,202	4,645,729
	13,500		1,307,608	1,697,456
			88	146,559
<u>409,861</u>	<u>752,272</u>	<u>10,186,235</u>	<u>27,044,414</u>	<u>138,949,832</u>
			375,916	994,287
				7,171,344
				5,052,345
			479,418	1,326,105
			705,824	30,574,500
				21,404,010
			426,464	11,327,285
			6,504,253	13,391,056
				3,245,383
	11,437,170	3,446,119	10,211,890	28,802,107
285,000			120,000	405,000
1,114,550			160,805	1,275,355
<u>1,399,550</u>	<u>11,437,170</u>	<u>3,446,119</u>	<u>18,984,570</u>	<u>124,968,777</u>
<u>(989,689)</u>	<u>(10,684,898)</u>	<u>6,740,116</u>	<u>8,059,844</u>	<u>13,981,055</u>
	5,840			7,874
958,674	16,195,569	1,840,665	15,746,351	36,153,654
	(3,859)	(4,597,775)	(16,626,741)	(40,003,654)
<u>958,674</u>	<u>16,197,550</u>	<u>(2,757,110)</u>	<u>(880,390)</u>	<u>(3,842,126)</u>
(31,015)	5,512,652	3,983,006	7,179,454	10,138,929
651,884	6,679,187	39,806,541	105,516,694	187,684,822
<u>\$620,869</u>	<u>\$12,191,839</u>	<u>\$43,789,547</u>	<u>\$112,696,148</u>	<u>\$197,823,751</u>

CITY OF TRACY  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS  
 with the  
 CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$10,138,929

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

CAPITAL ASSETS TRANSACTIONS

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 useful lives and reported as depreciation expense.

The capital outlay and other capitalized expenditures are therefore added back to fund balance.	17,483,266
Developer dedicated infrastructure is added to fund balance	4,469,755
Transfer of land from enterprise funds is added to fund balance	1,833,600
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$1,510,908 which has already been allocated to serviced funds).	(7,621,906)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	405,000
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ACCRUAL OF NON-CURRENT ITEMS

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

Postretirement benefit accrual	(224,142)
Interest payable	4,362
Accrued interest receivable on loans	(2,064,868)
Unavailable revenue	(2,308,901)
Compensated absences	(376,216)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Position - All Internal Service Funds	1,073,015
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$22,811,894
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See accompanying notes to basic financial statements

<b>MAJOR PROPRIETARY FUNDS</b>
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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 City has determined all of its enterprise funds to be major funds in fiscal 2019, as identified below.

***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.

***WASTEWATER 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.

***MUNICIPAL AIRPORT FUND***

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

***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 POSITION  
 JUNE 30, 2019

	Enterprise Funds				
	Water Utility	Wastewater Utility	Municipal Airport	Solid Waste	Municipal Transit
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and investments (Note 3)	\$3,586,675	\$26,217,279	\$47,317	\$16,699,412	\$82,168
Cash and investments with fiscal agents (Note 3)		541			
Accounts receivable	2,798,858	9,436,098	111,109	2,624,324	1,828,358
Inventory	570,994				
Interest receivable	19,956	179,761	120	98,762	4,096
Due from other funds (Note 4)		1,833,600			
Prepaid expenses					
<b>Total current assets</b>	<b>6,976,483</b>	<b>37,667,279</b>	<b>158,546</b>	<b>19,422,498</b>	<b>1,914,622</b>
<b>Non-current assets</b>					
Advances to other funds (Note 4)		2,051,400			
Capital assets, not being depreciated (Note 6)	6,908,715	30,903,123	5,933,271		1,427,226
Capital assets, being depreciated (Note 6)	185,871,910	108,938,033	7,853,168		12,272,691
<b>Total non-current assets</b>	<b>192,780,625</b>	<b>141,892,556</b>	<b>13,786,439</b>		<b>13,699,917</b>
<b>Total Assets</b>	<b>199,757,108</b>	<b>179,559,835</b>	<b>13,944,985</b>	<b>19,422,498</b>	<b>15,614,539</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pensions (Note 10)	1,171,468	896,681	43,023	60,632	85,693
Related to OPEB (Note 11)	23,205	25,843	1,372	4,669	1,906
<b>Total deferred outflows of resources</b>	<b>1,194,673</b>	<b>922,524</b>	<b>44,395</b>	<b>65,301</b>	<b>87,599</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable	658,123	3,815,190	29,631	1,529,928	241,261
Salaries and benefits payable	109,425	119,462	6,462	28,250	10,105
Accrued interest payable		89,111			
Deposit payable	975,466		53,661		
Due to other funds (Note 4)			54,624		642,343
Unearned revenue				64,222	544,608
Current portion- compensated absences (Note 1G)	83,027	89,597	2,820	17,123	7,740
Current portion- long-term debt (Note 7)	1,038,261	840,000			
<b>Total current liabilities</b>	<b>2,864,302</b>	<b>4,953,360</b>	<b>147,198</b>	<b>1,639,523</b>	<b>1,446,057</b>
<b>Noncurrent liabilities</b>					
Advances from other funds (Note 4)	2,051,400				
Notes payable (Note 7)	8,606,933				
Compensated absences (Note 1G)	199,691	215,494	13,952	41,183	5,293
Certificates of participation payable (Note 7)		22,050,000			
Net pension liability (Note 10)	4,351,571	3,219,383	149,406	222,221	314,905
Net OPEB liability (Note 11)	282,322	331,948	14,431	54,171	26,449
<b>Total noncurrent liabilities</b>	<b>15,491,917</b>	<b>25,816,825</b>	<b>177,789</b>	<b>317,575</b>	<b>346,647</b>
<b>Total Liabilities</b>	<b>18,356,219</b>	<b>30,770,185</b>	<b>324,987</b>	<b>1,957,098</b>	<b>1,792,704</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to pensions (Note 10)	188,412				5,469
Related to OPEB (Note 11)	31,988	35,912	1,853	6,393	2,682
<b>Total deferred inflows of resources</b>	<b>220,400</b>	<b>35,912</b>	<b>1,853</b>	<b>6,393</b>	<b>8,151</b>
<b>NET POSITION (Note 9)</b>					
Net investment in capital assets	183,135,431	116,951,697	13,786,439		13,699,917
Restricted for debt service		541			
Unrestricted	(760,269)	32,724,024	(123,899)	17,524,308	201,366
<b>Total Net Position</b>	<b>\$182,375,162</b>	<b>\$149,676,262</b>	<b>\$13,662,540</b>	<b>\$17,524,308</b>	<b>\$13,901,283</b>

See accompanying notes to basic financial statements

Enterprise Funds		Governmental Activities- Internal Service Funds
Drainage	Totals	
\$365,440	\$46,998,291	\$16,231,141
56,203	541	
	16,854,950	27,026
	570,994	
	302,695	94,897
	1,833,600	
40,902	40,902	
<u>462,545</u>	<u>66,601,973</u>	<u>16,353,064</u>
	2,051,400	
6,249,617	51,421,952	
<u>37,056,528</u>	<u>351,992,330</u>	<u>10,875,526</u>
<u>43,306,145</u>	<u>405,465,682</u>	<u>10,875,526</u>
<u>43,768,690</u>	<u>472,067,655</u>	<u>27,228,590</u>
102,679	2,360,176	653,953
2,977	59,972	14,246
<u>105,656</u>	<u>2,420,148</u>	<u>668,199</u>
5,943	6,280,076	315,834
7,241	280,945	73,928
	89,111	
686,755	1,715,882	6,758
	696,967	
	608,830	
9,358	209,665	67,199
	1,878,261	
<u>709,297</u>	<u>11,759,737</u>	<u>463,719</u>
	2,051,400	
	8,606,933	
22,507	498,120	214,036
	22,050,000	
285,302	8,542,788	2,369,042
44,111	753,432	206,714
<u>351,920</u>	<u>42,502,673</u>	<u>2,789,792</u>
<u>1,061,217</u>	<u>54,262,410</u>	<u>3,253,511</u>
	193,881	39,718
4,234	83,062	20,185
<u>4,234</u>	<u>276,943</u>	<u>59,903</u>
43,306,145	370,879,629	10,875,526
	541	
<u>(497,250)</u>	<u>49,068,280</u>	<u>13,707,849</u>
<u>\$42,808,895</u>	<u>\$419,948,450</u>	<u>\$24,583,375</u>

CITY OF TRACY  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Enterprise Funds				
	Water Utility	Wastewater Utility	Municipal Airport	Solid Waste	Municipal Transit
OPERATING REVENUES					
Sales and charges for services	\$16,496,834	\$14,168,206	\$658,243	\$21,549,394	\$116,784
Other operating revenue	37,813	3,750	24,152	50	
Total Operating Revenues	<u>16,534,647</u>	<u>14,171,956</u>	<u>682,395</u>	<u>21,549,444</u>	<u>116,784</u>
OPERATING EXPENSES					
Purchase of water	3,954,498				
Maintenance and operation	9,535,339	10,246,512	665,113	21,359,404	3,847,650
Administration	1,635,887	2,392,662	149,047	929,248	246,957
Insurance costs and claims					
Depreciation	4,534,771	5,250,218	310,946		922,087
Total Operating Expenses	<u>19,660,495</u>	<u>17,889,392</u>	<u>1,125,106</u>	<u>22,288,652</u>	<u>5,016,694</u>
Operating Income (Loss)	<u>(3,125,848)</u>	<u>(3,717,436)</u>	<u>(442,711)</u>	<u>(739,208)</u>	<u>(4,899,910)</u>
NONOPERATING REVENUES (EXPENSES)					
Operating grants					3,733,345
Interest income	117,596	953,201	203	414,992	77,705
Interest (expense)	(294,935)	(1,087,333)			
Gain/loss on disposal of capital assets	14,132	15,489	2,354		
Net Nonoperating Revenues (Expenses)	<u>(163,207)</u>	<u>(118,643)</u>	<u>2,557</u>	<u>414,992</u>	<u>3,811,050</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(3,289,055)</u>	<u>(3,836,079)</u>	<u>(440,154)</u>	<u>(324,216)</u>	<u>(1,088,860)</u>
Capital contributions and grants	3,810,467	13,334,870	1,066,719	3,755	63,398
Transfers in (Note 4)	61,805	3,700,000	150,000		
Transfers out (Note 4)		(61,805)			
Net Contributions and Transfers	<u>3,872,272</u>	<u>16,973,065</u>	<u>1,216,719</u>	<u>3,755</u>	<u>63,398</u>
Change in net position	583,217	13,136,986	776,565	(320,461)	(1,025,462)
NET POSITION, JULY 1, 2018 (AS RESTATED) (Note 9E)	<u>181,791,945</u>	<u>136,539,276</u>	<u>12,885,975</u>	<u>17,844,769</u>	<u>14,926,745</u>
NET POSITION, JUNE 30, 2019	<u>\$182,375,162</u>	<u>\$149,676,262</u>	<u>\$13,662,540</u>	<u>\$17,524,308</u>	<u>\$13,901,283</u>

See accompanying notes to basic financial statements

Enterprise Funds		Governmental Activities- Internal Service Funds
Drainage	Totals	
\$686,178	\$53,675,639	\$12,386,292
	65,765	402,552
<u>686,178</u>	<u>53,741,404</u>	<u>12,788,844</u>
	3,954,498	
854,389	46,508,407	6,566,851
45,226	5,399,027	486,674
		4,302,351
<u>1,658,753</u>	<u>12,676,775</u>	<u>1,510,908</u>
<u>2,558,368</u>	<u>68,538,707</u>	<u>12,866,784</u>
<u>(1,872,190)</u>	<u>(14,797,303)</u>	<u>(77,940)</u>
	3,733,345	
12,447	1,576,144	316,971
	(1,382,268)	
	31,975	134,393
<u>12,447</u>	<u>3,959,196</u>	<u>451,364</u>
<u>(1,859,743)</u>	<u>(10,838,107)</u>	<u>373,424</u>
823,379	19,102,588	699,591
	3,911,805	
	(61,805)	
<u>823,379</u>	<u>22,952,588</u>	<u>699,591</u>
(1,036,364)	12,114,481	1,073,015
<u>43,845,259</u>	<u>407,833,969</u>	<u>23,510,360</u>
<u>\$42,808,895</u>	<u>\$419,948,450</u>	<u>\$24,583,375</u>

CITY OF TRACY  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds				
	Water Utility	Wastewater Utility	Municipal Airport	Solid Waste	Municipal Transit
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$17,302,637	\$14,800,313	\$638,802	\$22,102,177	\$3,685,561
Receipt from interfund charges					
Payments to suppliers	(13,571,651)	(7,116,476)	(672,281)	(21,261,102)	(3,879,704)
Payments to employees	(1,362,040)	(2,119,952)	(141,517)	(863,063)	(223,456)
Net cash provided (used) by Operating Activities	<u>2,368,946</u>	<u>5,563,885</u>	<u>(174,996)</u>	<u>(21,988)</u>	<u>(417,599)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Receipts from grantors					3,287,306
Transfers in	61,805	3,700,000	150,000		
Transfers out		(61,805)			
Due to/due from other funds			(1,851,464)		(2,958,989)
Advances to/from other funds	15,400	(15,400)			
Net cash provided (used) by Noncapital Financing Activities	<u>77,205</u>	<u>3,622,795</u>	<u>(1,701,464)</u>		<u>328,317</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal payments- long-term debt	(1,014,385)	(805,000)			
Interest paid	(294,935)	(1,090,149)			
Capital contributions and grants received	83,958	5,859,260	2,958,245	3,755	94,513
Acquisition of capital assets	(2,631,144)	(15,679,010)	(1,036,906)		
Proceeds from sale of capital assets	14,132	15,489	2,354		
Net cash provided (used) by Capital and Related Financing Activities	<u>(3,842,374)</u>	<u>(11,699,410)</u>	<u>1,923,693</u>	<u>3,755</u>	<u>94,513</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	123,799	908,199	83	395,771	76,937
Net cash provided (used) by Investing Activities	<u>123,799</u>	<u>908,199</u>	<u>83</u>	<u>395,771</u>	<u>76,937</u>
Net increase (decrease) in cash and cash equivalents	(1,272,424)	(1,604,531)	47,316	377,538	82,168
Cash and cash equivalents, July 1, 2018	4,859,099	27,822,351	1	16,321,874	
Cash and cash equivalents, June 30, 2019	<u>\$3,586,675</u>	<u>\$26,217,820</u>	<u>\$47,317</u>	<u>\$16,699,412</u>	<u>\$82,168</u>
Reconciliation of cash and cash equivalents to statement of net position					
Cash and investments	\$3,586,675	\$26,217,279	\$47,317	\$16,699,412	\$82,168
Cash and investments with fiscal agents		541			
Total cash and investments	<u>\$3,586,675</u>	<u>\$26,217,820</u>	<u>\$47,317</u>	<u>\$16,699,412</u>	<u>\$82,168</u>
Reconciliation of Operating Income (Loss) to net cash provided (used) by operating activities					
Operating income (loss)	(\$3,125,848)	(\$3,717,436)	(\$442,711)	(\$739,208)	(\$4,899,910)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	4,534,771	5,250,218	310,946		922,087
Change in assets and liabilities:					
Accounts receivable	720,322	628,357	(45,826)	510,975	3,568,777
Prepaid items					
Accounts payable	(81,814)	3,130,036	(7,168)	98,302	(32,054)
Salaries and benefits payable	109,425	119,462	6,462	28,250	10,105
Compensated absences	47,275	26,829	(6,275)	13,735	4,420
Deposits payable	47,668		2,233		
Unearned revenue				41,758	
Claims payable					
Net pension liability and deferred outflows/inflows	101,742	109,790	6,366	21,021	7,807
Total OPEB liability and deferred outflows/inflows	15,405	16,629	977	3,179	1,169
Net cash provided (used) by Operating Activities	<u>\$2,368,946</u>	<u>\$5,563,885</u>	<u>(\$174,996)</u>	<u>(\$21,988)</u>	<u>(\$417,599)</u>
<b>NONCASH TRANSACTIONS:</b>					
Contributions of capital assets	<u>\$3,726,509</u>	<u>\$459,672</u>			
Retirement of capital assets					
Transfer of capital assets to governmental activities		<u>(\$1,833,600)</u>			

See accompanying notes to basic financial statements



Enterprise Funds		Governmental Activities- Internal Service Funds
Drainage	Totals	
\$459,168	\$58,988,658	\$12,768,576
(887,730)	(47,388,944)	(10,859,908)
<u>(32,974)</u>	<u>(4,743,002)</u>	<u>(302,076)</u>
<u>(461,536)</u>	<u>6,856,712</u>	<u>1,606,592</u>
	3,287,306	
	3,911,805	
	(61,805)	
	<u>(4,810,453)</u>	
	<u>2,326,853</u>	
	(1,819,385)	
	(1,385,084)	
132,275	9,132,006	
<u>(132,275)</u>	<u>(19,479,335)</u>	<u>(1,469,326)</u>
	31,975	222,187
	<u>(13,519,823)</u>	<u>(1,247,139)</u>
15,668	1,520,457	222,074
<u>15,668</u>	<u>1,520,457</u>	<u>222,074</u>
(445,868)	(2,815,801)	581,527
<u>811,308</u>	<u>49,814,633</u>	<u>15,649,614</u>
<u>\$365,440</u>	<u>\$46,998,832</u>	<u>\$16,231,141</u>
\$365,440	\$46,998,291	\$16,231,141
	541	
<u>\$365,440</u>	<u>\$46,998,832</u>	<u>\$16,231,141</u>
(\$1,872,190)	(\$14,797,303)	(\$77,940)
1,658,753	12,676,775	1,510,908
17,990	5,400,595	(27,026)
27,273	27,273	
(60,614)	3,046,688	9,294
7,241	280,945	73,928
(8,140)	77,844	46,243
(245,000)	(195,099)	6,758
	41,758	
11,411	258,137	55,975
<u>1,740</u>	<u>39,099</u>	<u>8,452</u>
<u>(\$461,536)</u>	<u>\$6,856,712</u>	<u>\$1,606,592</u>
<u>\$691,104</u>	<u>\$4,877,285</u>	<u>\$699,591</u>
		<u>(\$87,794)</u>
	<u>(\$1,833,600)</u>	

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<b>FIDUCIARY FUNDS</b>
------------------------

***FIDUCIARY FUNDS***

These 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 City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

**TRUST FUNDS** are used to account for assets held by the City as a trustee agent for individuals, private organizations, or other governments.

**AGENCY FUNDS** are used to account for assets held by the City as an agent for individuals, private organizations, and other governments.

CITY OF TRACY  
 FIDUCIARY FUNDS  
 STATEMENTS OF FIDUCIARY NET POSITION  
 JUNE 30, 2019

	Successor Agency Private-Purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and investments (Note 3)	\$7,139,902	\$21,916,944
Cash and investments with fiscal agents (Note 3)	47	41,883,613
Accounts receivable		686,439
Interest receivable	42,504	46,790
Employee loans receivable (Note 5E)		79,917
	7,182,453	\$64,613,703
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on debt refunding	2,179,640	
Total Deferred Outflows of Resources	2,179,640	
<b>LIABILITIES</b>		
Accounts payable	525	\$764,510
Salaries and benefits payable	48	2,444,402
Accrued interest payable	592,729	
Deposits payable		11,637,784
Due to assessment district bondholders		49,767,007
Noncurrent liabilities (Note 16B):		
Due within one year	2,899,915	
Due in more than one year	42,023,974	
Total Liabilities	45,517,191	\$64,613,703
<b>NET POSITION (DEFICIT) (Note 9)</b>		
Unrestricted	(36,155,098)	
Total Net Position	(\$36,155,098)	

See accompanying notes to basic financial statements

CITY OF TRACY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Successor Agency  Private-Purpose  Trust  Fund</u>
<b>ADDITIONS</b>	
Taxes and assessments	\$4,650,424
Interest income	151,806
	<u>                    </u>
Total additions	<u>4,802,230</u>
<b>DEDUCTIONS</b>	
Administration	11,376
Debt Service:	
Interest and fees	1,272,941
	<u>                    </u>
Total deductions	<u>1,284,317</u>
<b>CHANGE IN NET POSITION</b>	3,517,913
Net Position July 1, 2018	<u>(39,673,011)</u>
Net Position June 30, 2019	<u><u>(\$36,155,098)</u></u>

See accompanying notes to basic financial statements

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**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

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 (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, general administration services, and redevelopment.

**A. Reporting Entity**

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

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

The **South San Joaquin County Fire Authority (SSJCFA)** was created in March 2018 by a Joint Exercise of Powers Agreement between the City and the Tracy Rural Fire Protection District to provide fire administration, fire prevention and fire training and safety within the jurisdictional area of the SSJCFA. The jurisdictional area as of June 30, 2019 includes the City of Tracy and the Tracy Rural Fire Protection District. The SSJCFA is governed by a Board comprised of two members each from the City and the District. The City and District lease all facilities to be used in providing fire protection services to the SSJCFA and the City performs certain accounting and administrative functions for the SSJCFA. The activity of the SSJCFA is included in the General Fund and the South San Joaquin County Fire Authority Special Revenue Fund. The SSJCFA issues separate financial statements that are available from the SSJCFA, 835 N. Central Avenue, Tracy, CA 95376. Further information regarding the SSJCFA is discussed in Note 15.

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

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

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

**B. 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 Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

**Government-wide Statements:** The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its blended component units). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental 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 program 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.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated.

**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 governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating revenues*, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating revenues*, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. *Operating expenses* are those expenses that are essential to the primary operations of the fund. All other expenses are reported as *non-operating expenses*.



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

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.

**C. Major Funds**

Major funds are defined as funds that have either assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. 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 FUND** – The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

**HOUSING SUCCESSOR SPECIAL REVENUE FUND** – This fund was established to account for housing activities assumed by the City from the former Tracy Community Redevelopment Agency and revenues and expenditures related to the low and moderate income housing program.

**TEA GRANT SPECIAL REVENUE FUND** – This fund was established to account for the revenues from State and Federal transportation efficiency act grants that are restricted for specific projects.

**SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY SPECIAL REVENUE 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.

**COMMUNITY DEVELOPMENT FEES SPECIAL REVENUE FUND** – This fund was established to account for revenues and expenditures of the Building, Engineering and Planning Divisions. These funds were added in fiscal year 15-16 to better account for these specific activities and restricted revenue sources. Prior to fiscal year 15-16, these activities were in the General Fund.

**2008 LEASE REVENUE BONDS DEBT SERVICE 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.

**GENERAL PROJECTS CAPITAL PROJECTS FUND** – This fund was established to account for capital projects financed through transfers from the General Fund.

**TRACY INFRASTRUCTURE MASTER PLANS CAPITAL PROJECTS FUND** – The Tracy Infrastructure Master Plans were approved in 2012 and 2013 and cover all subsequent new development in areas of the City not covered by their own financing plan. Capital development fees are levied on developments in these areas and expenditures for various capital facilities to support the developments are accounted for in 6 functional categories.

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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

**WASTEWATER 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.

The City also reports the following fund types:

**Internal Service Funds.** The funds account for central garage, central services, insurance, maintenance and equipment acquisition, all of which are provided to other departments on a cost-reimbursement basis.

**Fiduciary Funds.** Fiduciary Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The City collects assessments and pays property enhancement and rehabilitation costs and debt service for various assessment districts within the City that are reported in various Agency Funds. The City also maintains a Private Purpose Trust Fund for the activities of the successor to the former community development agency. The financial activities of the funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

**D. Basis of Accounting**

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the *economic resources measurement focus* and 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. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 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 they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

*Non-exchange transactions*, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. In addition, contributions from state and federal agencies, developers and others are recorded as revenue.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

Those revenues susceptible to accrual are use of money and property revenue, charges for services, other taxes and intergovernmental revenues.

Expenditures are also generally recognized under the modified accrual basis of accounting. An exception to this rule is principal and interest on long-term debt, which is not recognized by debt service funds until it is due. Financial resources usually are appropriated in funds responsible for repaying debt for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. Thus, the liability is recognized by the fund responsible for paying the debt, not the debt service fund.

**E. Revenue Recognition for Utility Funds**

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

**F. Property Tax**

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

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

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

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

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

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

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

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

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

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

**G. Compensated Absences**

The liability for compensated absences includes the vested portion of vacation. For governmental funds, a liability for these amounts is recorded only if they have matured, for example, as a result of employee resignations and retirements. The remaining amounts are reported as a liability in the Statement of Net Position. Proprietary funds’ liability for compensated absences is recorded in each proprietary fund. The liability for compensated absences is determined annually.

Changes in compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$3,331,226	\$629,941	\$3,961,167
Additions	4,127,859	742,972	4,870,831
Payments	(3,705,400)	(665,128)	(4,370,528)
Ending Balance	<u>\$3,753,685</u>	<u>\$707,785</u>	<u>\$4,461,470</u>
Current Portion	<u>\$1,125,428</u>	<u>\$209,665</u>	<u>\$1,335,093</u>

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

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

**H. *Prepaid Items and Inventories***

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased. Prepaid items in governmental funds are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

Inventories are valued at cost, using the weighted-average method. Inventories of the Enterprise Funds consist primarily of water storage held for future use.

**I. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position and balance sheet report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**J. *Fair Value Measurements***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**K. *Long-Term Developer Receivable***

The City entered into an agreement with a developer under which the developer will provide community benefit payments totaling \$5 million over 4 years, beginning in fiscal year 2016. The first installment was received in fiscal year 2016 and the second installment was received in fiscal year 2017. In fiscal year 2019, both the fourth and the final payments were received.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

**L. *Estimates and Assumptions***

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and 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 during the reporting period. Actual results could differ from those estimates.

**M. *New and Renamed Funds***

The following funds were established during the fiscal year ended June 30, 2019:

The Community Facilities District Services No. 2016-2 Special Revenue Fund was established account for transactions related to maintenance responsibility of the City for the Ellis CFD.

The Community Facilities District Services No. 2018-1 Special Revenue Fund was established to account for transactions related to the City-wide maintenance responsibility of the City for the CFD.

The North East Industrial Plan Area Storm Drain Special Revenue Fund was established during the fiscal year to account for capital projects to separate development for Storm Drain in the North East Industrial Area of the City.

The 2016-01 Tracy Hills Community Facilities District Agency Fund was established to account for the assets held on behalf of the 2016-01 Assessment District property owners until they are remitted to the bond trustee.

The South County Fire Authority Special Revenue Fund was renamed to the South San Joaquin County Fire Authority Special Revenue Fund to reflect the change in the governing structure discussed in Note 15.

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

**A. *Budgeting Procedures***

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

The City does not adopt budgets for the Proposition 1B, Residential and Commercial Rehabilitation Loan Grow Tracy, CFD Services 2016-2, CFD Services 2018-1 and the North East Industrial Plan Area Storm Drain Special Revenue Funds. Budgets for Capital Projects Funds are adopted on a project-length basis.

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

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

**B. Encumbrances**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Encumbrances outstanding at year end are reported as a restriction, commitment or assignment of fund balances since they do not constitute expenditures or liabilities and are reappropriated in the following year. Unexpended appropriations lapse at year end and must be reappropriated in the following year.

**C. Expenditures in Excess of Appropriations**

The following funds had departmental expenditures in excess of appropriations as follows:

Fund/ Department	Excess of Expenditures Over Appropriations
<b>General Fund</b>	
Finance	\$100,572
Police	918,506
Fire	746,986
Development and Engineering	72,099
Public Works	405,562
Parks and Community Services	56,907
Capital Outlay	1,931,498
<b>Community Development Fees Fund</b>	
Capital Outlay	38,931
<b>2008 Lease Revenue Bonds Debt Service Fund</b>	
Debt Service - Principal	35,000
<b>Non-Major Funds:</b>	
<b>Special Revenue Funds</b>	
Asset Forfeiture	
Police	18,509
Transportation Development	
Development and Engineering	2,020
Capital Outlay	559,165
Proposition K Transportation Tax	
Capital Outlay	900,139
State Gas Tax Street	
Public Works	83,805
Capital Outlay	1,042,609
Community Development Block Grant	
Economic Development	35,013
Capital Outlay	634,484
Landscaping District	
Public Works	634,556
Capital Outlay	120,100
Community Access CTV	
Capital Outlay	43,495
2007 Lease Revenue Bonds	
Debt Service - Principal	5,000

Sufficient resources were available within the funds to finance these excesses.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 3 - CASH AND INVESTMENTS**

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

**A. Policies**

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the City's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the City's name and places the City ahead of general creditors of the institution pledging the collateral.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

**B. Classification**

Cash and investments as of June 30, 2019 are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Cash and investments available for City operations	\$271,113,692
Cash and investments with fiscal agents	1,199
Total City cash and investments of primary government	271,114,891
Cash and investments in Fiduciary Funds	70,940,506
Total cash and investments	\$342,055,397

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand	\$8,403
Deposits with financial institutions	14,608,297
Investments	327,438,697
Total cash and investments	\$342,055,397

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.



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

**C. *Investments Authorized by the California Government Code and the City's Investment Policy***

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City, and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Bills, Bonds, Notes	5 years	None	100%	No Limit
Federal Agency Obligations or U.S. Government-Sponsored Enterprise Obligations (GSE)	5 years	None	100%	25%
Municipal Securities	5 years	A	30%	5%
Bankers' Acceptances	180 days	A/A-1 or higher	40%	5%
Commercial Paper	270 days	A/A-1 or higher	25%	5%
Negotiable Certificates of Deposit (NCDs)	5 years	A/A-1 or higher	30% (A)	5%
Federally Insured Non - Negotiable Certificates of Deposit	5 years	None	20% (B)	No Limit
Collateralized Non-Negotiable Certificates of Deposit	5 years	None	20% (B)	No Limit
Certificate of Deposit Placement Service (CDARS)	5 years	None	30% (A)	No Limit
Repurchase Agreements	1 year	None	100%	10%
Local Agency Investment Fund	N/A	None	\$65 million	\$65 million
Local Government Investment Pools	N/A	None	100%	No Limit
Medium-Term Corporate Notes	5 years	A	30%	5%
Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	5 years	A/AA or higher	20%	5% (C)
Mutual Funds	N/A	Highest Category	20%	10%
Money Market Mutual Funds	N/A	Highest Category	20%	20%
Supranational Securities	5 years	AA	30%	10%

(A) Combined limit for NCD and CDARS

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

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

**D. *Investments Authorized by Debt Agreements***

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

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

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

**E. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, 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 trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	37 to 60 Months	Total
<b>Held by City:</b>					
U.S. Treasury Notes	\$3,479,411	\$13,082,047	\$9,679,451	\$10,292,241	\$36,533,150
Federal Agency Obligations	27,345,100	21,244,435	11,832,301	5,675,946	66,097,782
Commercial Paper	5,443,007				5,443,007
Negotiable Certificates of Deposit	6,273,649				6,273,649
California Local Agency Investment Fund	64,776,040				64,776,040
Medium Term Corporate Notes	46,765,256	27,664,361	9,448,464	4,297,474	88,175,555
Money Market Funds	5,445,210				5,445,210
Asset-Backed Securities		1,387,515	5,813,380	5,742,977	12,943,872
<b>Held by Trustees:</b>					
Money Market Funds	41,750,432				41,750,432
<b>Total Investments</b>	<b>\$201,278,105</b>	<b>\$63,378,358</b>	<b>\$36,773,596</b>	<b>\$26,008,638</b>	<b>\$327,438,697</b>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2019, these investments have an average maturity of 173 days.

Money market funds are available for withdrawal on demand and at June 30, 2019 have an average maturity of 26 to 43 days.

**F. Credit Risk**

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 actual rating as of June 30, 2019 for each investment type as provided by Standard and Poor's investment rating system.

Investment Type	AA+/ AA/AA-	A+/A/A-	AAA/AAAm	A-1+/A-1/A-2	Total
<b><i>Held by City:</i></b>					
Federal Agency Obligations	\$66,097,782				\$66,097,782
Commercial Paper				\$5,443,007	5,443,007
Medium Term Corporate Notes	15,323,474	\$55,767,184	\$1,548,155	13,437,415	86,076,228
Money Market Funds			5,445,210		5,445,210
Asset-Backed Securities			8,444,380		8,444,380
Negotiable Certificates of Deposit				4,025,646	4,025,646
<b><i>Held by Trustee:</i></b>					
Money Market Funds			41,750,432		41,750,432
<b>Total Rated Investments</b>	<b><u>\$81,421,256</u></b>	<b><u>\$55,767,184</u></b>	<b><u>\$57,188,177</u></b>	<b><u>\$22,906,068</u></b>	<b>217,282,685</b>
<b><i>Not rated:</i></b>					
Negotiable Certificates of Deposit					2,248,003
California Local Agency Investment Fund					64,776,040
Medium Term Corporate Notes					2,099,327
Asset-Backed Securities					4,499,492
<b><i>Exempt from credit rating disclosure:</i></b>					
U.S. Treasury Notes					36,533,150
<b>Total Investments</b>					<b><u>\$327,438,697</u></b>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

**G. Fair Value Hierarchy**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2019:

<u>Investment Type</u>	<u>Level 2</u>	<u>Total</u>
<b>Investments by Fair Value:</b>		
Held by City:		
U.S. Treasury Notes	\$36,533,150	\$36,533,150
Federal Agency Obligations	66,097,782	66,097,782
Asset-Backed Securities	12,943,872	12,943,872
Commercial Paper	5,443,007	5,443,007
Negotiable Certificates of Deposit	6,273,649	6,273,649
Medium Term Corporate Notes	<u>88,175,555</u>	<u>88,175,555</u>
<b>Subtotal</b>	<u>\$215,467,015</u>	215,467,015
<b>Investments Measured at Amortized Cost:</b>		
Held by City:		
Money Market Funds		5,445,210
Held by Trustee:		
Money Market Funds		41,750,432
<b>Investments Exempt from Fair Value Hierarchy:</b>		
California Local Agency Investment Fund		<u>64,776,040</u>
<b>Total Investments</b>		<u>\$327,438,697</u>

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. All investments classified in Level 2 of the fair value hierarchy are valued using various pricing techniques maintained by Interactive Data Pricing, including benchmark curves, sector groupings and matrix pricing. These prices are obtained by our investment manager. Fair value is defined as the quoted market value on the last trading day of the period.

**H. Concentration Risk**

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, Local Agency Investment Fund and money market funds, are set forth below:

<u>Reporting Unit</u>	<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
<b>Entity Wide:</b>	Federal Home Loan Bank	Federal Agency Obligations	\$29,546,916

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 4 - INTERFUND TRANSACTIONS**

**A. Transfers Between Funds**

With Council approval, resources may be transferred from one City fund to another. Less often, a transfer may be made to open or close a fund. During the fiscal year ended June 30, 2019, the transfers were as follows:

Fund Making Transfers	Fund Receiving Transfers	Amount Transferred
<b>Major Funds:</b>		
General Fund	General Projects Capital Projects Fund	\$16,189,948 (A)
General Fund	Municipal Airport Enterprise Fund	150,000 (A)
General Fund	2007 Lease Revenue Bonds Debt Service Fund	280,100 (B)
General Fund	2008 Lease Revenue Bond Debt Service Fund	958,300 (B)
TEA Grant Fund Special Revenue Fund	General Projects Capital Projects Fund	5,621 (C)
TEA Grant Fund Special Revenue Fund	Infill Projects Capital Projects Fund	62,777 (C)
TEA Grant Fund Special Revenue Fund	State Gas Tax Street Special Revenue Fund	1,128,533 (C)
General Projects Capital Projects Fund	TEA Grant Fund Special Revenue Fund	3,859 (C)
Tracy Infrastructure Master Plans Capital Projects Fund	Industrial Specific Plan South Capital Projects Fund	1,597,775 (D)
Tracy Infrastructure Master Plans Capital Projects Fund	Wastewater Utility Enterprise Fund	3,000,000 (C)
Wastewater Utility Enterprise Fund	Water Utility Enterprise Fund	61,805 (D)
<b>Non-Major Funds:</b>		
Proposition K Transportation Tax Special Revenue Fund	TEA Grant Fund Special Revenue Fund	133,707 (C)
State Gas Tax Street Special Revenue Fund	TEA Grant Fund Special Revenue Fund	24,829 (C)
2007 Lease Revenue Bonds Debt Service Fund	2008 Lease Revenue Bond Debt Service Fund	374 (B)
North East Industrial Plan Area #2 Capital Projects Fund	North East Industrial Plan Area Storm Drain Special Revenue Fund	6,142,612 (E)
North East Industrial Plan Area #2 Capital Projects Fund	North East Industrial Plan Area #1 Capital Projects Fund	2,748,714 (E)
Urban Management Plan Facilities Capital Projects Fund	Ellis Area Capital Projects Fund	339,473 (E)
Capital Projects Deposits Capital Projects Fund	General Fund	1,250,000 (F)
Capital Projects Deposits Capital Projects Fund	Industrial Specific Plan South Capital Projects Fund	26,944 (C)
Capital Projects Deposits Capital Projects Fund	Plan C Capital Projects Fund	392,800 (D)
Capital Projects Deposits Capital Projects Fund	Tracy Infrastructure Master Plans Capital Projects Fund	1,840,665 (D)
Capital Projects Deposits Capital Projects Fund	Tracy Gateway Area Capital Projects Fund	1,712,087 (C)
Capital Projects Deposits Capital Projects Fund	Urban Management Plan Facilities Capital Projects Fund	1,314,536 (C)
Ellis Area Capital Projects Fund	Wastewater Utility Enterprise Fund	700,000 (C)
		<u>\$40,065,459</u>

- (A) To use unrestricted revenues collected in the General Fund to help finance operations or capital projects.
- (B) To move cash to debt service funds for the funds responsible for payment as debt service payments become due
- (C) To move restricted revenues collected to jointly financed projects
- (D) To move revenue received in prior years to correct fund
- (E) To move restricted revenues collected to new fund
- (F) To transfer developer community benefit funds

In addition to the transfers above, Business-Type Activities transferred land in the amount of \$1,833,600 to Governmental Activities.

**B. Current Interfund Balances**

Current interfund balances arise mainly due to the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances are expected to be repaid shortly after the end of the fiscal year. Current amounts due from one fund to another at June 30, 2019 were as follows:

Due From Funds	Due To Funds	Amount
General Fund	TEA Grant Special Revenue Fund	\$60,791
	South County Fire Authority Special Revenue Fund	7,392,156
	Municipal Airport Enterprise Fund	54,624
	Municipal Transit Enterprise Fund	642,343
	State Gas Tax Street Special Revenue Fund	28,521
	Community Development Block Grant Special Revenue Fund	15,553
	General Fund	1,833,600
Wastewater Utility Enterprise Fund	North East Industrial Plan Area #2 Capital Projects Fund	2,347,667
North East Industrial Plan Area #1 Capital Projects Fund		
	Total Current Interfund Balances	<u>\$12,375,255</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 4 - INTERFUND TRANSACTIONS (Continued)**

**C. Long-Term Interfund Advances**

At June 30, 2019 the funds below had made advances that are not expected to be repaid within the next year. These long-term interfund advances are expected to be repaid when sufficient cash is available in the borrowing funds.

(Asset) Fund Making Advance	(Liability) Fund Receiving Advance	Amount of Advance
Wastewater Utility Enterprise Fund	Water Utility Enterprise Fund	\$2,051,400

**Water Utility** advance from the Wastewater Utility Enterprise Fund in November 2016 to fund operating expenses, capital costs for maintenance and replacement of existing water infrastructure, debt payments and to maintain an adequate reserve for any emergency to continue providing uninterrupted service. The advance bears the interest at the Local Agency Investment Fund (LAIF) rate and was to be repaid in two years. The advance was amended in October 2017 to extend the repayment two additional years to fiscal year 2021.

**Tracy Gateway Business Park Project** advance in December 2017 from the General Fund to the Tracy Gateway Infrastructure Fund, in the amount of \$1,042,000 with interest at the Local Agency Investment Fund (LAIF) rate to be repaid by future development impact fees collected on properties within the gateway project area. The advance was repaid during the fiscal year ended June 30, 2019.

**D. Internal Balances**

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 5 - REDEVELOPMENT AGREEMENTS AND LOANS RECEIVABLE**

**A. *Summary of Loans Receivable and Unavailable Revenue***

The former Community Development Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to expend these funds in accordance with the Agency's terms. With the dissolution of the Redevelopment Agency as discussed in Note 16, the City agreed to become the successor to the Community Development Agency's housing activities and as a result the Housing Successor Fund assumed the loans receivable of the Community Development Agency's Low and Moderate Income Housing Fund. In addition, other funds of the City have made loans to third parties.

At June 30, 2019, these loans totaled:

Housing Successor Loans:	
Commercial Rehabilitation Program	\$165,631
Mountain View Townhomes	1,001,805
Eden Housing Inc.	2,547,612
Habitat for Humanity	55,755
Down Payment Assistance Program	995,406
Tracy Place Associates	4,876,290
DHI Tracy Garden Associates, LP	2,658,485
Development Loan	65,270
Housing Loan	429,979
Successor Agency Reimbursement Agreement	8,000,000
Tracy Mall Partners, LP	1,921,158
Total Loans Receivable	<u>\$22,717,391</u>
CDA Successor Agency SERAF Loan	<u>\$1,748,605</u>
Employee Loans Receivable	<u>\$79,917</u>

**B. *Housing Successor Former Community Development Agency Loans***

As of February 1, 2012, the following Community Development Agency Loans were transferred to the City of Tracy Housing Successor Fund.

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 \$165,631 at June 30, 2019.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 5 - REDEVELOPMENT AGREEMENTS AND LOANS RECEIVABLE (Continued)**

In 1994, the Agency loaned \$609,000 in Low and Moderate Income Housing funds to Mountain View Townhomes Association, a partnership of non-profit corporations, to assist in the construction of thirty-seven residential rental units, thirty-six of which are available to low income families. As of December 1, 2015, the loan was assigned to Sutter Ville SJC Holding Company, LLC. The loan is secured by a third deed of trust on the property, is payable over twenty-eight years beginning in 2026 and accrues interest at 3%. The loan was amended December 2015 and is now repayable from residual receipts as defined in the amendment. Commencing no later than 120 days following the end of the 2017 calendar year and for each calendar year thereafter until the maturity date, the Association shall make repayments on the loan for the prior calendar year based on the available amount of residual receipts as defined in the amendment. As of June 30, 2019, principal and accrued interest totaled \$1,001,805.

In 1996, the Agency agreed to loan Eden Housing Inc., up to \$2,208,691 to assist in the development and construction of seventy-two low income housing units at Stone Pine Meadows. The loan is payable over seven years beginning forty years after the project was complete, which was January 11, 2000, and is secured by a subordinated deed of trust on the property. The loan does not bear interest for the first three years, then accrues interest at 1% per year for the next forty years and 3% for the last seven years. As of June 30, 2019, principal and accrued interest totaled \$2,547,612.

In 2000, the Agency agreed to loan Habitat for Humanity up to \$100,000 to construct/reconstruct from five to seven properties to ownership housing for very low-income families. The funds are to be used to pay all City fees necessary to develop and build affordable housing under the sponsorship of Habitat for Humanity. The loan proceeds were available for draw down through December 31, 2005 and Habitat for Humanity drew down only \$40,093 of the loan proceeds through that date. The loan is secured by a deed of trust on the property and may be forgiven if the property remains occupied by a low-income family for a period of thirty years. The balance of the outstanding loan, including accrued interest, as of June 30, 2019 is \$55,755.

The City loaned 37 individuals from the Low and Moderate Income Housing Fund of the Redevelopment Agency. The loans have been authorized for each of the recipients as part of the housing down payment assistance program. The City is the beneficiary of the promissory notes issued, recorded, and secured by real property. The loans are due when the underlying property is sold. As of June 30, 2019, principal and accrued interest totaled \$995,406.

In November 2005, the Agency entered into a loan agreement with Tracy Place Associates for an amount not to exceed \$4,350,000 to be used as construction and permanent financing costs for the development of a 49 unit affordable senior housing complex, Tracy Place Senior Apartments. The loan is secured by a deed of trust on the property and bears simple interest of 1%. The loan is repayable from residual receipts as defined in the loan agreement starting in April 2008, and is due 55 years from the issuance of the certificate of occupancy, which was December 29, 2008, or if a transfer occurs that is not approved by the City. As of June 30, 2019, the developer owes \$4,876,290, including accrued interest.

In November 2007, the Community Development Agency of the City of Tracy (Agency) entered into an Owner Participation and Loan Agreement with DHI Tracy Garden Associates, LP (DHI). DHI was to develop and rehabilitate an 88 unit Senior Housing Complex for low income senior households. The maximum amount of loan from the Agency was \$1,975,000. Simple interest accrues annually at 3%. Upon default, the rate will increase to the lesser of 10% or the maximum allowed by law. The loan is secured by a trust deed on the underlying property. This trust deed is subordinated to all other loans that DHI has for the project. Maturity of the loan is November 1, 2064. Payment on the loan is deferred until maturity unless the property is conveyed (other than that approved by the City) or there is a default. Total amount owed as of June 30, 2019 is \$2,658,485.



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 5 - REDEVELOPMENT AGREEMENTS AND LOANS RECEIVABLE (Continued)**

**C. *Development Loan***

In September 2006, the City loaned a property owner \$40,000 to assist in the demolition of a structure in order for the property owner to construct new housing units on the site. The loan is secured by a deed of trust on the property, bears interest of 5% and is due and payable when the property is sold. The balance as of June 30, 2019, including principal and accrued interest, is \$65,270.

**D. *Housing Loan (Related Party)***

The City loaned \$595,000 to its previous City Manager (Related Party) in May 2005 to assist in the purchase of a home within the City. The loan is a 30 year fully amortized loan starting September 1, 2011, with monthly payments of \$2,446 including principal and interest at 4%. The loan is secured by a deed of trust on the property and is due if the home is sold. The balance of the loan as of June 30, 2019 is \$429,979.

**E. *Employee Loans Receivable (Related Party)***

The City made \$111,405 in short term loans in April 2019 to City employees, to assist employees in the transition of the payroll system from semi-monthly to a bi-weekly payroll system. The loans are interest free, payable over six months starting in April 2019. The employee can borrow twice in the first six months from April 1, 2019 to November 30, 2019. Then, the employee can borrow once in the second five months, from December 1, 2019 to April 30, 2020. The balance of the loans for seventy-eight employees as of June 30, 2019 is \$79,917.

**F. *Successor Agency Reimbursement Agreement***

On December 1, 2008, the City entered into a Reimbursement Agreement with the former Community Development Agency of the City of Tracy to reimburse the City for a portion of lease payments made by the City under the property lease for the 2008 Lease Revenue Bonds discussed in Note 7D. The terms of the Reimbursement Agreement indicate that the Agency is required to make the annual payments of \$400,000, regardless of whether the City's annual lease payments are abated. Therefore, the City has accounted for the Reimbursement Agreement as a note receivable. The Reimbursement Agreement does not bear interest and annual principal payments are due through 2038. The balance of the loan as of June 30, 2019 is \$8,000,000.

**G. *Tracy Mall Partners, L.P. Loan***

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

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

The sales tax revenue collected from Macy's in fiscal year 2019 did not exceed the threshold, therefore only \$110,619 of the annual repayment was forgiven as of June 30, 2019. The cumulative shortage of sales tax collections was \$204,792 as of June 30, 2019 and the balance of the loan is \$1,921,158 at that date.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 5 - REDEVELOPMENT AGREEMENTS AND LOANS RECEIVABLE (Continued)**

**H. *Advance to CDA Successor Agency***

As of February 1, 2012, the Redevelopment Agency ceased operations as a component unit of the City and all assets and liabilities were transferred to a Successor Agency, except for the housing assets which were transferred to the City as Housing Successor. The \$2,803,520 was an advance payment from the Community Development Housing Fund to the Community Development Agency Debt Service to provide sufficient cash to pay the debt service payments due in September 2011. Due to the State SERAF payment requirement during fiscal year 2010 and 2011, the Community Development Agency had insufficient cash to make the payment. Borrowing from the Housing Fund was authorized by State SERAF legislation. The Department of Finance has approved the payment schedule and the Successor Agency began making payments to the Housing Successor Fund in fiscal year 2019, as discussed in Note 16B(4).

**I. *Grow Tracy Fund Deposit Receivable***

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

As of June 30, 2019, there were seven loans outstanding in the amount of \$2,705,343, under the program. The City has not recorded these loans and instead has recorded the capitalization contribution that GAF uses to fund the share of the loans that the SBA does not guarantee. The City has recorded its capitalization contribution to the program as a deposit receivable, and the portion of the loans funded with that contribution as of June 30, 2019 was \$692,717 and the unused balance of the capitalization contribution was \$307,283.

**J. *Location Agreements***

In December 2015, the City entered into a Location Agreement with a manufacturer and distributor of healthcare products and services to make payments to the Corporation in return for the Corporation establishing, locating and operating a sales office in the City. Under the terms of the agreement, the City has agreed to pay the Corporation fifty per cent (50%) of the quarterly local sales tax revenues attributable to the Corporation's taxable sales for each fiscal quarter, excluding penalty assessments, commencing with the quarter beginning January 1, 2017 and ending on December 31, 2036, unless otherwise extended in accordance with the agreement. The City paid \$2,726,296 to the Corporation during the year ended June 30, 2019.

In August 2017, the City entered into a Location Agreement with a distributor of precision laboratory equipment to make payments to the Corporation in return for the Corporation establishing, locating and operating a sales office in the City. Under the terms of the agreement, the City has agreed to pay the Corporation fifty per cent (50%) of the quarterly local sales tax revenues attributable to the Corporation's taxable sales for each fiscal quarter, excluding penalty assessments, commencing with the quarter beginning October 2018 and ending on October 2038, unless otherwise extended in accordance with the agreement. The City paid \$1,035,439 to the Corporation during the year ended June 30, 2019.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 6 - CAPITAL ASSETS**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are valued at their estimated acquisition value on the date contributed.

Capital assets with limited useful lives are depreciated over their estimated useful lives. Alternatively, the “modified approach” is used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

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

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

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

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

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 6 - CAPITAL ASSETS (Continued)**

**A. Capital Asset Additions and Retirements**

Capital assets activities for the year ended June 30, 2019 were as follows:

*Governmental Activities*

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
Capital assets not being depreciated:					
Land	\$174,199,783	\$1,232,658		\$1,833,600	\$177,266,041
Roads accounted for using the modified approach	249,136,631	2,503,667		52,310,089	303,950,387
Construction in progress	77,141,175	17,483,266		(60,184,949)	34,439,492
Total capital assets not being depreciated	<u>500,477,589</u>	<u>21,219,591</u>		<u>(6,041,260)</u>	<u>515,655,920</u>
Capital assets being depreciated:					
Buildings and improvements	120,704,643			6,321,926	127,026,569
Improvements	46,556,349				46,556,349
Grading, curb & gutter, sidewalk and driveway approaches	31,353,495	408,710			31,762,205
Traffic signals and street lights	22,095,827	324,720			22,420,547
Equipment	33,662,455	2,168,917	(\$2,498,412)		33,332,960
Infrastructure and drainage	10,665,597			1,552,934	12,218,531
Intangibles	609,656				609,656
Total capital assets being depreciated	<u>265,648,022</u>	<u>2,902,347</u>	<u>(2,498,412)</u>	<u>7,874,860</u>	<u>273,926,817</u>
Less accumulated depreciation for:					
Buildings and improvements	(48,091,492)	(4,136,370)			(52,227,862)
Improvements	(34,785,152)	(1,375,506)			(36,160,658)
Grading, curb & gutter, sidewalk and driveway approaches	(14,406,600)	(642,038)			(15,048,638)
Traffic signals and street lights	(14,281,082)	(689,790)			(14,970,872)
Equipment	(19,285,106)	(1,943,638)	2,410,618		(18,818,126)
Infrastructure and drainage	(4,007,896)	(244,371)			(4,252,267)
Intangibles	(468,219)	(101,101)			(569,320)
Total accumulated depreciation	<u>(135,325,547)</u>	<u>(9,132,814)</u>	<u>2,410,618</u>		<u>(142,047,743)</u>
Net capital assets being depreciated	<u>130,322,475</u>	<u>(6,230,467)</u>	<u>(87,794)</u>	<u>7,874,860</u>	<u>131,879,074</u>
Governmental activities capital assets, net	<u>\$630,800,064</u>	<u>\$14,989,124</u>	<u>(\$87,794)</u>	<u>\$1,833,600</u>	<u>\$647,534,994</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 6 - CAPITAL ASSETS (Continued)**

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
Capital assets not being depreciated:					
Land	\$11,841,043			(\$1,833,600)	\$10,007,443
Construction in progress	29,662,262	\$18,981,185		(7,228,938)	41,414,509
Total capital assets not being depreciated	<u>41,503,305</u>	<u>18,981,185</u>		<u>(9,062,538)</u>	<u>51,421,952</u>
Capital assets being depreciated:					
Infrastructure	317,947,219	4,877,285		7,228,938	330,053,442
Buildings	166,820,813				166,820,813
Improvements	3,570,581				3,570,581
Equipment	44,937,212	498,150	(\$213,057)		45,222,305
Intangibles	72,882,813				72,882,813
Total capital assets being depreciated	<u>606,158,638</u>	<u>5,375,435</u>	<u>(213,057)</u>	<u>7,228,938</u>	<u>618,549,954</u>
Less accumulated depreciation for:					
Infrastructure	(146,205,611)	(6,228,758)			(152,434,369)
Buildings	(86,771,894)	(4,591,238)			(91,363,132)
Improvements	(1,795,370)	(219,017)			(2,014,387)
Equipment	(19,294,909)	(1,634,035)	213,057		(20,715,887)
Intangibles	(26,122)	(3,727)			(29,849)
Total accumulated depreciation	<u>(254,093,906)</u>	<u>(12,676,775)</u>	<u>213,057</u>		<u>(266,557,624)</u>
Net capital assets being depreciated	<u>352,064,732</u>	<u>(7,301,340)</u>		<u>7,228,938</u>	<u>351,992,330</u>
Total Business-type activities capital assets, net	<u>\$393,568,037</u>	<u>\$11,679,845</u>		<u>(\$1,833,600)</u>	<u>\$403,414,282</u>

**B. Capital Asset Contributions**

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 6 - CAPITAL ASSETS (Continued)**

**C. Depreciation Allocation**

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

<b>Governmental Activities</b>	
General government	\$237,035
Police	229,546
Fire	149,704
Development and engineering	6,947
Public works	6,322,002
Parks and community services	676,672
Internal service funds	1,510,908
<b>Total Governmental Activities</b>	<b>\$9,132,814</b>
<b>Business-Type Activities</b>	
Water utility	\$4,534,771
Wastewater utility	5,250,218
Municipal airport	310,946
Municipal transit	922,087
Drainage	1,658,753
<b>Total Business-Type Activities</b>	<b>\$12,676,775</b>

**D. 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 69%, instead of providing depreciation. During the fiscal year 2019, the City expended \$2,220,870 to preserve its roads. The City estimates that it will be required to expend approximately \$10,810,600 million in the fiscal year 2020 to maintain its roads at this condition level. Please see Modified Approach to Reporting Street Pavement Costs section of the Required Supplementary Information section following the Notes to the Basic Financial Statements for more detailed information.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 7 - LONG -TERM DEBT**

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The City's debt issues and transactions are summarized below and discussed in detail thereafter.

**A. Current Year Transactions and Balances**

	Original Issue Amount	Balance June 30, 2018	Retirements	Balance June 30, 2019	Current Portion
<b>Governmental Activity Debt:</b>					
<b>Lease Revenue Bonds</b>					
2007 Lease Revenue Bonds - Series A, 4.375% - 4.5%	\$2,690,000	\$2,690,000		\$2,690,000	
2007 Lease Revenue Bonds - Series B, 4% - 4.25%	1,980,000	850,000	\$120,000	730,000	\$125,000
2008 Lease Revenue Bonds, 3% - 6.375%	19,765,000	18,180,000	285,000	17,895,000	315,000
<b>Total Governmental Activity Debt</b>		<u>\$21,720,000</u>	<u>\$405,000</u>	<u>\$21,315,000</u>	<u>\$440,000</u>
<b>Business-type Activity Debt:</b>					
<b>Certificates of Participation</b>					
2004 Wastewater Certificates of Participation, 2% - 4.75%	\$30,955,000	\$23,695,000	\$805,000	\$22,890,000	\$840,000
<b>Loans Payable (Direct Borrowing)</b>					
State of California Department of Public Health, 2.34%	\$20,000,000	10,659,579	1,014,385	9,645,194	1,038,261
<b>Total Business-type Activity Debt</b>		<u>\$34,354,579</u>	<u>\$1,819,385</u>	<u>\$32,535,194</u>	<u>\$1,878,261</u>

**B. 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 were used to finance the acquisition and construction of Fire Station 97 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 for Fire Station 91 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 2007 Series A Bonds maturing on or after March 1, 2018 are subject to optional redemption prior to maturity on or after March 1, 2017 at a redemption price equal to the principal amount of 2007 Series A Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

**C. 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 proceeds from the bonds along with a reserve fund from the 1995 Certificates were used to immediately call the 1995 bonds. The 2007B bonds are secured by a lien on the revenues consisting mainly of rental payments made by the City under a property lease for Fire Station 91 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, 2008. Final maturity of the bonds is March 1, 2025. The 2007 Series B Bonds maturing on or after March 1, 2018 are subject to optional redemption prior to maturity on or after March 1, 2017 at a redemption price equal to the principal amount of 2007 Series B Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

***D. 2008 Lease Revenue Bonds***

On December 16, 2008, the City, under the Tracy Operating Partnership (TOP) issued \$19,765,000 of 2008 Lease Revenue Bonds. The proceeds of the bonds were 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 1 at rates varying between 3% and 6.375%. Principal is due annually each October 1 through 2038. The Bonds maturing on or before October 1, 2018 are not subject to optional redemption prior to maturity. The Bonds maturing on or after October 1, 2019 are subject to optional redemption prior to maturity on or after October 1, 2018 at the option of the TOP, as a whole or in part on any date at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium. The TOP 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) was 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 were deposited in the City (\$7,174,242) and the former Community Development Agency (\$2,126,306).

***E. 2004 Wastewater Certificates of Participation***

The City issued Wastewater Certificates of Participation (COPs) in April 2004 to fund the upgrade of the City's wastewater treatment plant. The Wastewater COPs are special obligations of the City and are payable solely from and secured by a pledge of net revenues of the Wastewater Utility System. Principal payments commence on December 1, 2007, and are payable annually on December 1 through 2036. Interest payments commence on December 1, 2004, and are payable semi-annually on December 1 and June 1, thereafter. The COP's maturing on or after December 1, 2014 may be prepaid in advance of maturity on any date on or after December 1, 2013 plus accrued but unpaid interest to the prepayment date, without premium.

For fiscal year 2019 net revenues amounted to \$2,485,983 which represented coverage of 131% over the \$1,891,235 of debt service. The pledge of net revenues ends upon repayment of the City's repayment of the remaining balance of \$36,001,913 which is scheduled to occur in 2037.



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

**F. State of California Department of Public Health Loan Direct Borrowing**

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

**G. Debt Service Requirements**

Annual debt service requirements are shown below for all long-term debt:

For the Year Ending June	Business-type Activities					
	Governmental Activities		2004 Certificates of Participation		Loan Payable From Direct Borrowing	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$440,000	\$1,245,955	\$840,000	\$1,051,480	\$1,038,261	\$219,659
2021	485,000	1,223,761	875,000	1,014,818	1,062,698	195,222
2022	530,000	1,198,120	915,000	975,418	1,087,710	170,209
2023	575,000	1,169,625	955,000	932,865	1,113,312	144,607
2024	630,000	1,137,912	1,000,000	887,900	1,139,516	118,404
2025-2029	4,120,000	5,065,817	1,050,000	4,107,150	4,203,697	199,021
2030-2034	6,140,000	3,596,684	6,025,000	2,808,717		
2035-2039	8,395,000	1,362,448	11,230,000	1,333,565		
Total	<u>\$21,315,000</u>	<u>\$16,000,322</u>	<u>\$22,890,000</u>	<u>\$13,111,913</u>	<u>\$9,645,194</u>	<u>\$1,047,122</u>

**H. Bond Issuance Costs, Original Issue Discounts and Premiums and Deferred Charge on Refunding**

For governmental activities and proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any differences between governmental activities or proprietary refunded debt and the debt issued to refund it, called a deferred charge on refunding, is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter. The deferred charge on refunding is reported as a deferred inflow or outflow of resources, as applicable. Bond issuance costs, other than prepaid insurance, are expensed in the year incurred.



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 - NET POSITION AND FUND BALANCES (Continued)**

**B. Fund Balance**

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned, unless City Council has provided otherwise in its commitment or assignment actions. Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendable* represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

*Committed* fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. The highest level of formal action of the City Council is an Ordinance. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

*Assigned* fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee, the Finance Director, and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund deficits, if any, of other governmental funds.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 - NET POSITION AND FUND BALANCES (Continued)**

Detailed classifications of the City's Fund Balances, as of June 30, 2019, are below:

Fund Balance Classifications	General Fund	Special Revenue			
		Housing Successor Fund	TEA Grant	South San Joaquin County Fire Authority	Community Development Fees
<b>Nonspendable:</b>					
Items not in spendable form:					
Loans receivable	\$469,979				
<b>Total Nonspendable Fund Balances</b>	<u>469,979</u>				
<b>Restricted for:</b>					
Housing		\$4,553,346			
Special area projects					
Public safety					
Debt service					
Community development					
Asset forfeiture					
Streets and roads					
Landscaping district					
Fire authority					
Cable TV					
Drainage					
Tracy GROW					
<b>Total Restricted Fund Balances</b>		<u>4,553,346</u>			
<b>Committed to:</b>					
Contingency/Emergency	14,882,561				
<b>Total Committed Fund Balances</b>	<u>14,882,561</u>				
<b>Assigned to:</b>					
Animal Control Trust	22,192				
Measure V	5,644,905				
Economic/Budget Stability	7,441,280				
Prior year reappropriations	2,104,626				
Capital Projects					
<b>Total Assigned Fund Balances</b>	<u>15,213,003</u>				
<b>Unassigned:</b>					
Unassigned					
Other Residual Deficit Fund Balances			(\$109,280)	(\$5,424,551)	(\$1,059,710)
<b>Total Unassigned Fund Balances</b>			<u>(109,280)</u>	<u>(5,424,551)</u>	<u>(1,059,710)</u>
<b>Total Fund Balances</b>	<u>\$30,565,543</u>	<u>\$4,553,346</u>	<u>(\$109,280)</u>	<u>(\$5,424,551)</u>	<u>(\$1,059,710)</u>

(Continued)

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 - NET POSITION AND FUND BALANCES (Continued)**

Fund Balance Classifications	Debt Service	Capital Projects			Total
	2008 Lease Revenue Bonds	General Projects	Tracy Infrastructure Master Plans	Other Governmental Funds	
<b>Nonspendable:</b>					
Items not in spendable form:					
Loans receivable					\$469,979
<b>Total Nonspendable Fund Balances</b>					<b>469,979</b>
<b>Restricted for:</b>					
Housing					4,553,346
Special area projects			\$43,789,547	\$89,540,909	133,330,456
Public safety				636,726	636,726
Debt service	\$620,869			355,592	976,461
Community development				206,907	206,907
Asset forfeiture				1,117,563	1,117,563
Streets and roads				8,464,594	8,464,594
Landscaping district				5,940,591	5,940,591
Fire authority					
Cable TV				632,783	632,783
Drainage				7,197,683	7,197,683
Tracy GROW				1,000,000	1,000,000
<b>Total Restricted Fund Balances</b>	<b>620,869</b>		<b>43,789,547</b>	<b>115,093,348</b>	<b>164,057,110</b>
<b>Committed to:</b>					
Contingency/Emergency					14,882,561
<b>Total Committed Fund Balances</b>					<b>14,882,561</b>
<b>Assigned to:</b>					
Animal Control Trust					22,192
Measure V					5,644,905
Economic/Budget Stability					7,441,280
Prior year reappropriations					2,104,626
Capital Projects		\$12,191,839			12,191,839
<b>Total Assigned Fund Balances</b>		<b>12,191,839</b>			<b>27,404,842</b>
<b>Unassigned:</b>					
Unassigned					
Other Residual Deficit Fund Balances				(2,397,200)	(8,990,741)
<b>Total Unassigned Fund Balances</b>				<b>(2,397,200)</b>	<b>(8,990,741)</b>
<b>Total Fund Balances</b>	<b>\$620,869</b>	<b>\$12,191,839</b>	<b>\$43,789,547</b>	<b>\$112,696,148</b>	<b>\$197,823,751</b>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 - NET POSITION AND FUND BALANCES (Continued)**

**C. General Fund Reserve Policies**

The City Council adopted a revised General Fund Reserve (Unassigned Fund Balance) Policy in June 2018 with Resolution 2018-118 that established a minimum fund balance policy for the General Fund in order to mitigate the effect of unanticipated situations such as natural disasters and severe unforeseen events. Reserves also provide the City with stability in times of economic fluctuations and help provide for a smooth transition to changes in service levels caused by changes in the City's financial situation. The Policy established the following reserves:

**Contingency/Emergency Reserve** – The Contingency/Emergency Reserve funds help mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Contingency/Emergency Reserve also serves as back-up liquidity to self-insured losses if this need were to arise. The Contingency/Emergency Reserve is established with a target goal of 20% of the General Fund's adopted annual budget for expenditures and recurring transfers out. The City Manager will first evaluate the City's financial condition and make a recommendation to City Council as to the need to make contributions to the Contingency/Emergency Reserve or the possible need to access funds from the Contingency/Emergency Reserve. This action is done as part of the annual budget adoption; however, these actions can be completed at any time the City Manager deems necessary.

The balance of the Contingency/Emergency Reserve was \$14,882,561 at June 30, 2019, which is a component of committed fund balance of the General Fund.

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

1. Revenue risks: Revenues falling short of budget projections may cause deficits. Transitional funding may be necessary to respond to reductions in major revenues due to local, regional, and national economic downturns. This may be due to a loss in housing values, a loss of a major employer, a loss of a major retailer, a sudden spike in unemployment or inflation, and/or other major economic factors. This may also be due to state and/or voter initiatives; including changes in legislation, revenue sources that sunset or expire, or other political impacts to revenues that are outside of the control of the City Council.
  - a. Projected General Fund revenue totals in aggregate are anticipated to decrease by 5% (or more) over the prior year or decrease 10% (or more) cumulative over three years; excluding one-time revenue sources.
  - b. Projected General Fund revenues from a single revenue source are anticipated to decrease by 10% (or more) over the prior year or decrease by 15% over three years; excluding one-time revenue sources.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 - NET POSITION AND FUND BALANCES (Continued)**

2. Expenditure risks: The City may require a source of supplemental funding for uncontrollable costs or contractually obligated costs. Such costs may include maintaining service levels.
  - a. Projected General Fund expenditure totals (in aggregate) increase by 10% (or more) over the prior year or increase 15% (or more) over three years; excluding one-time expenditure requests.
  - b. Projected General Fund expenditures from a single source are anticipated to increase by 10% (or more) over the prior year or increase by 15% over three years.
3. Structural deficit risk: Economic factors may create a structural deficit when revenue growth does not keep pace with expenditure growth. The City may elect to use the Economic/Budget Stability Reserve for up to 24 months while a plan is developed to correct the deficit.
  - a. Projected General Fund expenditure totals (in aggregate) exceed incoming revenues by 5% (or more) over the prior year or exceed by 10% over three years; excluding one-time expenditure requests.
  - b. Need funding for an unanticipated major repair, purchase or other maintenance charge creating a deficit of 5% of incoming revenues.

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

The balance of the Economic/Budget Stability Reserve was \$7,441,280 at June 30, 2019, which is a component of assigned fund balance of the General Fund.

The City Manager must present a report to the City Council to justify the use of the Contingency Reserve and Economic/Budget Stability Reserve and the circumstances of the catastrophic and/or fiscal emergency. All uses of the Contingency Reserve and Economic/Budget Stability Reserve must be approved by Resolution of the City Council with a four-fifths vote. Any such uses are to be repaid to the respective reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years.

Year-end excess and/or one-time revenue under the proposed reserves structure would remain in the General Fund's committed or assigned fund balance, as applicable. As part of the annual budget adoption process, or at any time the City Manager deems necessary, the City Manager would recommend whether the excess funds could be allocated to other reserves, or used as one-time funding with consideration given to economic development and/or capital projects.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 - NET POSITION AND FUND BALANCES (Continued)**

***D. Deficit Fund Balances and Accumulated Deficits***

At June 30, 2019, the TEA Grant, South San Joaquin County Fire Authority, Community Development Fees and Community Development Block Grant Special Revenue Funds and North East Industrial Plan Area #2 Capital Projects Fund had deficit fund balances of \$109,280, \$5,424,551, \$1,059,710, \$15,599 and \$2,381,601, respectively, which are expected to be eliminated by future grant revenues, intergovernmental and charges for services. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund had a deficit net position of \$36,155,098, which will be eliminated by future revenues.

***E. Restatement of Fund Balance and Net Position***

The City made prior period adjustments to the beginning fund balance or net position related to the balances of deposits payable in the Community Development Fees Special Revenue Fund, the Capital Projects Deposit Capital Projects Fund and the Wastewater Utility Enterprise Fund that resulted in the restatement and increase fund balance in the amount of \$458,644, restate and decrease fund balance in the amount of \$2,410,207 and restate and increase net position in the amount of \$4,500, respectively.



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 - PENSION PLANS**

**A. General Information about the Pension Plans**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Plans’ provisions and benefits in effect at June 30, 2019, are summarized as follows:

	<b>Miscellaneous</b>		
	<u>Classic Tier I</u>	<u>Classic Tier II</u>	<u>PEPRA</u>
	Prior to <u>October 9, 2011</u>	After <u>October 9, 2011</u>	On or after <u>January 1, 2013</u>
Hire date			
Benefit formula	2.5% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0-2.5%	1.426%-2.418%	1.0% - 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	9.207%	9.207%	9.207%
Required UAL contribution	\$2,479,417		
	<b>Safety - Police</b>		
	<u>Classic Tier I</u>	<u>Classic Tier II</u>	<u>PEPRA</u>
	Prior to <u>April 8, 2012</u>	After <u>April 8, 2012</u>	On or after <u>January 1, 2013</u>
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9%	9%	12%
Required employer contribution rates	20.618%	20.618%	20.618%
Required UAL contribution (Police and Fire)	\$2,313,800		
	<b>Safety - Fire</b>		
	<u>Classic Tier I</u>	<u>PEPRA</u>	
	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>	
Hire date			
Benefit formula	3% @ 55	2.7% @ 57	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50 - 55	50 - 57	
Monthly benefits, as a % of eligible compensation	2.4% - 3.0%	2.0% - 2.7%	
Required employee contribution rates	9%	12%	
Required employer contribution rates	20.618%	20.618%	
Required UAL contribution (Police and Fire)	Included in Safety-Police total above		

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 - PENSION PLANS (Continued)**

Beginning in fiscal year 2018, CalPERS collects employer contributions for the Plans as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded accrued liability (UAL). The dollar amounts are billed on an annual basis. The City's required contributions for the unfunded liability for Miscellaneous and Safety Plans were \$2,479,417 and \$2,313,800 respectively, in fiscal year 2019, as shown in the tables above.

**Employees Covered** – At the June 30, 2017 valuation date, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	288	152
Inactive employees entitled to but not yet receiving benefits	252	54
Active employees	<u>287</u>	<u>150</u>
Total	<u><u>827</u></u>	<u><u>356</u></u>

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

The City's contributions to the Miscellaneous and Safety Plans were \$4,749,293 and \$5,643,974, respectively, for the year ended June 30, 2019.

**B. Net Pension Liability**

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

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 - PENSION PLANS (Continued)**

**Actuarial Assumptions** – For the measurement period ended June 30, 2018, the total pension liabilities were determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous and Safety (1)
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase-Miscellaneous	3.2% - 12.2% (2)
Projected Salary Increase-Safety	3.4% - 20.0% (2)
Investment Rate of Return	7.15% (3)
Mortality	Derived using CalPers Membership Data for all Funds (4)
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

- (1) Actuarial assumptions are the same for all benefit tiers (Classic Tier I, Classic Tier II, and PEPRA)
- (2) Depending on age, service and type of employment
- (3) Net of pension plan investment and administrative expenses, including inflation
- (4) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the CalPERS December 2017 experience study report available on CalPERS website

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

**Change of Assumptions** - For the measurement date of June 30, 2018, the inflation rate reduced 2.75% to 2.50%.

**Discount Rate** – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 - PENSION PLANS (Continued)**

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

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

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

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

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 - PENSION PLANS (Continued)**

**C. Changes in the Net Pension Liability**

The changes in the Net Pension Liability for each Plan follows:

*Miscellaneous Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2017</b>	\$146,805,282	\$108,697,591	\$38,107,691
<b>Changes in the year:</b>			
Service cost	3,700,689		3,700,689
Interest on the total pension liability	10,406,741		10,406,741
Differences between actual and expected experience	1,406,163		1,406,163
Changes in assumptions	(1,198,922)		(1,198,922)
Changes in benefit terms			
Net Plan to Plan Resource Movement		31,823	(31,823)
Contribution - employer		4,065,966	(4,065,966)
Contribution - employee		1,720,800	(1,720,800)
Net investment income		9,323,836	(9,323,836)
Administrative expenses		(169,381)	169,381
Other Miscellaneous Income/(Expense)		(321,657)	321,657
Benefit payments, including refunds of employee contributions	(6,628,099)	(6,628,099)	
<b>Net changes</b>	<u>7,686,572</u>	<u>8,023,288</u>	<u>(336,716)</u>
<b>Balance at June 30, 2018</b>	<u>\$154,491,854</u>	<u>\$116,720,879</u>	<u>\$37,770,975</u>

*Safety Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2017</b>	\$171,716,288	\$129,044,838	\$42,671,450
<b>Changes in the year:</b>			
Service cost	5,100,415		5,100,415
Interest on the total pension liability	12,156,431		12,156,431
Differences between actual and expected experience	(9,610)		(9,610)
Changes in assumptions	(761,909)		(761,909)
Net Plan to Plan Resource Movement		(32,418)	32,418
Changes in benefit terms			
Contribution - employer		5,132,782	(5,132,782)
Contribution - employee		1,985,924	(1,985,924)
Net investment income		10,913,236	(10,913,236)
Administrative expenses		(201,087)	201,087
Other Miscellaneous Income/ (Expense)		(381,868)	381,868
Benefit payments, including refunds of employee contributions	(6,949,949)	(6,949,949)	
<b>Net changes</b>	<u>9,535,378</u>	<u>10,466,620</u>	<u>(931,242)</u>
<b>Balance at June 30, 2018</b>	<u>\$181,251,666</u>	<u>\$139,511,458</u>	<u>\$41,740,208</u>
<b>Total Balance at June 30, 2018</b> <b>(Miscellaneous and Safety Plans)</b>	<u>\$335,743,520</u>	<u>\$256,232,337</u>	<u>\$79,511,183</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 - PENSION PLANS (Continued)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$58,852,153	\$69,344,738	\$128,196,891
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$37,770,975	\$41,740,208	\$79,511,183
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$20,330,416	\$19,326,737	\$39,657,153

*Pension Plan Fiduciary Net Position* – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

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

For the year ended June 30, 2019, the City recognized pension expense of \$5,950,491 and \$6,821,755 for the miscellaneous and safety plans, respectively. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Miscellaneous Plan:**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$4,749,293	
Differences between actual and expected experience	1,032,134	(\$273,989)
Changes in assumptions	3,294,342	(856,373)
Net differences between projected and actual earnings on plan investments	129,767	
Total	<u>\$9,205,536</u>	<u>(\$1,130,362)</u>

**Safety Plan:**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$5,643,974	
Differences between actual and expected experience	256,721	(\$2,097,219)
Changes in assumptions	6,306,181	(1,372,106)
Net differences between projected and actual earnings on plan investments	366,842	
Total	<u>\$12,573,718</u>	<u>(\$3,469,325)</u>
<b>Total Miscellaneous and Safety Plans</b>	<u>\$21,779,254</u>	<u>(\$4,599,687)</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 - PENSION PLANS (Continued)**

\$10,393,267 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization		
	Miscellaneous	Safety	Total
2020	\$3,643,856	\$2,045,899	\$5,689,755
2021	1,094,887	1,396,154	2,491,041
2022	(1,092,601)	502,614	(589,987)
2023	(320,261)	(484,248)	(804,509)
2024	0	0	0
Thereafter	0	0	0
Total	\$3,325,881	\$3,460,419	\$6,786,300

**NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**A. Plan Description**

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

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

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

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

The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. For the fiscal year ending June 30, 2019, those costs for 78 retirees totaled \$598,941 and the total liability amount in the medical leave bank is \$3,346,163.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

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

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

The Plan does not issue a separate financial report.

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

Active plan members	304
Inactive employees or beneficiaries currently receiving benefit payments	21
Inactive employees entitled to but not yet receiving benefit payments	<u>34</u>
Total	<u><u>359</u></u>

**B. 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.

**C. 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.



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

The June 30, 2018 total OPEB liabilities were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.98%
Inflation	2.75%
Projected Salary Increase	3.25%
Healthcare Trend	7.00% in 2020, declining to 5.0% for 2024 and beyond
Mortality	Macleod Watts Scale 2018 applied generationally from 2015

- (1) Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Mortality rates used were those published by CalPERS, adjusted to back out 15 years of Scale MP 2016 to central year 2015.

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. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future.

*Change in Assumptions* – The discount rate decreased from 3.13% at June 30, 2017 to 2.98% at June 30, 2018.

**D. Discount Rate**

The discount rate used to measure the total OPEB liability was 2.98%. The City’s funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. The City is currently financing its OPEB liability on a pay-as-you-go basis, the discount rate used in the June 30, 2018 valuation is based on the S&P Municipal Bond 20 Year High Grade Index.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**E. Changes in Total OPEB Liability**

The changes in the Total OPEB Liability is as follows:

	<b>Increase (Decrease)</b>
	<b>Total OPEB Liability</b>
Balance at June 30, 2017 (Valuation Date)	\$5,931,522
Changes Recognized for the Measurement Period:	
Service Cost	318,114
Interest on the total OPEB liability	192,889
Changes in benefit terms	
Difference between expected and actual experience	273,705
Changes of assumptions	(391,232)
Contributions from the employer	
Net investment income	
Administrative expenses	
Benefit payments and refunds	(174,114)
Net Changes during July 1, 2017 to June 30, 2018	219,362
Balance at June 30, 2018 (Measurement Date)	\$6,150,884

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

The following presents the total OPEB liability of the City, calculated using the discount rate, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate:

<b>Plan's Total OPEB Liability/(Asset)</b>		
<b>Discount Rate -1%</b>	<b>Current Discount</b>	<b>Discount Rate +1%</b>
<b>(1.98%)</b>	<b>Rate (2.98%)</b>	<b>(3.98%)</b>
\$6,676,795	\$6,150,884	\$5,664,966

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

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

<b>Plan's Total OPEB Liability/(Asset)</b>		
<b>Current</b>		
<b>Healthcare Cost</b>	<b>Healthcare Cost</b>	<b>Healthcare Cost</b>
<b>Trend Rates -1%</b>	<b>Trend Rates</b>	<b>Trend Rates +1%</b>
\$5,626,008	\$6,150,884	\$6,823,851

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

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

The components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2019 were as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Employer contributions made subsequent to the measurement date	\$195,363	
Differences between Expected and Actual Experience	248,291	
Changes of assumptions		(\$623,813)
Total	\$443,654	(\$623,813)

\$195,363 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ended June 30	Annual Amortization
2020	(\$43,947)
2021	(43,947)
2022	(43,947)
2023	(43,947)
2024	(43,947)
Thereafter	(155,787)

**NOTE 12 - DEFERRED COMPENSATION PLAN**

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

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under this plan are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

**NOTE 13 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains the Insurance Internal Service Fund to account for and finance its risks of loss.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 13 - RISK MANAGEMENT (Continued)**

**A. Coverage**

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

The City participates in the following pooled coverages through CSJVRMA:

Type of Coverage (Deductible)	Coverage Limits
Liability (\$100,000)	\$29,000,000
Property (\$5,000 to \$10,000)	1,000,000,000
Worker's Compensation (\$200,000)	Statutory Limit
Boiler and Machinery (\$1,000 to \$10,000)	100,000,000
Automobile - for vehicles with values more than \$25,000 (\$500)	1,000,000,000

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

During the fiscal year ended June 30, 2019, the City contributed \$4,250,049 for current year coverage.

Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

**B. Liability for Uninsured Claims**

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

The City's liability for uninsured claims was estimated by management based on prior year claims experience and CSJVRMA where the City as of June 30, 2019 has reserve deposits which cover claims and IBNRs.

For the Year Ended June 30,	Claims Payable July 1	Fiscal Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2017	\$112,494	\$0	\$0	\$112,494
2018	112,494	(112,494)	0	0
2019	0	0	0	0

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

**A. *Litigation***

The City is subject to 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.

**B. *Federal and State Grant Programs***

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 as amended 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.

**C. *Encumbrances and Construction Commitments***

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding by fund as of June 30, 2019 were as follows:

	Amount
General Fund	\$360,640
TEA Grant Special Revenue Fund	4,017,814
Community Development Fees Special Revenue Fund	463,017
General Projects Capital Projects Fund	6,869,438
Tracy Infrastructure Master Plan Capital Projects Fund	8,724,377
Non-Major Governmental Funds	6,433,552
	\$26,868,838

In addition to the encumbrances noted above, the City had construction commitments outstanding at June 30, 2019 in the amount of \$6.7 million, related to Recycled Water projects.

**D. *Measure V Sales Tax Revenues***

The City receives tax proceeds from the Measure V one-half cent sales tax approved by Tracy voters in November 2016, commencing for a twenty year period beginning April 1, 2017. The amount of Measure V tax proceeds received and recorded during the fiscal year ending June 30, 2019 was \$10,853,130. Measure V is a general tax of the City and the revenues were deposited in the City's General Fund. Expenditures for a variety of City functions were made from the City's General Fund utilizing the Measure V and other revenue of the City.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)**

**E. Revenue Limitations Imposed by California Proposition 218**

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

**F. Housing Successor Excess Surplus**

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

The Housing Successor Special Revenue Fund serves as the housing successor and as of July 1, 2018 had an excess surplus balance of \$197,845. The City is in late stage discussions with two developers related for housing projects and the excess surplus is expected to be encumbered in fiscal year 2020.

**NOTE 15 - SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY JOINT POWERS AGREEMENT**

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

In February 2018, the City and the Tracy Rural Fire Protection District established the South San Joaquin County Fire Authority (SSJCFA) with an effective date of March 1, 2018 and an implementation date of July 1, 2018. With the implementation the new authority, the City and the Tracy Rural Fire Protection District entered into an agreement to resolve the outstanding financial obligations of the South County Fire Authority and dissolve the South County Fire Authority on June 30, 2018. Under the terms of the agreement, the City and the District paid \$957,168 and \$233,215, respectively, to fund the outstanding balance of the prior compensated absences balance of the SCFA, and the City agreed to reduce a loan receivable from the SCFA to \$1,025,487 and that balance was considered satisfied as of June 30, 2018.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 15 - SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY JOINT POWERS AGREEMENT**  
**(Continued)**

During fiscal year 2019, the SSJCFA incurred costs of \$6.4 million, of which \$5.9 million is to be paid by Tracy Rural Fire Protection District. At June 30, 2019, the South San Joaquin County Fire Authority Special Revenue Fund had deficit fund balance of \$5,424,551 that was related to a receivable from the Authority. The Authority has appropriate funds and cash to offset the negative fund balance; due to the fact the SSJCFA is a stand-alone agency, the cash is not recorded in the City's financial records. There are, however, sufficient funds held by the SSJCFA to cover this deficit that are expected to be remitted to the City in fiscal year 2020.

**NOTE 16 - COMMUNITY DEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY**  
**ACTIVITIES**

**A. *Redevelopment Dissolution***

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

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

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

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

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 16 - COMMUNITY DEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY  
ACTIVITIES (Continued)**

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

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

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

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

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

AB1484 required the Successor Agency to complete two due diligence reviews – one for the low and moderate income housing assets of the Successor Agency (Housing DDR), and a second for all other balances of the Successor Agency (Non-housing DDR). The due diligence reviews are to calculate the balance of unencumbered balances as of June 30, 2012 available to be remitted to the County for disbursement to taxing entities. The Successor Agency submitted both due diligence reviews to the State Department of Finance for review and approval. The Department of Finance approved the Housing DDR in November 2012, which indicated that \$3,398,232 was available for distribution and that amount was remitted to the County in November 2012. The Department of Finance did not initially approve the Non-housing DDR, which indicated that the Successor Agency had an available balance of \$2,281,467, and the State made adjustments to the Non-housing DDR and instead made a demand for the return of funds totaling \$4,618,398, which was remitted to the County in November 2015, as discussed above. The Successor Agency received its Finding of Completion on December 8, 2015, which means it can now utilize bond proceeds for projects consistent with the original bond covenants.

Cash and investments of the Successor Agency as of June 30, 2019 are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2019.



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 16 - COMMUNITY DEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY  
ACTIVITIES (Continued)**

**B. Long-Term Debt**

The Successor Agency assumed the long-term debt of the Community Development Agency as of February 1, 2012.

**1. Current Year Transactions and Balances**

All of the long-term debt of the Successor Agency is comprised of Tax Allocation Bonds, a reimbursement agreement and loan payable issued by the Community Development Agency. The Bonds, reimbursement agreement and loan are special obligations of the Agency and are secured only by the Agency's tax increment revenues. Long-term debt of the Successor Agency as of June 30, 2019 consisted of the following:

	Original Amount	Balance June 30, 2018	Retirements	Balance June 30, 2019	Current Portion
2016 Refunding Tax Allocation Bonds, 2% - 5%	\$33,720,000	\$31,990,000	\$1,385,000	\$30,605,000	\$1,445,000
Add: Unamortized bond premium		4,874,970	304,686	4,570,284	
Reimbursement Agreement, 0%	12,200,000	8,400,000	400,000	8,000,000	400,000
Loans from Housing Successor, 0%	2,803,520	2,803,520	1,054,915	1,748,605	1,054,915
<b>Total</b>		<u>\$48,068,490</u>	<u>\$3,144,601</u>	<u>\$44,923,889</u>	<u>\$2,899,915</u>

**2. Community Development Agency Tax Allocation Bonds**

**2016 Tax Allocation Refunding Bonds**

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

**3. Reimbursement Agreement with the City**

On December 1, 2008, the Agency entered into a Reimbursement Agreement with the City related to the City's 2008 Lease Revenue Bonds and the portion of those Bonds that funded improvements that benefitted the Redevelopment Project. Under the terms of the Reimbursement Agreement, the Agency reimburses the City for a portion of lease payments made by the City under the property lease for the 2008 Lease Revenue Bonds discussed in Note 7D that are attributable to the Redevelopment Improvements. The terms of the Reimbursement Agreement indicate that the Agency is required to make the annual payments of \$400,000, regardless of whether the City's annual lease payments are abated. The Agency has pledged tax revenues for the repayment of the Reimbursement Agreement, subordinate to other obligations of the Agency. The Reimbursement Agreement does not bear interest and annual principal payments are due through 2038.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 16 - COMMUNITY DEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY  
ACTIVITIES (Continued)**

**4. *Supplemental Education Revenue Augmentation Fund Loans from Housing Successor***

During the fiscal years ending June 30, 2010 and 2011 the Agency approved an interfund advance of \$2,803,520 from the Agency's Housing Fund to the Agency's Debt Service Fund for the purpose of paying the Agency's share of the countywide Supplemental Education Revenue Augmentation Fund.

The above loans had previously been reported as interfund advances within the Community Development Agency, but with the transfer of the Redevelopment Agency's liabilities to the Successor Agency, the advances are now reported as long-term debt of the Successor Agency, payable to the Housing Successor Fund of the City of Tracy, serving as the Housing Successor to the former Agency, pursuant to Health and Safety Code Section 34176(d). These loans were originally required to be repaid by June 30, 2015, however, repayment is now governed by Health and Safety Code Section 34176(e)(6). The State of California Department of Finance has stated that repayment cannot begin prior to fiscal year 2015-2016, and the maximum annual repayment amount is limited based on calculations in Health and Safety Code Section 34176(e)(6).

The Successor Agency did not receive its finding of completion until December 8, 2015, therefore, no payments were made on the loan during fiscal year 2016, 2017 or 2018, but payments were expected to begin in fiscal year 2019. In September 2017, the Successor Agency submitted a revised Loan Repayment Schedule to the State of California Department of Finance, which was subsequently approved; however, the City's annual payment for fiscal year 2018 was denied.

In February 2018, the Successor Agency submitted a revised Loan Repayment Schedule to the State of California Department of Finance, which was subsequently approved. The repayments will be made in three estimated annual payments in the amount of \$1,054,915 in fiscal year 2019, \$1,054,915 in fiscal year 2020 and \$693,690 in fiscal year 2021.

**5. *Pledge of Revenues***

The Agency has pledged all future tax increment revenues, for the repayment of the Tax Allocation Bonds and Reimbursement Agreement. The pledge of all future tax increment revenues end upon repayment of the remaining debt service of \$49,888,575 on the Bonds and Reimbursement Agreement above, which is scheduled to occur in 2039.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total property taxes available for distribution to the Successor Agency and other taxing entities for fiscal year 2019 calculated by the County Auditor-Controller was \$4,650,424, which was less than the Department of Finance-approved Recognized Obligation Payment Schedule total of \$5,313,729 and the total received by the Successor Agency for fiscal year 2019 debt service was \$4,650,424, which the Agency used to pay the \$3,235,250 of fiscal year debt service.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 16 - COMMUNITY DEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

**6. Debt Service Requirements**

Debt service requirements are shown below for all long-term debt.

For the Year Ending June 30	Principal	Interest
2020	\$2,899,915	\$1,386,425
2021	2,603,690	1,312,550
2022	1,980,000	1,235,300
2023	2,060,000	1,154,300
2024	2,140,000	1,069,300
2025-2029	12,030,000	3,922,750
20230-2034	14,640,000	1,202,950
2035-2039	2,000,000	
Total	40,353,605	<u>\$11,283,575</u>
Plus Unamortized Bond Premium	<u>4,570,284</u>	
Gross Long-Term Debt	<u>\$44,923,889</u>	

**C. Commitments and Contingencies - State Approval of Enforceable Obligations**

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

**NOTE 17 - SUBSEQUENT EVENTS**

In August 2019, the City issued infrastructure financing bonds for 2016-1 Community Facilities District, Tracy Hills Phase I, in the principal amount of \$14,850,000. The CFD is an additional parity bond related to the first bond issuance in September 2018. The bonds will be repaid through tax increment collected on parcels within the district.

In August 2019, the City issued refinancing bonds for 2006-1 Community Facilities District, Northeast Industrial (NEI) park, in the principal amount of \$8,230,000. The bonds will be repaid through tax increment collected on parcels within the district.

In September 2019, the City Council approved a Water rate increase after the City conducted a Proposition 218 Protest Ballot. The new rates went into effect on October 1, 2019.

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## REQUIRED SUPPLEMENTARY INFORMATION

### **Modified Approach to Reporting Street Pavement Costs**

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

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

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

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

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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**Modified Approach to Reporting Street Pavement Costs (Continued)**

The City's preservation costs are budgeted to be \$10,810,600 in fiscal year 2020. The Pavement Condition Index (PCI) for the City's street pavement for the latest years is as follows:

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

The City's administrative policy is to achieve a minimum rating of 69 for all street pavement. This rating allows for minor cracking and revealing of pavement along with minor roughness that could be noticeable to drivers traveling at posted speed. The City expended \$2,220,870 for street preservation for fiscal year 2019.

# REQUIRED SUPPLEMENTARY INFORMATION

## *Pensions*

### SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan Last 10 Years\*

Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
<b>Total Pension Liability</b>					
Service Cost	\$3,019,742	\$2,892,504	\$2,910,705	\$3,555,373	\$3,700,689
Interest	8,760,895	9,030,774	9,339,655	9,859,228	10,406,741
Differences between expected and actual experience	-	(3,592,113)	(3,013,865)	70,396	1,406,163
Changes in assumptions	-	(2,261,183)	-	8,362,562	(1,198,922)
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(4,447,727)	(4,804,924)	(4,956,786)	(5,445,878)	(6,628,099)
<b>Net change in total pension liability</b>	<u>7,332,910</u>	<u>1,265,058</u>	<u>4,279,709</u>	<u>16,401,681</u>	<u>7,686,572</u>
<b>Total pension liability - beginning</b>	<u>117,525,924</u>	<u>124,858,834</u>	<u>126,123,892</u>	<u>130,403,601</u>	<u>146,805,282</u>
<b>Total pension liability - ending (a)</b>	<u>\$124,858,834</u>	<u>\$126,123,892</u>	<u>\$130,403,601</u>	<u>\$146,805,282</u>	<u>\$154,491,854</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$2,699,952	\$2,793,345	\$3,466,879	\$3,873,007	\$4,065,966
Contributions - employee	1,374,066	1,346,337	1,461,861	1,552,617	1,720,800
Net investment income (1)	14,281,310	2,132,844	487,393	10,997,746	9,323,836
Benefit payments, including refunds of employee contributions	(4,447,727)	(4,804,924)	(4,956,786)	(5,445,878)	(6,628,099)
Net Plan to Plan Resource Movement	-	8,501	-	-	31,823
Other Miscellaneous Income/ (Expense)	-	-	-	-	(321,657)
Administrative Expense	-	(109,805)	(59,400)	(144,490)	(169,381)
<b>Net change in plan fiduciary net position</b>	<u>13,907,601</u>	<u>1,366,298</u>	<u>399,947</u>	<u>10,833,002</u>	<u>8,023,288</u>
<b>Plan fiduciary net position - beginning</b>	<u>82,190,743</u>	<u>96,098,344</u>	<u>97,464,642</u>	<u>97,864,589</u>	<u>108,697,591</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$96,098,344</u>	<u>\$97,464,642</u>	<u>\$97,864,589</u>	<u>\$108,697,591</u>	<u>\$116,720,879</u>
 Net pension liability - ending (a)-(b)	 <u>\$28,760,490</u>	 <u>\$28,659,250</u>	 <u>\$32,539,012</u>	 <u>\$38,107,691</u>	 <u>\$37,770,975</u>
 Plan fiduciary net position as a percentage of the total pension liability	 76.97%	 77.28%	 75.05%	 74.04%	 75.55%
 Covered payroll	 <u>\$19,129,759</u>	 <u>\$19,031,601</u>	 <u>\$19,352,925</u>	 <u>\$20,465,522</u>	 <u>\$23,989,506</u>
 Net pension liability as percentage of covered payroll	 150.34%	 150.59%	 168.13%	 186.20%	 157.45%

**Notes to Schedule:**

(1) Net of administrative expenses in 2014.

**Changes in assumptions:** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

\*Fiscal year 2015 was the first year of implementation.

**Source:** CalPERS Accounting Valuation





# REQUIRED SUPPLEMENTARY INFORMATION

## *Pensions (Continued)*

### SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS Safety Plan - Agent Multiple-Employer Defined Pension Plan Last 10 Years\*

Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
<b>Total Pension Liability</b>					
Service Cost	\$4,767,092	\$4,491,843	\$4,239,783	\$4,863,739	\$5,100,415
Interest	9,861,726	10,281,540	10,762,768	11,508,306	12,156,431
Differences between expected and actual experience	-	(3,530,865)	(2,662,887)	433,771	(9,610)
Changes in assumptions	-	(2,807,525)	-	10,655,271	(761,909)
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(5,016,343)	(5,470,177)	(5,917,646)	(6,358,409)	(6,949,949)
<b>Net change in total pension liability</b>	9,612,475	2,964,816	6,422,018	21,102,678	9,535,378
<b>Total pension liability - beginning</b>	131,614,301	141,226,776	144,191,592	150,613,610	171,716,288
<b>Total pension liability - ending (a)</b>	\$141,226,776	\$144,191,592	\$150,613,610	\$171,716,288	\$181,251,666
<b>Plan fiduciary net position</b>					
Contributions - employer	\$4,341,816	\$4,171,390	\$4,433,276	\$4,604,350	\$5,132,782
Contributions - employee	1,458,951	1,380,651	1,421,949	1,590,493	1,985,924
Net investment income (1)	16,826,945	2,531,449	584,528	12,957,627	10,913,236
Benefit payments, including refunds of employee contributions	(5,016,343)	(5,470,177)	(5,917,646)	(6,358,409)	(6,949,949)
Plan to Plan resource movement	-	-	-	-	(32,418)
Other Miscellaneous Income/ (Expense)	-	-	-	-	(381,868)
Administrative Expenses	-	(130,531)	(70,678)	(171,890)	(201,087)
<b>Net change in plan fiduciary net position</b>	17,611,369	2,482,782	451,429	12,622,171	10,466,620
<b>Plan fiduciary net position - beginning</b>	95,877,087	113,488,456	115,971,238	116,422,667	129,044,838
<b>Plan fiduciary net position - ending (b)</b>	\$113,488,456	\$115,971,238	\$116,422,667	\$129,044,838	\$139,511,458
Net pension liability - ending (a)-(b)	\$27,738,320	\$28,220,354	\$34,190,943	\$42,671,450	\$41,740,208
Plan fiduciary net position as a percentage of the total pension liability	80.36%	80.43%	77.30%	75.15%	76.97%
Covered payroll	\$15,506,642	\$15,225,341	\$15,414,995	\$15,512,824	\$16,743,454
Net pension liability as percentage of covered payroll	178.88%	185.35%	221.80%	275.07%	249.29%

**Notes to Schedule:**

(1) Net of administrative expenses in 2014.

**Changes in assumptions:** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

\*Fiscal year 2015 was the first year of implementation.

**Source:** CalPERS Accounting Valuation

**REQUIRED SUPPLEMENTARY INFORMATION**

***Pensions (Continued)***

**SCHEDULE OF CONTRIBUTIONS**  
 Safety Plan - Agent Multiple-Employer Defined Pension Plan  
 Last 10 Years\*

Fiscal Year Ended June 30	2015	2016	2017	2018	2019
Actuarially determined contribution	\$3,522,006	\$4,477,450	\$4,604,350	\$5,148,037	\$5,643,974
Contributions in relation to the actuarially determined contributions	<u>(3,522,006)</u>	<u>(4,477,450)</u>	<u>(4,604,350)</u>	<u>(5,148,037)</u>	<u>(5,643,974)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	<u>\$15,225,341</u>	<u>\$15,414,995</u>	<u>\$15,512,824</u>	<u>\$16,743,454</u>	<u>\$18,413,297</u>
Contributions as a percentage of covered payroll	23.13%	29.05%	29.68%	30.75%	30.65%
<b>Notes to Schedule</b>					
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	27 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50% for 2015 to 2018 and 7.375% for 2019, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

Mortality

The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007 for fiscal years 2015 and 2016, and based on the 2014 CalPERS Experience Study for the period from 1997 to 2011 for fiscal year 2017 and 2018. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

\* Fiscal year 2015 was the 1st year of implementation.

Source: City of Tracy's general ledger and CalPERS Actuarial Valuation

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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*Postemployment Benefit Plan Other Than Pensions (OPEB)*

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

Single Employer Defined Benefit Plan

**Last Ten Fiscal Years**

**Other Post-Employment Benefits (OPEB)**

Measurement period	2016-17	2017-18
<b>Total OPEB liability</b>		
Service cost	\$ 343,641	\$ 318,114
Interest	153,933	192,889
Differences between expected and actual experience	-	273,705
Assumption changes	(334,977)	(391,232)
Benefit payments, including refunds of employee contributions	(138,947)	(174,114)
<b>Net change in total OPEB liability</b>	23,650	219,362
<b>Total OPEB liability - beginning</b>	5,907,872	5,931,522
<b>Total OPEB liability - ending</b>	\$ 5,931,522	\$ 6,150,884
 <b>Covered-employee payroll</b>	 \$ 23,997,600	 \$ 34,519,846
<b>Plan total OPEB liability as a percentage of covered-employee payroll</b>	24.72%	17.82%

\* Fiscal year 2018 was the first year of implementation

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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***Postemployment Benefit Plan Other Than Pensions (OPEB)***

**SCHEDULE OF CONTRIBUTIONS**  
Single Employer Defined Benefit Plan  
**Last Ten Fiscal Years**  
**Other Post-Employment Benefits (OPEB)**

	2018	2019
Actuarially determined contribution	\$ 764,705	\$ - (1)
Contractually Required Contributions		195,363 (1)
Contributions in relation to the actuarially determined or contractually required contribution	174,114	195,363
Contribution deficiency (excess)	\$ 590,591	\$ -
Covered-employee payroll	\$ 34,519,846	\$ 36,634,298
Contributions as a percentage of covered-employee payroll	0.50%	0.53%

**Notes to Schedule:**

(1) The City did not obtain an actuarially determined contribution in fiscal year 2019, therefore contractually required contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level Percentage of Projected Payroll on an Open Basis
Remaining Amortization	27 years remaining as of June 30, 2019
Asset Valuation Method	Market value of assets (\$0, no OPEB Trust has been established)
Discount Rate	2.98%
General Inflation	2.75% per year
Mortality, Retirement, Disability, Termination	Same as June 30, 2017 actuarial valuation
Mortality Improvement	Macleod Watts Scale 2018 applied generationally from 2015
Salary Increases	3.25% per year, used only to allocate the cost of benefits between service years

\*Fiscal year 2018 was the first year of implementation.

CITY OF TRACY  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$55,914,407	\$55,914,407	\$62,924,050	\$7,009,643
Licenses, permits and fees	2,968,300	2,968,300	3,588,115	619,815
Fines and forfeitures	204,869	204,869	209,256	4,387
Use of money and property	352,305	352,305	1,299,415	947,110
Intergovernmental	1,250,370	1,250,370	1,475,809	225,439
Charges for current services	11,297,791	11,297,791	9,824,853	(1,472,938)
Special assessments	400,000	400,000	463,527	63,527
Contributions	143,350	143,350	147,221	3,871
Other revenue			125,463	125,463
Total Revenues	<u>72,531,392</u>	<u>72,531,392</u>	<u>80,057,709</u>	<u>7,526,317</u>
EXPENDITURES:				
Current:				
General government				
Economic development	821,383	842,071	618,371	223,700
General government	7,656,437	8,083,917	7,171,344	912,573
Finance	4,537,614	4,951,773	5,052,345	(100,572)
Non-departmental	463,095	519,753	433,091	86,662
Public safety				
Police	27,053,062	28,950,170	29,868,676	(918,506)
Fire	14,231,502	14,231,502	14,978,488	(746,986)
Public works				
Development and engineering	1,080,680	1,145,473	1,217,572	(72,099)
Public works	6,215,017	6,481,241	6,886,803	(405,562)
Culture and leisure				
Parks and community services	2,904,571	3,188,476	3,245,383	(56,907)
Capital outlay		87,170	2,018,668	(1,931,498)
Debt service:				
Principal	68,552	68,552		68,552
Total Expenditures	<u>65,031,913</u>	<u>68,550,098</u>	<u>71,490,741</u>	<u>(2,940,643)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,499,479</u>	<u>3,981,294</u>	<u>8,566,968</u>	<u>4,585,674</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	500	500	2,034	1,534
Transfers in	1,250,000	1,250,000	1,250,000	
Transfers (out)	(3,259,400)	(3,259,400)	(17,578,348)	(14,318,948)
Total Other Financing Sources (Uses)	<u>(2,008,900)</u>	<u>(2,008,900)</u>	<u>(16,326,314)</u>	<u>(14,317,414)</u>
NET CHANGE IN FUND BALANCE	<u>\$5,490,579</u>	<u>\$1,972,394</u>	(7,759,346)	<u>(\$9,731,740)</u>
BEGINNING FUND BALANCE			<u>38,324,889</u>	
ENDING FUND BALANCE			<u>\$30,565,543</u>	

CITY OF TRACY  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 HOUSING SUCCESSOR  
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of Money and Property	<u>\$60,607</u>	<u>\$60,607</u>	<u>\$351,703</u>	<u>\$291,096</u>
Total Revenues	<u>60,607</u>	<u>60,607</u>	<u>351,703</u>	<u>291,096</u>
NET CHANGE IN FUND BALANCE	<u>\$60,607</u>	<u>\$60,607</u>	351,703	<u>\$291,096</u>
BEGINNING FUND BALANCE			<u>4,201,643</u>	
ENDING FUND BALANCE			<u>\$4,553,346</u>	

CITY OF TRACY  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
TEA GRANT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property			\$3,330	\$3,330
Intergovernmental			9,132,935	9,132,935
Total Revenues			<u>9,136,265</u>	<u>9,136,265</u>
EXPENDITURES:				
Capital outlay		\$2,088,169	1,649,329	438,840
Total Expenditures		<u>2,088,169</u>	<u>1,649,329</u>	<u>438,840</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		<u>(2,088,169)</u>	<u>7,486,936</u>	<u>9,575,105</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			162,395	162,395
Transfers out			(1,196,931)	(1,196,931)
Total Other Financing Sources (Uses)			<u>(1,034,536)</u>	<u>(1,034,536)</u>
NET CHANGE IN FUND BALANCE		<u><u>(\$2,088,169)</u></u>	<u>6,452,400</u>	<u><u>\$8,540,569</u></u>
BEGINNING FUND BALANCE (DEFICIT)			<u>(6,561,680)</u>	
ENDING FUND BALANCE (DEFICIT)			<u><u>(\$109,280)</u></u>	

CITY OF TRACY  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property				
Intergovernmental	\$6,300,000	\$6,300,000		(\$6,300,000)
Charges for current services	260,000	660,000	\$937,999	277,999
	<u>6,560,000</u>	<u>6,960,000</u>	<u>937,999</u>	<u>(6,022,001)</u>
EXPENDITURES:				
Current:				
General government	273,484	273,484		273,484
Public safety				
Fire	7,294,118	8,737,260	6,425,522	2,311,738
Capital outlay	19,460	19,460		19,460
	<u>7,587,062</u>	<u>9,030,204</u>	<u>6,425,522</u>	<u>2,604,682</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,027,062)</u>	<u>(2,070,204)</u>	<u>(5,487,523)</u>	<u>(3,417,319)</u>
NET CHANGE IN FUND BALANCE	<u>(\$1,027,062)</u>	<u>(\$2,070,204)</u>	<u>(5,487,523)</u>	<u>(\$3,417,319)</u>
BEGINNING FUND BALANCE			<u>62,972</u>	
ENDING FUND BALANCE (DEFICIT)			<u>(\$5,424,551)</u>	



CITY OF TRACY  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
COMMUNITY DEVELOPMENT FEES FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$2,965,000	\$2,965,000	\$4,408,884	\$1,443,884
Use of money and property	12,855	12,855	139,783	126,928
Charges for current services	5,612,000	5,612,000	5,517,199	(94,801)
Other revenue	8,505	8,505	7,508	(997)
	8,598,360	8,598,360	10,073,374	1,475,014
EXPENDITURES:				
Current:				
General government				
Non-departmental	551,463	551,463	413,596	137,867
Public works				
Development and engineering	9,024,007	9,729,164	9,683,249	45,915
Capital outlay			38,931	(38,931)
	9,575,470	10,280,627	10,135,776	144,851
NET CHANGE IN FUND BALANCE	(\$977,110)	(\$1,682,267)	(62,402)	\$1,330,163
BEGINNING FUND BALANCE (DEFICIT) (AS RESTATED)			(997,308)	
ENDING FUND BALANCE (DEFICIT)			(\$1,059,710)	

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**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.
5. Continuing Appropriations are re-budgeted by the City Council as part of the adoption of subsequent year's budgets.

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)**

6. Legally adopted budget appropriations are set for the General, Special Revenue, and Debt Service Funds.
  7. The legal level of budgetary control is at the department level. A Department Head may transfer appropriations within the department. Expenditures may exceed appropriations at this level to the extent that departmental owned revenues are sufficient to offset the excess. Expenditures in excess of departmental owned revenues must be approved by the City Council. The City Council, by the affirmative vote of three members, may amend the budget to add or delete appropriations, transfer between appropriations within a fund or change appropriation transfers between funds.
  8. Budgets for General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- 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 a restriction, commitment or assignment of fund balances, since the commitments will be honored through subsequent years' continuing appropriations. Encumbrances do not constitute expenditures or liabilities for US GAAP reporting purposes.

**SUPPLEMENTARY INFORMATION**

**MAJOR GOVERNMENTAL FUNDS, OTHER THAN  
THE GENERAL FUND AND SPECIAL REVENUE FUNDS**

CITY OF TRACY  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
2008 LEASE REVENUE BONDS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Use of money and property	(\$1,314)	\$9,861	\$11,175
Intergovernmental	400,000	400,000	
Total Revenues	398,686	409,861	11,175
EXPENDITURES:			
Debt service:			
Principal	250,000	285,000	(35,000)
Interest and fiscal charges	1,127,238	1,114,550	12,688
Total Expenditures	1,377,238	1,399,550	(22,312)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(978,552)	(989,689)	(11,137)
OTHER FINANCING SOURCES (USES)			
Transfers in	958,300	958,674	374
NET CHANGE IN FUND BALANCE	(\$20,252)	(31,015)	(\$11,137)
BEGINNING FUND BALANCE		651,884	
ENDING FUND BALANCE		\$620,869	

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<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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**SPECIAL REVENUE FUNDS:****BUSINESS IMPROVEMENT DISTRICT FUND**

Established to accumulate revenues from assessments against business properties to support the Downtown Tracy Business Improvement District.

**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.

**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.

**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.

**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.

**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.

**GROW TRACY FUND**

To establish a fund to assist local business owners through the issuance of small business loans.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
---

**COPS GRANT FUND**

Established to account for activities related to the State and federal grant revenues restricted for law enforcement activities. The activities related to these grants were previously reported in the General Fund.

**FEMA GRANT FUND**

The FEMA Grant Special Revenue Fund was established during the fiscal year to account for activities relate to the federal grant revenues restricted for FEMA emergency disaster activities.

**CFD SERVICES 2016-1 FUND**

Established to account for transactions related to maintenance responsibility of the City for the Community Facilities Services District No. 2016-2 (Ellis).

**CFD SERVICES 2018-2 FUND**

Established to account for transactions related to the City-wide maintenance responsibility of the City for the Community Facilities Services District No. 2018-1.

**NORTH EAST INDUSTRIAL PLAN AREA STORM DRAIN FUND**

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

**DEBT SERVICE FUND:****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.

**CAPITAL PROJECTS FUNDS:****NORTH EAST INDUSTRIAL PLAN AREA # 1 FUND**

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

**NORTH EAST INDUSTRIAL PLAN AREA # 2 FUND**

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.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**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.

**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.

**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.

**REDEVELOPMENT OBLIGATIONS FUND**

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

**TRACY GATEWAY AREA FUND**

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.

**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.

**ELLIS AREA FUND**

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

CITY OF TRACY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019

SPECIAL REVENUE FUNDS

	<u>Business Improvement District</u>	<u>Asset Forfeiture</u>	<u>Transportation Development</u>	<u>Proposition K Transportation Tax</u>
<b>ASSETS</b>				
Cash and investments	\$1,264	\$1,167,968	\$2,763,261	\$878,477
Cash and investments with fiscal agents				
Accounts receivables			758,209	663,127
Interest receivable		6,952	16,304	4,907
Due from other funds				
Deposits				
Loans receivable				
Total Assets	<u>\$1,264</u>	<u>\$1,174,920</u>	<u>\$3,537,774</u>	<u>\$1,546,511</u>
<b>LIABILITIES</b>				
Accounts payable		\$57,357	\$558,944	\$70,487
Salaries and benefits payable			2,918	2,847
Due to other funds				
Deposits payable				
Unearned revenue			152,459	
Total Liabilities		<u>57,357</u>	<u>714,321</u>	<u>73,334</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- loans				
Total Deferred Inflows of Resources				
<b>FUND BALANCE</b>				
Fund balance:				
Restricted	\$1,264	1,117,563	2,823,453	1,473,177
Unassigned				
Total Fund Balances (Deficit)	<u>1,264</u>	<u>1,117,563</u>	<u>2,823,453</u>	<u>1,473,177</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$1,264</u>	<u>\$1,174,920</u>	<u>\$3,537,774</u>	<u>\$1,546,511</u>

SPECIAL REVENUE FUNDS

State Gas Tax Street	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy
\$3,974,162		\$6,027,664	\$205,683	\$591,695	
302,910 21,596	\$11,278	35,767	1,224	40,564 3,411	
					\$1,000,000
<u>\$4,298,668</u>	<u>\$11,278</u>	<u>\$6,063,431</u>	<u>\$206,907</u>	<u>\$635,670</u>	<u>\$1,000,000</u>
\$87,608 14,575 28,521	\$11,324 15,553	\$97,375 25,465		\$2,887	
<u>130,704</u>	<u>26,877</u>	<u>122,840</u>		<u>2,887</u>	
4,167,964	(15,599)	5,940,591	\$206,907	632,783	\$1,000,000
<u>4,167,964</u>	<u>(15,599)</u>	<u>5,940,591</u>	<u>206,907</u>	<u>632,783</u>	<u>1,000,000</u>
<u>\$4,298,668</u>	<u>\$11,278</u>	<u>\$6,063,431</u>	<u>\$206,907</u>	<u>\$635,670</u>	<u>\$1,000,000</u>

(Continued)

CITY OF TRACY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019

	SPECIAL REVENUE FUNDS			
	COPS Grant	FEMA Grant	CFD Services 2016-2	CFD Services 2018-1
<b>ASSETS</b>				
Cash and investments	\$581,010	\$2,857	\$534,504	\$545,598
Cash and investments with fiscal agents				
Accounts receivables	52,274			
Interest receivable	3,442		3,221	3,249
Due from other funds				
Deposits				
Loans receivable				
Total Assets	\$636,726	\$2,857	\$537,725	\$548,847
<b>LIABILITIES</b>				
Accounts payable			\$92,232	
Salaries and benefits payable				
Due to other funds				
Deposits payable			198,871	\$100,000
Unearned revenue				
Total Liabilities			291,103	100,000
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- loans				
Total Deferred Inflows of Resources				
<b>FUND BALANCE</b>				
Fund balance:				
Restricted	\$636,726	\$2,857	246,622	448,847
Unassigned				
Total Fund Balances (Deficit)	636,726	2,857	246,622	448,847
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$636,726	\$2,857	\$537,725	\$548,847

SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			
		North East Industrial Plan Area # 1	North East Industrial Plan Area # 2	Infill Projects	I-205 Area Improvements
\$7,155,077	\$353,286 203	\$8,924,335	\$2,413	\$4,238,687	\$11,982,877
42,606	2,103	53,122 2,347,667		25,126	71,327
<u>\$7,197,683</u>	<u>\$355,592</u>	<u>\$11,325,124</u>	<u>\$2,413</u>	<u>\$4,263,813</u>	<u>\$12,054,204</u>
		\$40	\$503	\$1,324	\$911
			2,347,667 35,844		905,072
		40	2,384,014	1,324	905,983
\$7,197,683	\$355,592	11,325,084	(2,381,601)	4,262,489	11,148,221
<u>7,197,683</u>	<u>355,592</u>	<u>11,325,084</u>	<u>(2,381,601)</u>	<u>4,262,489</u>	<u>11,148,221</u>
<u>\$7,197,683</u>	<u>\$355,592</u>	<u>\$11,325,124</u>	<u>\$2,413</u>	<u>\$4,263,813</u>	<u>\$12,054,204</u>

(Continued)

CITY OF TRACY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019

	<u>CAPITAL PROJECTS FUNDS</u>			
	<u>Urban Management Plan Facilities</u>	<u>Capital Projects Deposit</u>	<u>South MacArthur Plan Area</u>	<u>Industrial Specific Plan South</u>
<b>ASSETS</b>				
Cash and investments	\$6,757,409	\$3,814,937	\$10,957,087	\$2,882,868
Cash and investments with fiscal agents				
Accounts receivables				
Interest receivable	40,205	22,698	65,222	17,161
Due from other funds				
Deposits				
Loans receivable				
	<u>\$6,797,614</u>	<u>\$3,837,635</u>	<u>\$11,022,309</u>	<u>\$2,900,029</u>
<b>LIABILITIES</b>				
Accounts payable	\$457,094		\$911	\$297,452
Salaries and benefits payable	285			
Due to other funds				
Deposits payable	1,730,745	\$3,834,161		
Unearned revenue				
	<u>2,188,124</u>	<u>3,834,161</u>	<u>911</u>	<u>297,452</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- loans				
	<u></u>	<u></u>	<u></u>	<u></u>
<b>FUND BALANCE</b>				
Fund balance:				
Restricted	4,609,490	3,474	11,021,398	2,602,577
Unassigned				
	<u>4,609,490</u>	<u>3,474</u>	<u>11,021,398</u>	<u>2,602,577</u>
Total Fund Balances (Deficit)	<u>4,609,490</u>	<u>3,474</u>	<u>11,021,398</u>	<u>2,602,577</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$6,797,614</u>	<u>\$3,837,635</u>	<u>\$11,022,309</u>	<u>\$2,900,029</u>



CAPITAL PROJECTS FUNDS

Presidio Plan Area	Redevelopment Obligations	Tracy Gateway Area	Plan "C"	Residential Specific Plan Project	Ellis Area	Total Nonmajor Governmental Funds
\$6,241,082	\$2,191,568	\$2,100,011	\$25,266,160	\$2,981,923	\$6,495,672	\$119,619,535
37,150	13,045	12,501	150,397	17,750	38,633	203
						1,828,362
						709,119
						2,347,667
						1,000,000
				1,921,158		1,921,158
<u>\$6,278,232</u>	<u>\$2,204,613</u>	<u>\$2,112,512</u>	<u>\$25,416,557</u>	<u>\$4,920,831</u>	<u>\$6,534,305</u>	<u>\$127,426,044</u>
\$979	\$190	\$6,749	\$202		\$38	\$1,744,215
		202			202	46,886
825,000	3,000				840,744	2,391,741
						8,473,437
						152,459
<u>825,979</u>	<u>3,190</u>	<u>6,951</u>	<u>202</u>		<u>840,984</u>	<u>12,808,738</u>
				\$1,921,158		1,921,158
				1,921,158		1,921,158
5,452,253	2,201,423	2,105,561	25,416,355	2,999,673	5,693,321	115,093,348
						(2,397,200)
<u>5,452,253</u>	<u>2,201,423</u>	<u>2,105,561</u>	<u>25,416,355</u>	<u>2,999,673</u>	<u>5,693,321</u>	<u>112,696,148</u>
<u>\$6,278,232</u>	<u>\$2,204,613</u>	<u>\$2,112,512</u>	<u>\$25,416,557</u>	<u>\$4,920,831</u>	<u>\$6,534,305</u>	<u>\$127,426,044</u>

CITY OF TRACY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>SPECIAL REVENUE FUNDS</u>			
	<u>Business Improvement District</u>	<u>Asset Forfeiture</u>	<u>Transportation Development</u>	<u>Proposition K Transportation Tax</u>
REVENUES				
Taxes			\$1,370,240	\$1,637,211
Licenses, permits and fees				
Fines and penalties		\$670,519		
Use of money and property		28,583	57,176	14,272
Intergovernmental				674,249
Charges for current services	\$122,680			
Special assessments				
Contributions				
Other revenue				
Total Revenues	<u>122,680</u>	<u>699,102</u>	<u>1,427,416</u>	<u>2,325,732</u>
EXPENDITURES				
Current:				
General government				
Economic development	116,070			
Non-departmental			65,096	77,366
Public safety				
Police		705,824		
Public ways and facilities/transportation				
Development and engineering			6,595	
Public works				
Capital outlay			686,564	1,493,109
Debt service:				
Principal payments				
Interest and fiscal charges				
Total Expenditures	<u>116,070</u>	<u>705,824</u>	<u>758,255</u>	<u>1,570,475</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,610</u>	<u>(6,722)</u>	<u>669,161</u>	<u>755,257</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets				
Transfers in				
Transfers (out)				(133,707)
Total Other Financing Sources (Uses)				<u>(133,707)</u>
NET CHANGE IN FUND BALANCES	6,610	(6,722)	669,161	621,550
BEGINNING FUND BALANCES (DEFICITS) (AS RESTATED)	<u>(5,346)</u>	<u>1,124,285</u>	<u>2,154,292</u>	<u>851,627</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$1,264</u>	<u>\$1,117,563</u>	<u>\$2,823,453</u>	<u>\$1,473,177</u>

SPECIAL REVENUE FUNDS

State Gas Tax Street	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy
				\$163,806	
\$77,514 3,688,387	\$906,877	\$137,535	\$4,914	12,593	
		3,188,755		370	
<u>3,765,901</u>	<u>906,877</u>	<u>3,326,290</u>	<u>4,914</u>	<u>176,769</u>	
132,759	167,857	195,685			
1,173,560 1,496,118	741,233	2,727,212 124,915		43,495	
<u>2,802,437</u>	<u>909,090</u>	<u>3,047,812</u>		<u>43,495</u>	
963,464	(2,213)	278,478	4,914	133,274	
1,128,533 (24,829)					
<u>1,103,704</u>					
2,067,168	(2,213)	278,478	4,914	133,274	
2,100,796	(13,386)	5,662,113	201,993	499,509	\$1,000,000
<u>\$4,167,964</u>	<u>(\$15,599)</u>	<u>\$5,940,591</u>	<u>\$206,907</u>	<u>\$632,783</u>	<u>\$1,000,000</u>

(Continued)

CITY OF TRACY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS			
	COPS Grant	FEMA Grant	CFD Services 2016-2	CFD Services 2018-1
<b>REVENUES</b>				
Taxes				
Licenses, permits and fees				
Fines and penalties				
Use of money and property	\$13,803	\$7	\$9,209	\$5,959
Intergovernmental	214,708			
Charges for current services				
Special assessments			547,560	445,887
Contributions				
Other revenue				
Total Revenues	<u>228,511</u>	<u>7</u>	<u>556,769</u>	<u>451,846</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Economic development				
Non-departmental	8,512			
Public safety				
Police				
Public ways and facilities/transportation				
Development and engineering				
Public works			310,147	2,999
Capital outlay				
Debt service:				
Principal payments				
Interest and fiscal charges				
Total Expenditures	<u>8,512</u>	<u></u>	<u>310,147</u>	<u>2,999</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>219,999</u>	<u>7</u>	<u>246,622</u>	<u>448,847</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)	<u></u>	<u></u>	<u></u>	<u></u>
<b>NET CHANGE IN FUND BALANCES</b>	219,999	7	246,622	448,847
<b>BEGINNING FUND BALANCES (DEFICITS) (AS RESTATED)</b>	<u>416,727</u>	<u>2,850</u>	<u></u>	<u></u>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<u><u>\$636,726</u></u>	<u><u>\$2,857</u></u>	<u><u>\$246,622</u></u>	<u><u>\$448,847</u></u>

SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			
		North East Industrial Plan Area #1	North East Industrial Plan Area # 2	Infill Projects	I-205 Area Improvements
North East Industrial Plan Area Storm Drain	2007 Lease Revenue Bonds				
\$72,165	\$8,113	\$185,757	\$150,222	\$93,717	\$293,178
982,906		5,142,763		909,115	
<u>1,055,071</u>	<u>8,113</u>	<u>5,328,520</u>	<u>150,222</u>	<u>1,002,832</u>	<u>293,178</u>
		6,007	3,292,985	73,358	39,691
	120,000				
	<u>160,805</u>				
	280,805	6,007	3,292,985	73,358	39,691
<u>1,055,071</u>	<u>(272,692)</u>	<u>5,322,513</u>	<u>(3,142,763)</u>	<u>929,474</u>	<u>253,487</u>
6,142,612	280,100	2,748,714		62,777	
	<u>(374)</u>		<u>(8,891,326)</u>		
<u>6,142,612</u>	<u>279,726</u>	<u>2,748,714</u>	<u>(8,891,326)</u>	<u>62,777</u>	
7,197,683	7,034	8,071,227	(12,034,089)	992,251	253,487
	348,558	3,253,857	9,652,488	3,270,238	10,894,734
<u>\$7,197,683</u>	<u>\$355,592</u>	<u>\$11,325,084</u>	<u>(\$2,381,601)</u>	<u>\$4,262,489</u>	<u>\$11,148,221</u>

(Continued)

CITY OF TRACY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>CAPITAL PROJECTS FUNDS</u>			
	<u>Urban Management Plan Facilities</u>	<u>Capital Projects Deposits</u>	<u>South MacArthur Plan Area</u>	<u>Industrial Specific Plan South</u>
<b>REVENUES</b>				
Taxes				
Licenses, permits and fees				
Fines and penalties				
Use of money and property	\$131,263	\$3,474	\$263,254	\$67,257
Intergovernmental				
Charges for current services	840,884		\$234,924	238,833
Special assessments				
Contributions	65,208	1,242,400		
Other revenue				
Total Revenues	<u>1,037,355</u>	<u>1,245,874</u>	<u>498,178</u>	<u>306,090</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Economic development				
Non-departmental				
Public safety				
Police				
Public ways and facilities/transportation				
Development and engineering	419,869			
Public works				
Capital outlay		25,640	259,200	1,254,119
Debt service:				
Principal payments				
Interest and fiscal charges				
Total Expenditures	<u>419,869</u>	<u>25,640</u>	<u>259,200</u>	<u>1,254,119</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>617,486</u>	<u>1,220,234</u>	<u>238,978</u>	<u>(948,029)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets				
Transfers in	1,314,536			1,624,719
Transfers (out)	<u>(339,473)</u>	<u>(6,537,032)</u>		
Total Other Financing Sources (Uses)	<u>975,063</u>	<u>(6,537,032)</u>		<u>1,624,719</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,592,549	(5,316,798)	238,978	676,690
<b>BEGINNING FUND BALANCES (DEFICITS) (AS RESTATED)</b>	<u>3,016,941</u>	<u>5,320,272</u>	<u>10,782,420</u>	<u>1,925,887</u>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<u><u>\$4,609,490</u></u>	<u><u>\$3,474</u></u>	<u><u>\$11,021,398</u></u>	<u><u>\$2,602,577</u></u>

CAPITAL PROJECTS FUNDS

Presidio Plan Area	Redevelopment Obligations	Tracy Gateway Area	Plan "C"	Residential Specific Plan Project	Ellis Area	Total Nonmajor Governmental Funds
						\$3,007,451
						163,806
						670,519
\$149,223	\$54,864	\$42,733	\$594,127	\$163,395	\$183,274	2,817,581
			938,463			5,484,221
						9,410,938
						4,182,202
						1,307,608
88						88
<u>149,311</u>	<u>54,864</u>	<u>42,733</u>	<u>1,532,590</u>	<u>163,395</u>	<u>183,274</u>	<u>27,044,414</u>
				91,989		375,916
						479,418
						705,824
						426,464
9,743	264,709	115,297	229,803	19,037	2,290,335	6,504,253
					36,867	10,211,890
						120,000
						160,805
<u>9,743</u>	<u>264,709</u>	<u>115,297</u>	<u>229,803</u>	<u>111,026</u>	<u>2,327,202</u>	<u>18,984,570</u>
<u>139,568</u>	<u>(209,845)</u>	<u>(72,564)</u>	<u>1,302,787</u>	<u>52,369</u>	<u>(2,143,928)</u>	<u>8,059,844</u>
		1,712,087	392,800		339,473	15,746,351
					(700,000)	(16,626,741)
		<u>1,712,087</u>	<u>392,800</u>		<u>(360,527)</u>	<u>(880,390)</u>
139,568	(209,845)	1,639,523	1,695,587	52,369	(2,504,455)	7,179,454
<u>5,312,685</u>	<u>2,411,268</u>	<u>466,038</u>	<u>23,720,768</u>	<u>2,947,304</u>	<u>8,197,776</u>	<u>105,516,694</u>
<u>\$5,452,253</u>	<u>\$2,201,423</u>	<u>\$2,105,561</u>	<u>\$25,416,355</u>	<u>\$2,999,673</u>	<u>\$5,693,321</u>	<u>\$112,696,148</u>

CITY OF TRACY  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
BUDGETED NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	BUSINESS IMPROVEMENT DISTRICT			ASSET FORFEITURE		
	Budget	Actual	Variance	Budget	Actual	Variance
			Positive (Negative)			Positive (Negative)
<b>REVENUES</b>						
Taxes						
Licenses, permits and fees						
Fines and penalties				\$852,889	\$670,519	(\$182,370)
Use of money and property	(\$2)		(\$2)	(2,910)	28,583	31,493
Intergovernmental						
Charges for current services	123,700	\$122,680	1,020			
Special assessments						
Other revenue						
Total Revenues	<u>123,698</u>	<u>122,680</u>	<u>1,018</u>	<u>849,979</u>	<u>699,102</u>	<u>(150,877)</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Economic development	123,904	116,070	7,834			
General government	4,629		4,629	26,495		26,495
Non-departmental						
Public safety						
Police				687,315	705,824	(18,509)
Public works						
Development and engineering						
Public works						
Capital outlay						
Debt service:						
Principal payments						
Interest and fiscal charges						
Total Expenditures	<u>128,533</u>	<u>116,070</u>	<u>12,463</u>	<u>713,810</u>	<u>705,824</u>	<u>7,986</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(4,835)</u>	<u>6,610</u>	<u>11,445</u>	<u>136,169</u>	<u>(6,722)</u>	<u>(142,891)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
<b>NET CHANGE IN FUND BALANCES</b>	<u>(\$4,835)</u>	<u>6,610</u>	<u>\$11,445</u>	<u>\$136,169</u>	<u>(6,722)</u>	<u>(\$142,891)</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>(5,346)</u>			<u>1,124,285</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u>\$1,264</u>			<u>\$1,117,563</u>	



TRANSPORTATION DEVELOPMENT			PROPOSITION K TRANSPORTATION TAX			STATE GAS TAX STREET		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,525,000	\$1,370,240	(\$154,760)	\$1,300,000	\$1,637,211	\$337,211			
(14,487)	57,176	71,663	2,205	14,272	12,067	(\$4,671)	\$77,514	\$82,185
				674,249	674,249	3,787,935	3,688,387	(99,548)
<u>1,510,513</u>	<u>1,427,416</u>	<u>(83,097)</u>	<u>1,302,205</u>	<u>2,325,732</u>	<u>1,023,527</u>	<u>3,783,264</u>	<u>3,765,901</u>	<u>(17,363)</u>
86,795	65,096	21,699	103,155	77,366	25,789	177,011	132,759	44,252
4,575	6,595	(2,020)						
127,399	686,564	(559,165)	592,970	1,493,109	(900,139)	1,089,755	1,173,560	(83,805)
						453,509	1,496,118	(1,042,609)
<u>218,769</u>	<u>758,255</u>	<u>(539,486)</u>	<u>696,125</u>	<u>1,570,475</u>	<u>(874,350)</u>	<u>1,720,275</u>	<u>2,802,437</u>	<u>(1,082,162)</u>
<u>1,291,744</u>	<u>669,161</u>	<u>(622,583)</u>	<u>606,080</u>	<u>755,257</u>	<u>149,177</u>	<u>2,062,989</u>	<u>963,464</u>	<u>(1,099,525)</u>
				(133,707)	(133,707)		1,128,533	1,128,533
							(24,829)	(24,829)
				(133,707)	(133,707)		1,103,704	1,103,704
<u>\$1,291,744</u>	<u>669,161</u>	<u>(\$622,583)</u>	<u>\$606,080</u>	<u>621,550</u>	<u>\$15,470</u>	<u>\$2,062,989</u>	<u>2,067,168</u>	<u>\$4,179</u>
	<u>2,154,292</u>			<u>851,627</u>			<u>2,100,796</u>	
	<u>\$2,823,453</u>			<u>\$1,473,177</u>			<u>\$4,167,964</u>	

(Continued)

CITY OF TRACY  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
BUDGETED NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	COMMUNITY DEVELOPMENT BLOCK GRANT			LANDSCAPING DISTRICT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes						
Licenses, permits and fees						
Fines and penalties						
Use of money and property				(\$3,330)	\$137,535	\$140,865
Intergovernmental	\$368,600	\$906,877	\$538,277			
Charges for current services						
Special assessments				2,701,000	3,188,755	487,755
Other revenue						
Total Revenues	<u>368,600</u>	<u>906,877</u>	<u>538,277</u>	<u>2,697,670</u>	<u>3,326,290</u>	<u>628,620</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Economic development	132,844	167,857	(35,013)			
General government						
Non-departmental				260,914	195,685	65,229
Public safety						
Police						
Public works						
Development and engineering						
Public works				2,092,656	2,727,212	(634,556)
Capital outlay	106,749	741,233	(634,484)	4,815	124,915	(120,100)
Debt service:						
Principal payments						
Interest and fiscal charges						
Total Expenditures	<u>239,593</u>	<u>909,090</u>	<u>(669,497)</u>	<u>2,358,385</u>	<u>3,047,812</u>	<u>(689,427)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>129,007</u>	<u>(2,213)</u>	<u>(131,220)</u>	<u>339,285</u>	<u>278,478</u>	<u>(60,807)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$129,007</u>	<u>(2,213)</u>	<u>(\$131,220)</u>	<u>\$339,285</u>	<u>278,478</u>	<u>(\$60,807)</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>(13,386)</u>			<u>5,662,113</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u>(\$15,599)</u>			<u>\$5,940,591</u>	

COMMUNITY ACCESS CTV			COPS GRANT			FEMA GRANT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$215,000	\$163,806	(\$51,194)						
(355)	12,593	12,948	\$1,070	\$13,803	\$12,733		\$7	\$7
	370	370	140,000	214,708	74,708			
<u>214,645</u>	<u>176,769</u>	<u>(37,876)</u>	<u>141,070</u>	<u>228,511</u>	<u>87,441</u>		<u>7</u>	<u>7</u>
30,020		30,020	11,349	8,512	2,837	\$101,953		101,953
			120,570		120,570			
	43,495	(43,495)						
<u>30,020</u>	<u>43,495</u>	<u>(13,475)</u>	<u>131,919</u>	<u>8,512</u>	<u>123,407</u>	<u>101,953</u>		<u>101,953</u>
<u>184,625</u>	<u>133,274</u>	<u>(51,351)</u>	<u>9,151</u>	<u>219,999</u>	<u>210,848</u>	<u>(101,953)</u>	<u>7</u>	<u>101,960</u>
<u>\$184,625</u>	<u>133,274</u>	<u>(\$51,351)</u>	<u>\$9,151</u>	<u>219,999</u>	<u>\$210,848</u>	<u>(\$101,953)</u>	<u>7</u>	<u>\$101,960</u>
	<u>499,509</u>			<u>416,727</u>			<u>2,850</u>	
	<u>\$632,783</u>			<u>\$636,726</u>			<u>\$2,857</u>	

(Continued)

CITY OF TRACY  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
BUDGETED NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	2007 LEASE REVENUE BONDS		
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes			
Licenses, permits and fees			
Fines and penalties			
Use of money and property	\$174	\$8,113	\$7,939
Intergovernmental			
Charges for current services			
Special assessments			
Other revenue			
Total Revenues	174	8,113	7,939
<b>EXPENDITURES</b>			
Current:			
General government			
Economic development			
General government			
Non-departmental			
Public safety			
Police			
Public works			
Development and engineering			
Public works			
Capital outlay			
Debt service:			
Principal payments	115,000	120,000	(5,000)
Interest and fiscal charges	164,780	160,805	3,975
Total Expenditures	279,780	280,805	(1,025)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(279,606)	(272,692)	6,914
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	280,100	280,100	
Transfers out		(374)	(374)
Total Other Financing Sources (Uses)	280,100	279,726	(374)
<b>NET CHANGE IN FUND BALANCES</b>	\$494	7,034	\$6,540
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		348,558	
<b>ENDING FUND BALANCES (DEFICITS)</b>		\$355,592	

## **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.

For the Statement of Activities, the net revenues or expenses of each internal service fund are 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 Position.

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 POSITION  
JUNE 30, 2019

	Central Garage	Central Services	Equipment Acquisition	Building Maintenance	Insurance	Total
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and investments	\$550,281	\$1,045,213	\$10,042,496	\$2,360,850	\$2,232,301	\$16,231,141
Accounts receivable				27,026		27,026
Interest receivable	3,113	6,043	58,982	13,901	12,858	94,897
Total Current Assets	<u>553,394</u>	<u>1,051,256</u>	<u>10,101,478</u>	<u>2,401,777</u>	<u>2,245,159</u>	<u>16,353,064</u>
<b>Depreciables:</b>						
Capital assets (net of accumulated depreciation)	8,359		10,863,053	4,114		10,875,526
Total capital assets	<u>8,359</u>		<u>10,863,053</u>	<u>4,114</u>		<u>10,875,526</u>
Total Assets	<u>561,753</u>	<u>1,051,256</u>	<u>20,964,531</u>	<u>2,405,891</u>	<u>2,245,159</u>	<u>27,228,590</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to pensions	123,486	291,913		150,016	88,538	653,953
Related to OPEB	2,878	6,061		3,474	1,833	14,246
Total Deferred Outflows of Resources	<u>126,364</u>	<u>297,974</u>		<u>153,490</u>	<u>90,371</u>	<u>668,199</u>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts payable	44,017	20,375	213,161	23,687	14,594	315,834
Salaries and benefits payable	16,717	25,830	36	17,587	13,758	73,928
Deposits payable				6,758		6,758
Compensated absences	17,483	28,324		14,474	6,918	67,199
Total Current Liabilities	<u>78,217</u>	<u>74,529</u>	<u>213,197</u>	<u>62,506</u>	<u>35,270</u>	<u>463,719</u>
<b>Long-term Liabilities:</b>						
Compensated absences	55,363	93,091		36,156	29,426	214,036
Net pension liabilities	422,843	1,032,516		535,442	378,241	2,369,042
Net OPEB liability	45,187	83,674		50,306	27,547	206,714
Total Long-Term Liabilities	<u>523,393</u>	<u>1,209,281</u>		<u>621,904</u>	<u>435,214</u>	<u>2,789,792</u>
Total Liabilities	<u>601,610</u>	<u>1,283,810</u>	<u>213,197</u>	<u>684,410</u>	<u>470,484</u>	<u>3,253,511</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to pensions		20,997		2,243	16,478	39,718
Related to OPEB	4,133	8,516		4,922	2,614	20,185
Total Deferred Inflows of Resources	<u>4,133</u>	<u>29,513</u>		<u>7,165</u>	<u>19,092</u>	<u>59,903</u>
<b>NET POSITION</b>						
Net investment in capital assets	8,359		10,863,053	4,114		10,875,526
Unrestricted	74,015	35,907	9,888,281	1,863,692	1,845,954	13,707,849
Total Net Position	<u>\$82,374</u>	<u>\$35,907</u>	<u>\$20,751,334</u>	<u>\$1,867,806</u>	<u>\$1,845,954</u>	<u>\$24,583,375</u>

CITY OF TRACY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019

	Central Garage	Central Services	Equipment Acquisition	Building Maintenance	Insurance	Total
<b>REVENUES</b>						
Charges for services	\$1,840,095	\$2,003,777	\$2,200,319	\$2,041,488	\$4,300,613	\$12,386,292
Other revenues	1,287			72,595	328,670	402,552
<b>Total Operating Revenues</b>	<b>1,841,382</b>	<b>2,003,777</b>	<b>2,200,319</b>	<b>2,114,083</b>	<b>4,629,283</b>	<b>12,788,844</b>
<b>EXPENSES</b>						
Maintenance and operation	2,013,033	1,990,647	349,042	1,116,043	1,098,086	6,566,851
Administration	77,439	90,547	104,678	51,215	162,795	486,674
Insurance costs and claims					4,302,351	4,302,351
Depreciation	499		1,510,148	261		1,510,908
<b>Total Expenses</b>	<b>2,090,971</b>	<b>2,081,194</b>	<b>1,963,868</b>	<b>1,167,519</b>	<b>5,563,232</b>	<b>12,866,784</b>
<b>Operating Income (Loss)</b>	<b>(249,589)</b>	<b>(77,417)</b>	<b>236,451</b>	<b>946,564</b>	<b>(933,949)</b>	<b>(77,940)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest income	11,043	19,941	202,336	40,525	43,126	316,971
Gain/loss on disposal			134,393			134,393
<b>Total Nonoperating Revenues (Expenses)</b>	<b>11,043</b>	<b>19,941</b>	<b>336,729</b>	<b>40,525</b>	<b>43,126</b>	<b>451,364</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>(238,546)</b>	<b>(57,476)</b>	<b>573,180</b>	<b>987,089</b>	<b>(890,823)</b>	<b>373,424</b>
<b>Capital Contributions</b>			<b>699,591</b>			<b>699,591</b>
<b>Change in Net Position</b>	<b>(238,546)</b>	<b>(57,476)</b>	<b>1,272,771</b>	<b>987,089</b>	<b>(890,823)</b>	<b>1,073,015</b>
<b>BEGINNING NET POSITION</b>	<b>320,920</b>	<b>93,383</b>	<b>19,478,563</b>	<b>880,717</b>	<b>2,736,777</b>	<b>23,510,360</b>
<b>ENDING NET POSITION</b>	<b>\$82,374</b>	<b>\$35,907</b>	<b>\$20,751,334</b>	<b>\$1,867,806</b>	<b>\$1,845,954</b>	<b>\$24,583,375</b>

CITY OF TRACY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019

	Central Garage	Central Services	Equipment Acquisition	Building Maintenance	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers/interfund charges	\$1,841,382	\$2,003,777	\$2,200,319	\$2,093,815	\$4,629,283	\$12,768,576
Payments to suppliers and users	(2,013,296)	(1,996,393)	(314,507)	(1,101,526)	(5,434,186)	(10,859,908)
Payments to employees	(32,418)	(21,064)	(104,642)	(19,708)	(124,244)	(302,076)
Net cash provided (used by) Operating Activities	<u>(204,332)</u>	<u>(13,680)</u>	<u>1,781,170</u>	<u>972,581</u>	<u>(929,147)</u>	<u>1,606,592</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets	1		(1,469,327)			(1,469,326)
Proceeds from sale of capital assets			222,187			222,187
Net cash used by Capital and Related Financing Activities	<u>1</u>		<u>(1,247,140)</u>			<u>(1,247,139)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	7,930	13,898	143,354	26,624	30,268	222,074
Net cash provided (used) by Investing Activities	<u>7,930</u>	<u>13,898</u>	<u>143,354</u>	<u>26,624</u>	<u>30,268</u>	<u>222,074</u>
Net increase (decrease) in cash and cash equivalents	(196,401)	218	677,384	999,205	(898,879)	581,527
Cash and cash equivalents, July 1, 2018	746,682	1,044,995	9,365,112	1,361,645	3,131,180	15,649,614
Cash and cash equivalents, June 30, 2019	<u>\$550,281</u>	<u>\$1,045,213</u>	<u>\$10,042,496</u>	<u>\$2,360,850</u>	<u>\$2,232,301</u>	<u>\$16,231,141</u>
Reconciliation of cash and cash equivalents to statement of net position						
Cash and investments	<u>\$550,281</u>	<u>\$1,045,213</u>	<u>\$10,042,496</u>	<u>\$2,360,850</u>	<u>\$2,232,301</u>	<u>\$16,231,141</u>
Total cash and investments	<u>\$550,281</u>	<u>\$1,045,213</u>	<u>\$10,042,496</u>	<u>\$2,360,850</u>	<u>\$2,232,301</u>	<u>\$16,231,141</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	(\$249,589)	(\$77,417)	\$236,451	\$946,564	(\$933,949)	(\$77,940)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	499		1,510,148	261		1,510,908
Change in assets, deferred inflows, liabilities and deferred outflows:						
Accounts receivable				(27,026)		(27,026)
Prepaid expenses						
Accounts payable	(263)	(5,746)	34,535	14,517	(33,749)	9,294
Salaries and benefits payable	16,717	25,830	36	17,587	13,758	73,928
Compensated absences	16,010	15,307		(1,839)	16,765	46,243
Deposits payable				6,758		6,758
Claims payable						
Net pension liability and deferred outflows/inflows	10,691	24,624		13,693	6,967	55,975
Total OPEB liability and deferred outflows/inflows	<u>1,603</u>	<u>3,722</u>		<u>2,066</u>	<u>1,061</u>	<u>8,452</u>
Net cash provided (used) by Operating Activities	<u>(\$204,332)</u>	<u>(\$13,680)</u>	<u>\$1,781,170</u>	<u>\$972,581</u>	<u>(\$929,147)</u>	<u>\$1,606,592</u>
<b>NONCASH TRANSACTIONS:</b>						
Contributions of capital assets			<u>\$699,591</u>			<u>\$699,591</u>
Retirement of capital assets			<u>(\$87,794)</u>			<u>(\$87,794)</u>



<b>AGENCY FUNDS</b>
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**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 Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

The City's Agency funds include the following:

**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.

**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.

**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.

**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.

<b>AGENCY FUNDS</b>
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**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.

**POSTEMPLOYMENT BENEFIT TRUST FUND**

Established to account for contributions on behalf of employees for postemployment benefits.

**2011 TOP JPA REVENUE BONDS FUND**

Established to refund two outstanding community facilities district bonds and to refund two limited obligation assessment bonds, and to finance public capital improvements.

**2011-01 CFD TRACY 580 BUSINESS PARK FUND**

Establish to account for the transactions of the 2011-01 CFD.

**PAYROLL CLEARING FUND**

Established to record and monitor City payroll activity, clearing of payroll checks and payment of payroll liabilities. This zero-balance fund was established in FY16-17. Prior to FY 16-17, this activity was accounted for in the General Fund.

**2016-02 COMMUNITY FACILITIES DISTRICT FUND**

The 2016-02 Community Facilities District Agency Fund was established during the fiscal year to account for the assets held on behalf of the 2016-02 Community Facilities District property owners until they are remitted to the bond trustee.

**2016-01 TRACY HILLS COMMUNITY FACILITIES DISTRICT FUND**

The 2016-01 Tracy Hills Community Facilities District Agency Fund was established to account for the assets held on behalf of the 2016-01 Assessment District property owners until they are remitted to the bond trustee.

CITY OF TRACY  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2019

<b>89-1 Community Facilities District</b>	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<b>Assets</b>				
Cash and investments	\$1,577,752	\$1,928,214	\$2,532,258	\$973,708
Cash and investments with fiscal agents	1,105,962	461,571		1,567,533
Accounts receivable	37,531	685,414	37,531	685,414
Interest receivable	3,213	5,792	3,213	5,792
<b>Total Assets</b>	<b>\$2,724,458</b>	<b>\$3,080,991</b>	<b>\$2,573,002</b>	<b>\$3,232,447</b>
<b>Liabilities</b>				
Accounts payable		\$343,529		\$343,529
Due to assessment district bond holders	\$2,724,458	2,737,462	\$2,573,002	2,888,918
<b>Total Liabilities</b>	<b>\$2,724,458</b>	<b>\$3,080,991</b>	<b>\$2,573,002</b>	<b>\$3,232,447</b>
<b>94-1 Assessment District</b>				
<b>Assets</b>				
Cash and investments	\$667,667	\$359,653	\$912,970	\$114,350
Cash and investments with fiscal agents	721,240	676,007		1,397,247
Accounts receivable	17,103		17,103	
Interest receivable	3,198	678	3,198	678
<b>Total Assets</b>	<b>\$1,409,208</b>	<b>\$1,036,338</b>	<b>\$933,271</b>	<b>\$1,512,275</b>
<b>Liabilities</b>				
Accounts payable		\$243		\$243
Due to assessment district bondholders	\$1,409,208	1,036,095	\$933,271	1,512,032
<b>Total Liabilities</b>	<b>\$1,409,208</b>	<b>\$1,036,338</b>	<b>\$933,271</b>	<b>\$1,512,275</b>
<b>93-1 Community Facilities District</b>				
<b>Assets</b>				
Cash and investments	\$91,452	\$3,696,529	\$262,341	\$3,525,640
Cash and investments with fiscal agents	777,980	125,789		903,769
Interest receivable	15,863	20,993	15,863	20,993
<b>Total Assets</b>	<b>\$885,295</b>	<b>\$3,843,311</b>	<b>\$278,204</b>	<b>\$4,450,402</b>
<b>Liabilities</b>				
Accounts payable		\$801		\$801
Due to assessment district bond holders	\$885,295	3,842,510	\$278,204	4,449,601
<b>Total Liabilities</b>	<b>\$885,295</b>	<b>\$3,843,311</b>	<b>\$278,204</b>	<b>\$4,450,402</b>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

<b>98-1 Community Facilities District</b>	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<b>Assets</b>				
Cash and investments		\$5,867,206	\$5,722,651	\$144,555
Cash and investments with fiscal agents	\$8,760,993		3,315,432	5,445,561
Accounts receivable	7,307	632	7,307	632
Interest receivable		856		856
<b>Total Assets</b>	<b>\$8,768,300</b>	<b>\$5,868,694</b>	<b>\$9,045,390</b>	<b>\$5,591,604</b>
<b>Liabilities</b>				
Accounts payable	\$3,611,739	\$2,115	\$3,611,739	\$2,115
Due to assessment district bondholders	5,156,561	5,866,579	5,433,651	5,589,489
<b>Total Liabilities</b>	<b>\$8,768,300</b>	<b>\$5,868,694</b>	<b>\$9,045,390</b>	<b>\$5,591,604</b>
<b>98-3 Community Facilities District</b>				
<b>Assets</b>				
Cash and investments	\$570,948	\$327,944	\$632,631	\$266,261
Cash and investments with fiscal agents	108,012	486,668		594,680
Interest receivable	1,480	1,585	1,480	1,585
<b>Total Assets</b>	<b>\$680,440</b>	<b>\$816,197</b>	<b>\$634,111</b>	<b>\$862,526</b>
<b>Liabilities</b>				
Accounts payable		\$978		\$978
Due to assessment district bond holders	\$680,440	815,219	\$634,111	861,548
<b>Total Liabilities</b>	<b>\$680,440</b>	<b>\$816,197</b>	<b>\$634,111</b>	<b>\$862,526</b>
<b>99-1 Community Facilities District</b>				
<b>Assets</b>				
Cash and investments		\$1,987,851	\$1,821,455	\$166,396
Cash and investments with fiscal agents	\$618,078	214,260		832,338
Interest receivable		991		991
<b>Total Assets</b>	<b>\$618,078</b>	<b>\$2,203,102</b>	<b>\$1,821,455</b>	<b>\$999,725</b>
<b>Liabilities</b>				
Accounts payable		\$799		\$799
Due to assessment district bond holders	\$618,078	2,202,303	\$1,821,455	998,926
<b>Total Liabilities</b>	<b>\$618,078</b>	<b>\$2,203,102</b>	<b>\$1,821,455</b>	<b>\$999,725</b>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

<u>2000-01 Assessment District</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<b>Assets</b>				
Cash and investments	\$623,347	\$638,148	\$1,024,606	\$236,889
Cash and investments with fiscal agents	361,064	437,457		798,521
Accounts receivable	942		942	
Interest receivable	659	1,410	659	1,410
<b>Total Assets</b>	<u>\$986,012</u>	<u>\$1,077,015</u>	<u>\$1,026,207</u>	<u>\$1,036,820</u>
<b>Liabilities</b>				
Accounts payable		\$1,057		\$1,057
Due to assessment district bond holders	\$986,012	1,075,958	1,026,207	1,035,763
<b>Total Liabilities</b>	<u>\$986,012</u>	<u>\$1,077,015</u>	<u>\$1,026,207</u>	<u>\$1,036,820</u>
 <u>2006-01 NE Industrial # 2</u>				
<b>Assets</b>				
Cash and investments	\$329,687	\$1,601,651	\$750,283	\$1,181,055
Cash and investments with fiscal agents	2,371,579	2,416,749		4,788,328
Interest receivable		7,031		7,031
<b>Total Assets</b>	<u>\$2,701,266</u>	<u>\$4,025,431</u>	<u>\$750,283</u>	<u>\$5,976,414</u>
<b>Liabilities</b>				
Accounts payable		\$1,313		\$1,313
Due to assessment district bond holders	\$2,701,266	4,024,118	\$750,283	5,975,101
<b>Total Liabilities</b>	<u>\$2,701,266</u>	<u>\$4,025,431</u>	<u>\$750,283</u>	<u>\$5,976,414</u>
 <u>1999 I205 Residential Reassessment District</u>				
<b>Assets</b>				
Cash and investments	\$160,129	\$664,811	\$824,940	
Cash and investments with fiscal agents	2,846,162		266,672	\$2,579,490
Accounts receivable	288		288	
Interest receivable	5,176		5,176	
<b>Total Assets</b>	<u>\$3,011,755</u>	<u>\$664,811</u>	<u>\$1,097,076</u>	<u>\$2,579,490</u>
<b>Liabilities</b>				
Accounts payable		\$120,692		\$120,692
Due to assessment district bondholders	\$3,011,755	544,119	\$1,097,076	2,458,798
<b>Total Liabilities</b>	<u>\$3,011,755</u>	<u>\$664,811</u>	<u>\$1,097,076</u>	<u>\$2,579,490</u>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

<u>2000-03 Assessment District</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<b>Assets</b>				
Cash and investments	\$16,745	\$387		\$17,132
Interest receivable	80	102	\$80	102
<b>Total Assets</b>	<u>\$16,825</u>	<u>\$489</u>	<u>\$80</u>	<u>\$17,234</u>
<b>Liabilities</b>				
Due to assessment district bond holders	\$16,825	\$489	\$80	\$17,234
<b>Total Liabilities</b>	<u>\$16,825</u>	<u>\$489</u>	<u>\$80</u>	<u>\$17,234</u>
 <u>2003-01 Assessment District</u>				
<b>Assets</b>				
Cash and investments	\$14,399	\$76,204	\$75,618	\$14,985
Cash and investments with fiscal agents	127,153	5,591		132,744
Interest receivable		89		89
<b>Total Assets</b>	<u>\$141,552</u>	<u>\$81,884</u>	<u>\$75,618</u>	<u>\$147,818</u>
<b>Liabilities</b>				
Accounts payable		\$267		\$267
Deposits payable	\$14,729			14,729
Due to assessment district bondholders	126,823	81,617	\$75,618	132,822
<b>Total Liabilities</b>	<u>\$141,552</u>	<u>\$81,884</u>	<u>\$75,618</u>	<u>\$147,818</u>
 <u>Cultural Arts</u>				
<b>Assets</b>				
Cash and investments	\$65			\$65
<b>Total Assets</b>	<u>\$65</u>			<u>\$65</u>
<b>Liabilities</b>				
Deposits payable	\$65			\$65
<b>Total Liabilities</b>	<u>\$65</u>			<u>\$65</u>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

<u>Regional Transportation Impact</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<b>Assets</b>				
Cash and investments	\$8,318,687	\$3,428,503	\$1,655,123	\$10,092,067
<b>Total Assets</b>	<u>\$8,318,687</u>	<u>\$3,428,503</u>	<u>\$1,655,123</u>	<u>\$10,092,067</u>
<b>Liabilities</b>				
Accounts payable	\$490,906	\$64,020	\$490,906	\$64,020
Deposits payable	7,827,781	3,364,483	1,164,217	10,028,047
<b>Total Liabilities</b>	<u>\$8,318,687</u>	<u>\$3,428,503</u>	<u>\$1,655,123</u>	<u>\$10,092,067</u>
 <b>Medical Leave Bank</b>				
<b>Assets</b>				
Cash and investments	\$1,251,263	\$463,882	\$120,202	\$1,594,943
<b>Total Assets</b>	<u>\$1,251,263</u>	<u>\$463,882</u>	<u>\$120,202</u>	<u>\$1,594,943</u>
<b>Liabilities</b>				
Deposits payable	\$1,251,263	\$463,882	\$120,202	\$1,594,943
<b>Total Liabilities</b>	<u>\$1,251,263</u>	<u>\$463,882</u>	<u>\$120,202</u>	<u>\$1,594,943</u>
 <b>Post Employment Benefit Trust</b>				
<b>Assets</b>				
Cash and investments	\$23,400	\$840,018	\$860,469	\$2,949
Accounts receivable		393		393
<b>Total Assets</b>	<u>\$23,400</u>	<u>\$840,411</u>	<u>\$860,469</u>	<u>\$3,342</u>
<b>Liabilities</b>				
Accounts payable	\$23,400	\$840,411	\$860,469	\$3,342
<b>Total Liabilities</b>	<u>\$23,400</u>	<u>\$840,411</u>	<u>\$860,469</u>	<u>\$3,342</u>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

<u>2011 TOP JPA Revenue Bonds</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<b>Assets</b>				
Cash and investments	\$239,325	\$821,981	\$1,061,288	\$18
Cash and investments with fiscal agents	1,791,279	1,691,532		3,482,811
Accounts receivable	2,376		2,376	
<b>Total Assets</b>	<u><u>\$2,032,980</u></u>	<u><u>\$2,513,513</u></u>	<u><u>\$1,063,664</u></u>	<u><u>\$3,482,829</u></u>
<b>Liabilities</b>				
Accounts payable		\$225,354		\$225,354
Due to assessment district bondholders	\$2,032,980	2,288,159	\$1,063,664	3,257,475
<b>Total Liabilities</b>	<u><u>\$2,032,980</u></u>	<u><u>\$2,513,513</u></u>	<u><u>\$1,063,664</u></u>	<u><u>\$3,482,829</u></u>
 <b><u>2011-01 CFD Tracy 580 Business Park</u></b>				
<b>Assets</b>				
Cash and investments	\$92,283	\$1,866	\$20,244	\$73,905
Cash and investments with fiscal agents		20,244		20,244
Interest receivable	344	440	344	440
<b>Total Assets</b>	<u><u>\$92,627</u></u>	<u><u>\$22,550</u></u>	<u><u>\$20,588</u></u>	<u><u>\$94,589</u></u>
<b>Liabilities</b>				
Due to assessment district bondholders	\$92,627	\$22,550	\$20,588	\$94,589
<b>Total Liabilities</b>	<u><u>\$92,627</u></u>	<u><u>\$22,550</u></u>	<u><u>\$20,588</u></u>	<u><u>\$94,589</u></u>
 <b><u>Payroll Clearing</u></b>				
<b>Assets</b>				
Cash and investments	\$1,580,120	\$2,364,485	\$1,580,120	\$2,364,485
Employee loans receivable		79,917		79,917
<b>Total Assets</b>	<u><u>\$1,580,120</u></u>	<u><u>\$2,444,402</u></u>	<u><u>\$1,580,120</u></u>	<u><u>\$2,444,402</u></u>
<b>Liabilities</b>				
Salaries and benefits payable	\$1,580,120	\$2,444,402	\$1,580,120	\$2,444,402
<b>Total Liabilities</b>	<u><u>\$1,580,120</u></u>	<u><u>\$2,444,402</u></u>	<u><u>\$1,580,120</u></u>	<u><u>\$2,444,402</u></u>

(Continued)

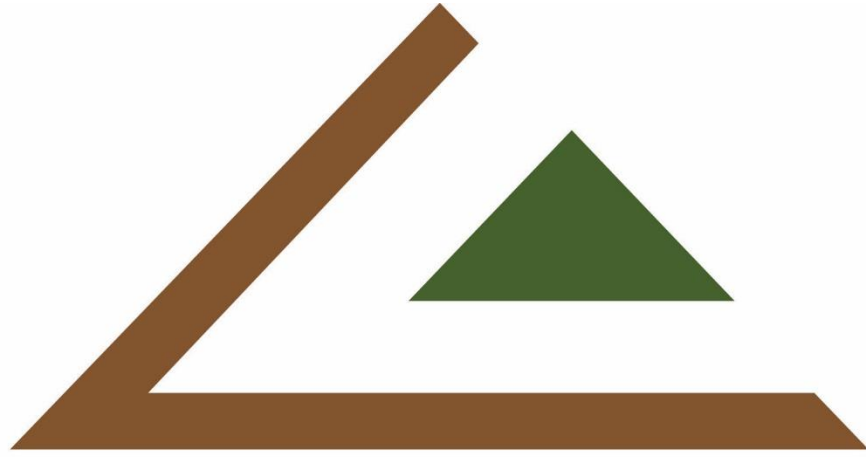


CITY OF TRACY  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2019

<u>2016-02 Community Facilities District</u>	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<b>Assets</b>				
Cash and investments	\$545,970	\$626,794	\$25,239	\$1,147,525
Accounts receivable	132,428		132,428	
Interest receivable	2,607	6,823	2,607	6,823
<b>Total Assets</b>	<u>\$681,005</u>	<u>\$633,617</u>	<u>\$160,274</u>	<u>\$1,154,348</u>
<b>Liabilities</b>				
Due to assessment district bondholders	\$681,005	\$633,617	\$160,274	\$1,154,348
<b>Total Liabilities</b>	<u>\$681,005</u>	<u>\$633,617</u>	<u>\$160,274</u>	<u>\$1,154,348</u>
 <b><u>2016-01 Tracy Hills Community Facilities District Fund</u></b>				
<b>Assets</b>				
Cash and investments		\$16		\$16
Cash and investments with fiscal agents		19,340,347		19,340,347
<b>Total Assets</b>		<u>\$19,340,363</u>		<u>\$19,340,363</u>
<b>Liabilities</b>				
Due to assessment district bondholders		\$19,340,363		\$19,340,363
<b>Total Liabilities</b>		<u>\$19,340,363</u>		<u>\$19,340,363</u>
 <b><u>Total - All Agency Funds</u></b>				
Cash and investments	\$16,103,239	\$25,696,143	\$19,882,438	\$21,916,944
Cash and investments with fiscal agents	19,589,502	25,876,215	3,582,104	41,883,613
Accounts receivable	197,975	686,439	197,975	686,439
Interest receivable	32,620	46,790	32,620	46,790
Employee loans receivable		79,917		79,917
<b>Total Assets</b>	<u>\$35,923,336</u>	<u>\$52,385,504</u>	<u>\$23,695,137</u>	<u>\$64,613,703</u>
<b>Liabilities</b>				
Accounts payable	\$4,126,045	\$1,601,579	\$4,963,114	\$764,510
Salaries and benefits payable	1,580,120	2,444,402	1,580,120	2,444,402
Deposits payable	9,093,838	3,828,365	1,284,419	11,637,784
Due to assessment district bondholders	21,123,333	44,511,158	15,867,484	49,767,007
<b>Total Liabilities</b>	<u>\$35,923,336</u>	<u>\$52,385,504</u>	<u>\$23,695,137</u>	<u>\$64,613,703</u>

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# Statistical Section



**TRACY**



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## STATISTICAL SECTION

This part of the City'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. In contrast to the financial section, the statistical section information is not subject to independent audit.

### ***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Program Revenues by Function/Program
4. Fund Balances, Governmental Funds
5. Changes in Fund Balances, Governmental Funds
6. Tax Revenues by Source

### ***Revenue Capacity***

These schedules contain information to help the reader assess the City's most significant local revenue sources, the property and sales taxes and water and wastewater charges for services:

1. Assessed Value and Estimated Actual Value of Taxable Property
2. Direct and Overlapping Property Tax Rates
3. Property Tax Levies and Collections
4. Principal Property Taxpayers
5. Sales Tax Rates, Direct and Overlapping Governments
6. Taxable Sales by Category
7. Principal Sales Tax Producers
8. Water and Wastewater Rates

### ***Debt Capacity***

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:

1. Ratio of Outstanding Debt by Type
2. Ratio of General Bonded Debt Outstanding
3. Direct and Overlapping Governmental Activities Debt
4. Legal Debt Margin Information
5. Pledged Revenue Bond Coverage

### ***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

<b>STATISTICAL SECTION (Continued)</b>
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***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time and Part-Time City Employees by Function
2. Operating Indicators by Function
3. Capital Asset Statistics by Function

***Sources***

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets	\$ 626,220	\$ 609,080	\$ 581,394	\$ 553,914	\$ 526,467	\$ 518,181	\$ 512,728	\$ 510,323	\$ 490,053	\$ 463,949
Restricted	199,212	183,594	155,947	145,381	152,380	100,403	111,131	105,425	118,367	120,961
Unrestricted	(22,474)	(10,576)	(1,272)	(5,343)	(11,671)	42,063	35,606	32,898	33,347	46,711
<b>Total Governmental activities net assets</b>	<b>\$ 802,958</b>	<b>\$ 782,098</b>	<b>\$ 736,069</b>	<b>\$ 693,952</b>	<b>\$ 667,176</b>	<b>\$ 660,647</b>	<b>\$ 659,465</b>	<b>\$ 648,646</b>	<b>\$ 641,767</b>	<b>\$ 631,621</b>
Business-type activities:										
Net investment in capital assets	\$ 370,880	\$ 359,213	\$ 357,628	\$ 302,888	\$ 314,492	\$ 327,065	\$ 328,985	\$ 340,536	\$ 345,554	\$ 340,944
Restricted	1	-	350	348	346	247	237	232	227	222
Unrestricted	49,068	48,616	41,657	39,357	31,221	31,101	31,283	29,148	40,621	46,123
<b>Total business-type activities</b>	<b>\$ 419,949</b>	<b>\$ 407,829</b>	<b>\$ 399,635</b>	<b>\$ 342,593</b>	<b>\$ 346,059</b>	<b>\$ 358,413</b>	<b>\$ 360,505</b>	<b>\$ 369,916</b>	<b>\$ 386,402</b>	<b>\$ 387,289</b>
Primary government:										
Net investment in capital assets	\$ 997,100	\$ 968,293	\$ 939,022	\$ 856,802	\$ 840,959	\$ 845,246	\$ 841,713	\$ 850,859	\$ 835,607	\$ 804,893
Restricted	199,213	183,594	156,297	145,729	152,726	100,650	111,368	105,657	118,594	121,183
Unrestricted	26,594	38,040	40,385	34,014	19,550	73,164	66,889	62,046	73,968	92,834
<b>Total primary government</b>	<b>\$ 1,222,907</b>	<b>\$ 1,189,927</b>	<b>\$ 1,135,704</b>	<b>\$ 1,036,545</b>	<b>\$ 1,013,235</b>	<b>\$ 1,019,060</b>	<b>\$ 1,019,970</b>	<b>\$ 1,018,562</b>	<b>\$ 1,028,169</b>	<b>\$ 1,018,910</b>

Note - The City implemented GASB 68 in the fiscal year 2014-2015. Prior amounts have not been restated

Source: City of Tracy, Finance Department:

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General Government	\$ 14,455	\$ 13,480	\$ 12,412	\$ 13,629	\$ 7,907	\$ 6,412	\$ 6,572	\$ 6,283	\$ 18,296	\$ 7,384
Public safety	54,075	52,785	41,326	37,858	37,562	37,974	37,248	37,602	35,509	36,567
Public works	42,693	34,183	26,330	31,874	27,572	32,358	25,954	52,418	24,371	21,855
Culture and leisure	3,920	3,395	2,830	3,134	3,288	4,668	4,709	5,097	5,143	12,202
Interest on long-term debt	1,271	1,288	1,304	1,345	1,337	1,342	1,399	1,925	4,121	4,063
Unallocated depreciation	-	-	-	-	-	586	520	566	617	631
<b>Total Governmental Activities Expenses</b>	<b>\$ 116,414</b>	<b>\$ 105,131</b>	<b>\$ 84,202</b>	<b>\$ 87,840</b>	<b>\$ 77,666</b>	<b>\$ 83,340</b>	<b>\$ 76,402</b>	<b>\$ 103,891</b>	<b>\$ 88,057</b>	<b>\$ 82,702</b>
<b>Business-type Activities:</b>										
Water	\$ 19,941	\$ 19,087	\$ 18,980	\$ 22,659	\$ 23,610	\$ 22,300	\$ 21,765	\$ 22,295	\$ 21,229	\$ 19,580
Wastewater	18,961	18,601	15,079	16,522	17,040	16,442	14,970	18,980	17,133	14,874
Airport	1,123	1,475	901	775	703	629	590	686	705	912
Solid waste	22,289	20,958	20,541	20,899	19,477	18,923	18,820	18,585	17,473	16,962
Transit	5,017	5,571	3,953	3,169	2,968	2,556	2,404	2,436	2,291	1,733
Drainage	2,558	2,791	3,027	3,485	3,436	3,404	3,232	3,351	3,402	2,618
<b>Total Business-Type Activities</b>	<b>\$ 69,889</b>	<b>\$ 68,483</b>	<b>\$ 62,481</b>	<b>\$ 67,509</b>	<b>\$ 67,234</b>	<b>\$ 64,254</b>	<b>\$ 61,781</b>	<b>\$ 66,333</b>	<b>\$ 62,233</b>	<b>\$ 56,679</b>
<b>Total Primary Governmental Expenses</b>	<b>\$ 186,303</b>	<b>\$ 173,614</b>	<b>\$ 146,683</b>	<b>\$ 155,349</b>	<b>\$ 144,900</b>	<b>\$ 147,594</b>	<b>\$ 138,183</b>	<b>\$ 170,224</b>	<b>\$ 150,290</b>	<b>\$ 139,381</b>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for Services:</b>										
Development fees	\$ 10,068	\$ 8,784	\$ 8,769	\$ 6,816	\$ 6,124	\$ 3,039	\$ 2,460	\$ 1,617	\$ 1,805	\$ 6,925
Other public works	2,831	2,722	2,721	3,093	2,968	5,040	5,300	5,204	3,800	4,401
Parks and community services	666	762	701	1,047	940	838	878	789	757	1,208
Other activities	7,227	7,252	1,805	1,864	1,104	1,879	1,665	2,566	2,634	4,143
Operating grants and contributions	15,142	14,191	12,680	12,811	13,097	10,964	12,723	9,482	10,065	9,305
Capital grants and contributions	36,408	68,535	39,966	37,084	40,451	18,166	22,596	15,527	19,080	11,069
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 72,342</b>	<b>\$ 102,246</b>	<b>\$ 66,642</b>	<b>\$ 62,715</b>	<b>\$ 64,684</b>	<b>\$ 39,926</b>	<b>\$ 45,622</b>	<b>\$ 35,185</b>	<b>\$ 38,141</b>	<b>\$ 37,051</b>
<b>Business-type Activities:</b>										
<b>Charges for Services:</b>										
Water	\$ 16,497	\$ 16,307	\$ 14,935	\$ 13,101	\$ 14,379	\$ 18,700	\$ 15,672	\$ 14,433	\$ 14,641	\$ 13,693
Wastewater	14,168	14,836	14,034	13,616	13,086	12,940	11,978	11,480	12,032	11,490
Airport	658	732	478	403	504	395	272	375	342	373
Solid waste	21,550	20,973	23,333	25,156	22,356	21,521	20,352	18,852	16,321	17,320
Transit	117	117	116	96	109	1,631	818	822	899	1,295
Drainage	686	691	644	609	603	546	564	564	553	556
Operating grants and contributions	3,733	6,397	1,516	2,041	1,608	-	-	-	-	-
Capital grants and contributions	20,936	9,181	4,268	3,302	8,652	6,337	2,528	2,801	3,678	6,132
<b>Total Business-Types Activities Program Revenues</b>	<b>\$ 78,345</b>	<b>\$ 69,234</b>	<b>\$ 59,324</b>	<b>\$ 58,324</b>	<b>\$ 61,297</b>	<b>\$ 62,070</b>	<b>\$ 52,184</b>	<b>\$ 49,327</b>	<b>\$ 48,466</b>	<b>\$ 50,859</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 150,687</b>	<b>\$ 171,480</b>	<b>\$ 125,966</b>	<b>\$ 121,039</b>	<b>\$ 125,981</b>	<b>\$ 101,996</b>	<b>\$ 97,806</b>	<b>\$ 84,512</b>	<b>\$ 86,607</b>	<b>\$ 87,910</b>



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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net (expense)/revenue										
Governmental activities	\$ (44,072)	\$ (2,885)	\$ (17,560)	\$ (25,125)	\$ (12,982)	\$ (43,414)	\$ (30,780)	\$ (68,706)	\$ (49,916)	\$ (45,651)
Business-type activities	8,456	751	(3,157)	(9,185)	(5,937)	(2,184)	(9,597)	(17,006)	(13,767)	(5,820)
<b>Total primary government net (expense) revenue</b>	<b>\$ (35,616)</b>	<b>\$ (2,134)</b>	<b>\$ (20,717)</b>	<b>\$ (34,310)</b>	<b>\$ (18,919)</b>	<b>\$ (45,598)</b>	<b>\$ (40,377)</b>	<b>\$ (85,712)</b>	<b>\$ (63,683)</b>	<b>\$ (51,471)</b>
General revenues and other changes in net assets										
Governmental activities:										
Taxes:										
Property taxes	\$ 22,723	\$ 20,857	\$ 20,393	\$ 19,638	\$ 17,709	\$ 15,700	\$ 14,946	\$ 18,527	\$ 22,533	\$ 24,013
Franchise taxes	3,545	3,558	2,829	2,776	2,728	2,593	2,500	2,443	2,474	2,223
Sales and use taxes	37,083	30,761	23,291	24,371	24,280	22,722	20,553	18,422	11,408	9,225
Other taxes	3,703	3,756	2,719	2,562	2,304	1,952	1,839	1,702	1,621	1,604
Unrestricted motor vehicle in lieu	44	48	40	34	35	36	43	41	376	240
Investment earnings	1,395	545	435	1,000	610	1,129	165	801	1,280	4,840
Miscellaneous	407	1,926	2,022	3,497	1,311	1,634	1,595	1,760	1,663	449
Transfers	(2,016)	(8,692)	(4,968)	(5,141)	-	-	(42)	-	(384)	(5,563)
Gain on Transfer of assets'	-	-	-	-	-	-	-	31,889	-	-
Special item - Transfer of assets	-	(3,347)	-	3,162	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 66,884</b>	<b>\$ 49,412</b>	<b>\$ 46,761</b>	<b>\$ 51,899</b>	<b>\$ 48,977</b>	<b>\$ 45,766</b>	<b>\$ 41,599</b>	<b>\$ 75,585</b>	<b>\$ 40,971</b>	<b>\$ 37,031</b>
Business-type activities:										
Interest earnings	\$ 1,576	\$ 531	\$ 626	\$ 551	\$ 585	\$ 264	\$ 144	\$ 520	\$ 109	\$ 1,676
Miscellaneous	66	84	24	25	42	-	-	-	-	-
Transfers	2,016	8,692	4,968	5,141	-	-	42	-	385	5,563
<b>Total business-type activities</b>	<b>\$ 3,658</b>	<b>\$ 9,307</b>	<b>\$ 5,618</b>	<b>\$ 5,717</b>	<b>\$ 627</b>	<b>\$ 264</b>	<b>\$ 186</b>	<b>\$ 520</b>	<b>\$ 494</b>	<b>\$ 7,239</b>
<b>Total primary government</b>	<b>\$ 70,542</b>	<b>\$ 58,719</b>	<b>\$ 52,379</b>	<b>\$ 57,616</b>	<b>\$ 49,604</b>	<b>\$ 46,030</b>	<b>\$ 41,785</b>	<b>\$ 76,105</b>	<b>\$ 41,465</b>	<b>\$ 44,270</b>
Change in net position										
Governmental activities	\$ 22,812	\$ 46,527	\$ 29,201	\$ 26,774	\$ 35,995	\$ 2,352	\$ 10,819	\$ 6,879	\$ (8,945)	\$ (8,620)
Business-type activities	12,114	10,059	2,461	(3,468)	(5,310)	(1,920)	(9,411)	(16,486)	(13,273)	1,419
<b>Total primary government</b>	<b>\$ 34,926</b>	<b>\$ 56,586</b>	<b>\$ 31,662</b>	<b>\$ 23,306</b>	<b>\$ 30,685</b>	<b>\$ 432</b>	<b>\$ 1,408</b>	<b>\$ (9,607)</b>	<b>\$ (22,218)</b>	<b>\$ (7,201)</b>

Note 1 - The City implemented GASB 68 in fiscal year 2014-2015. Prior amounts have not been restated.

Note 2 - The City implemented GASB 75 in fiscal year 2017-2018. Prior amounts have not been restated.

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

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities:										
General Government	\$ 8,988	\$ 11,204	\$ 2,700	\$ 3,099	\$ 3,850	\$ 2,892	\$ 1,908	\$ 2,682	\$ 9,871	\$ 4,035
Police	2,277	3,085	1,972	2,052	2,847	1,775	2,330	1,390	1,365	1,513
Fire	6,445	7,172	6,556	6,539	6,792	6,980	8,692	4,765	6,302	6,386
Development and engineering	10,585	9,363	9,213	7,209	6,505	3,410	2,871	1,974	2,148	16,700
Public works	43,510	70,310	45,234	42,437	43,198	23,621	28,367	23,224	17,397	5,817
Parks, recreation, and community services	1,000	1,112	967	1,380	1,492	1,248	1,454	1,150	1,058	2,009
Interest in long-term debt	-	-	-	-	-	-	-	-	-	591
Subtotal governmental activities	<u>\$ 72,805</u>	<u>\$ 102,246</u>	<u>\$ 66,642</u>	<u>\$ 62,716</u>	<u>\$ 64,684</u>	<u>\$ 39,926</u>	<u>\$ 45,622</u>	<u>\$ 35,185</u>	<u>\$ 38,141</u>	<u>\$ 37,051</u>
Business-type activities:										
Water	\$ 20,307	\$ 21,397	\$ 15,220	\$ 13,801	\$ 17,659	\$ 16,877	\$ 15,672	\$ 14,501	\$ 14,658	\$ 15,534
Wastewater	29,337	16,610	14,805	13,849	14,533	13,438	12,131	12,669	14,766	11,494
Airport	1,725	2,906	1,514	2,622	4,060	731	607	417	402	730
Solid Waste	21,553	20,973	23,354	25,156	22,356	20,352	20,352	18,858	16,321	17,330
Transit	3,914	6,540	3,787	2,210	2,030	1,171	2,858	2,018	1,677	4,871
Drainage	1,509	808	644	686	659	3,424	564	864	640	900
Subtotal business-type activities	<u>\$ 78,345</u>	<u>\$ 69,234</u>	<u>\$ 59,324</u>	<u>\$ 58,324</u>	<u>\$ 61,297</u>	<u>\$ 55,993</u>	<u>\$ 52,184</u>	<u>\$ 49,327</u>	<u>\$ 48,464</u>	<u>\$ 50,859</u>
Total primary government	<u>\$ 151,150</u>	<u>\$ 171,480</u>	<u>\$ 125,966</u>	<u>\$ 121,040</u>	<u>\$ 125,981</u>	<u>\$ 95,919</u>	<u>\$ 97,806</u>	<u>\$ 84,512</u>	<u>\$ 86,605</u>	<u>\$ 87,910</u>

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,359
Unreserved	-	-	-	-	-	-	-	-	-	17,626
Nonspendable	470	1,525	5,117	5,873	6,640	782	781	791	820	-
Restricted	-	-	-	-	-	346	333	445	613	-
Committed	14,883	14,961	11,716	-	-	-	-	-	-	-
Assigned	15,213	20,997	11,455	358	1,152	523	277	22	2,198	-
Unassigned	-	842	12,483	34,425	29,861	33,420	27,503	25,676	23,356	-
Total General Fund	<u>\$ 30,566</u>	<u>\$ 38,325</u>	<u>\$ 40,771</u>	<u>\$ 40,656</u>	<u>\$ 37,653</u>	<u>\$ 35,071</u>	<u>\$ 28,894</u>	<u>\$ 26,934</u>	<u>\$ 26,987</u>	<u>\$ 18,985</u>
All other governmental funds										
Unreserved reported in:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,708
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	20,890
Nonspendable	-	-	-	-	-	-	-	-	-	81,533
Restricted	164,057	153,595	124,932	-	4	57	-	4,646	2,948	-
Committed	-	-	-	110,191	113,064	97,402	108,381	90,507	99,794	-
Assigned	12,192	5,909	4,438	-	-	-	-	-	4,131	-
Unassigned	-	-	-	5,588	13,360	-	-	15,339	20,043	-
Special revenue funds	(6,609)	(8,192)	(517)	-	-	-	-	-	-	-
Capital projects funds	(2,382)	-	-	(4,431)	(610)	(1,278)	(159)	(1,071)	(2,099)	-
Total all other governmental funds	<u>\$ 167,258</u>	<u>\$ 151,312</u>	<u>\$ 128,853</u>	<u>\$ 111,348</u>	<u>\$ 125,818</u>	<u>\$ 96,181</u>	<u>\$ 108,222</u>	<u>\$ 109,421</u>	<u>\$ 124,817</u>	<u>\$ 147,131</u>

Note - Beginning in 2011, the City reclassified fund balances in accordance with GASB Statement No. 54.

Source: City of Tracy, Finance Department

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues:</b>										
Taxes	\$ 65,931	\$ 59,838	\$ 47,540	\$ 49,118	\$ 46,915	\$ 43,804	\$ 40,503	\$ 41,393	\$ 36,334	\$ 37,064
Licenses, permits and fees	8,161	7,792	7,191	5,236	4,706	4,008	3,564	3,174	3,092	3,040
Fines and forfeits	880	1,559	510	673	972	863	568	1,552	1,570	1,715
Use of money and property	6,003	1,462	1,356	2,936	1,277	1,699	700	1,459	2,792	4,197
Intergovernmental	16,733	21,127	27,127	20,413	16,235	12,928	16,038	11,992	17,758	15,282
Charges of services	34,752	54,269	9,472	9,997	9,165	8,894	9,147	8,388	10,110	8,525
Special assessments	4,646	3,597	24,886	14,977	29,899	7,181	13,406	4,095	4,933	4,699
Contributions from assessment districts	1,697	5,121	3,372	3,574	3,444	4,346	1,887	5,404	4,448	2,915
Other	147	1,589	3,460	3,501	1,410	1,767	1,124	1,294	1,148	1,656
<b>Total revenues</b>	<b>\$ 138,950</b>	<b>\$ 156,354</b>	<b>\$ 124,914</b>	<b>\$ 110,425</b>	<b>\$ 114,023</b>	<b>\$ 85,490</b>	<b>\$ 86,937</b>	<b>\$ 78,751</b>	<b>\$ 82,185</b>	<b>\$ 79,093</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	\$ 14,544	\$ 13,579	\$ 13,763	\$ 14,900	\$ 7,748	\$ 7,050	\$ 6,434	\$ 6,854	\$ 17,599	\$ 7,054
Police	30,575	27,078	24,690	23,717	22,012	21,592	21,488	21,902	20,943	21,836
Fire	21,404	22,251	18,483	16,692	16,033	15,869	15,305	15,205	14,027	14,664
Community development	11,327	13,549	8,828	9,042	7,793	6,467	6,449	6,273	6,066	7,790
Public works	13,391	10,156	9,292	9,372	9,093	8,471	8,091	7,530	7,285	7,327
Parks and recreation	3,245	2,683	2,287	3,110	3,019	3,113	3,330	3,599	3,509	3,320
Intergovernmental	-	-	-	-	-	-	-	-	2,691	6,281
<b>Debt Service:</b>										
Debt service-principal	405	434	398	368	328	245	220	195	1,315	1,490
Debt service-interest	1,276	1,292	1,308	1,322	1,334	1,345	1,352	2,623	3,945	3,994
Debt service-issue costs	-	-	-	-	-	-	-	-	-	-
<b>Capital Outlay</b>	<b>28,802</b>	<b>38,631</b>	<b>28,645</b>	<b>41,456</b>	<b>20,582</b>	<b>27,179</b>	<b>23,465</b>	<b>19,829</b>	<b>18,731</b>	<b>23,152</b>
<b>Total expenditures</b>	<b>\$ 124,969</b>	<b>\$ 129,653</b>	<b>\$ 107,694</b>	<b>\$ 119,979</b>	<b>\$ 87,942</b>	<b>\$ 91,331</b>	<b>\$ 86,134</b>	<b>\$ 84,010</b>	<b>\$ 96,111</b>	<b>\$ 96,908</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 13,981</b>	<b>\$ 26,701</b>	<b>\$ 17,220</b>	<b>\$ (9,554)</b>	<b>\$ 26,081</b>	<b>\$ (5,841)</b>	<b>\$ 803</b>	<b>\$ (5,259)</b>	<b>\$ (13,926)</b>	<b>\$ (17,815)</b>
<b>Other financing sources (uses):</b>										
Issuance of debt	-	-	-	-	248	-	-	-	-	-
Transfers in	36,154	13,040	5,226	6,009	11,723	1,214	20,600	2,699	3,836	21,828
Transfers out	(40,004)	(16,731)	(5,226)	(8,750)	(11,745)	(1,236)	(20,642)	(2,699)	(4,221)	(27,391)
Proceeds from sale of property	8	350	5	829	420	-	-	-	-	-
<b>Total other financing sources (uses):</b>	<b>\$ (3,842)</b>	<b>\$ (3,341)</b>	<b>\$ 5</b>	<b>\$ (1,912)</b>	<b>\$ 646</b>	<b>\$ (22)</b>	<b>\$ (42)</b>	<b>\$ -</b>	<b>\$ (385)</b>	<b>\$ (5,563)</b>
<b>Net change in fund balances</b>	<b>\$ 10,139</b>	<b>\$ 23,360</b>	<b>\$ 17,225</b>	<b>\$ (11,466)</b>	<b>\$ 26,727</b>	<b>\$ (5,863)</b>	<b>\$ 761</b>	<b>\$ (5,259)</b>	<b>\$ (14,311)</b>	<b>\$ (23,378)</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>1.78%</b>	<b>1.70%</b>	<b>1.97%</b>	<b>1.94%</b>	<b>2.34%</b>	<b>2.12%</b>	<b>2.33%</b>	<b>4.22%</b>	<b>6.25%</b>	<b>7.44%</b>

**CITY OF TRACY  
GENERAL REVENUE TAXES - UNRESTRICTED \*  
ALL GOVERNMENTAL FUND TYPES  
LAST TEN FISCAL YEARS**

Fiscal Year	Property Taxes	Franchise Taxes	Sales and Use Taxes	Transient Taxes	Business License Taxes	Transfer Taxes	Total
2010	\$24,013,053	\$2,222,845	\$9,224,814	\$642,794	\$670,572	\$290,940	\$37,065,018
2011	22,532,932	2,474,332	11,408,245	675,819	671,278	273,325	38,035,931
2012	18,527,327	2,442,841	18,422,071	745,975	673,342	282,674	41,094,230
2013	14,946,468	2,499,946	20,553,264	786,827	689,323	362,793	39,838,621
2014	15,699,554	2,593,225	22,721,973	974,314	706,573	271,761	42,967,400
2015	17,709,090	2,727,886	24,279,575	1,123,087	818,656	362,107	47,020,401
2016	19,638,061	2,775,984	24,371,002	1,378,802	814,210	368,922	49,346,981
2017	20,392,536	2,829,424	23,290,667	1,507,518	838,037	372,636	49,230,817
2018	20,856,946	3,558,658	30,760,699	1,597,341	847,027	1,311,406	58,932,077
2019	22,725,833	3,545,578	37,082,569	1,638,102	934,793	1,130,147	67,057,022

\*New table as of FY2018-19

Source: Finance Department, City of Tracy

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

Fiscal Year	City of Tracy					Redevelopment Agency / Successor Agency					Total Direct Tax Rate
	Residential Property	Commercial/Industrial Property	Agricultural Exemptions	Total	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
2010	\$4,992,382,327	\$1,113,010,224	\$197,778,028	\$6,303,170,579	\$120,292,254	\$6,182,878,325	\$1,099,272,042	\$159,835,031	\$101,875,950	\$1,157,231,123	1.0000%
2011	5,102,129,763	1,279,961,758	156,244,642	6,538,336,163	84,950,354	6,453,385,809	756,286,336	132,970,235	35,963,413	853,293,158	1.0000%
2012	4,576,276,289	1,132,426,026	181,181,654	5,889,883,969	119,824,162	5,770,059,807	1,009,329,631	139,116,864	91,037,853	1,057,408,642	1.0000%
2013	4,514,547,256	1,126,415,078	179,798,206	5,820,760,540	119,652,776	5,701,107,764	1,005,846,952	143,168,317	93,247,473	1,055,767,796	1.0000%
2014	5,010,295,280	1,136,022,186	215,287,460	6,361,604,926	117,977,641	6,243,627,285	1,053,197,694	140,059,801	96,074,732	1,097,182,763	1.0000%
2015	5,762,710,327	1,272,788,513	269,549,238	7,305,048,078	95,658,079	7,209,389,999	1,106,399,275	148,342,694	77,314,936	1,177,427,033	1.0000%
2016	6,176,651,051	1,421,947,826	239,064,864	7,837,663,741	120,326,228	7,717,337,513	1,165,846,923	156,304,455	98,139,053	1,224,012,325	1.0000%
2017	7,115,317,076	1,934,803,880	300,485,585	9,350,606,541	144,153,495	9,206,453,046	1,228,580,064	158,823,862	99,046,787	1,288,357,139	1.0000%
2018	7,028,699,966	1,614,086,845	467,565,285	9,110,352,096	126,335,095	8,984,017,001	1,306,422,404	151,243,517	105,195,491	1,352,470,430	1.0000%
2019	7,441,347,218	1,600,184,071	622,561,370	9,664,092,659	130,129,000	9,533,963,659	1,346,063,270	134,784,433	117,218,115	1,363,629,588	1.0000%

Source: San Joaquin County - Office of the Auditor-Controller, CalMuni - Avenu Insights & Analytics  
 Finance Department, City of Tracy

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Direct rates:</u>										
City of Tracy	0.1561%	0.1561%	0.1690%	0.1561%	0.1561%	0.1561%	0.1561%	0.1561%	0.1702%	0.1702%
San Joaquin County	0.1865%	0.1865%	0.1849%	0.1865%	0.1865%	0.1865%	0.1865%	0.1865%	0.1962%	0.1962%
ERAF	0.2686%	0.2686%	0.2722%	0.2686%	0.2686%	0.2686%	0.2686%	0.2686%	0.0000%	0.2723%
All Others	0.3889%	0.3889%	0.3739%	0.3889%	0.3889%	0.3889%	0.3889%	0.3889%	0.6336%	0.3613%
Total Direct Rate	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
<u>Overlapping rates:</u>										
San Joaquin Delta College	0.0225%	0.0180%	0.0180%	0.0198%	0.0233%	0.0194%	0.0202%	0.0200%	0.0180%	0.0180%
Tracy Unified School District (1,2,3) <b>*combined Tracy Unified School District</b>	0.0162%	0.0172%	0.0185%	0.0201%	0.0213%	0.0247%	0.0262%	0.0266%	0.0231%	0.0231%
Tracy Unified School District (SFID 3)	0.0642%	0.0332%	0.0669%	0.0701%	0.0212%	0.0228%	0.0093%	0.0088%	0.0000%	0.0185%
Total Overlapping Rate	0.1029%	0.0684%	0.1034%	0.1100%	0.0658%	0.0669%	0.0557%	0.0554%	0.0411%	0.0596%
Total Tax Rate	1.1029%	1.0684%	1.1034%	1.1100%	1.0658%	1.0669%	1.0557%	1.0554%	1.0411%	1.0596%

Source: San Joaquin County Auditor data, MuniServices, LLC / an Avenu Insights & Analytics Company

\*Total direct tax rate is the voter approved taxes over and above the 1% Proposition 13 tax for TRA 004-000/004-008.

TRA 004-008 is represented for 2011-12, 2012-13 & 2013-14, TRA 004-000 was no longer available.

Prior published direct tax rate reports are noticeably different because prior year data included an estimate for RDA and ERAF as part of the cities direct rate.

**CITY OF TRACY  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT FISCAL YEAR AND NINE YEARS AGO**

<b>2019</b>				<b>2010</b>			
<b>Taxpayer Name</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxpayer Name</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Prologis Lp	\$ 285,161,351	1	2.61%	Leprino Foods Company Corp	\$ 94,697,032	1	1.29%
Golden State Fc Llc	175,008,750	2	1.60%	Tracy Mall Partners Lp	92,714,591	2	1.26%
FedEx Ground Package System In	122,632,022	3	1.12%	Central Valley Ltd. Liability	50,727,253	3	0.69%
Tracy Mall Partners Lp	101,003,380	4	0.93%	Tce Tracy Llc	31,281,938	4	0.42%
Dct Tracy Logistics Center Llc	99,089,617	5	0.91%	Car Corral Hollow Llc	29,856,393	5	0.41%
Medline Industries Inc.	91,059,388	6	0.83%	Us Industrial Reit Container I	29,140,000	6	0.40%
Leprino Foods Company Corp	67,518,049	7	0.62%	Fairfield Edgewood Station Lp	28,933,123	7	0.39%
Tracy 300 Lp	66,298,051	8	0.61%	Us Cold Storage Of Calif	28,854,021	8	0.39%
Pac Corp Center Tracy	58,071,788	9	0.53%	Miref Chabot Tracy Llc	28,214,832	9	0.38%
Central Valley Ltd. Liability	50,135,622	10	0.46%	Osh Properties Llc	28,019,151	10	0.38%
TOTAL TOP TAXPAYERS	<u>\$ 1,115,978,018</u>		<u>10.23%</u>		<u>\$ 442,438,334</u>		<u>6.01%</u>
TOTAL TAXABLE ASSESSED VALUE	<u>\$ 10,909,533,207</u>		<u>100%</u>		<u>\$ 7,360,581,220</u>		<u>100%</u>

Source: San Joaquin County - Office of the Auditor-Controller, CalMuni - Avenu Insights & Analytics



**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
2010	\$13,249,396	\$13,249,396	100.00%	0.00	\$13,249,396	100.00%	\$6,182,878,325
2011	10,028,301	10,028,301	100.00%	0.00	10,028,301	100.00%	6,453,385,809
2012	9,724,002	9,724,002	100.00%	0.00	9,724,002	100.00%	5,770,059,807
2013	9,607,770	9,607,770	100.00%	0.00	9,607,770	100.00%	5,701,107,764
2014	10,175,469	10,175,469	100.00%	0.00	10,175,469	100.00%	6,243,627,285
2015	11,403,560	11,403,560	100.00%	0.00	11,403,560	100.00%	7,209,389,999
2016	12,406,318	12,406,318	100.00%	0.00	12,406,318	100.00%	7,717,337,513
2017	13,134,172	13,134,172	100.00%	0.00	13,134,172	100.00%	9,206,453,046
2018	13,862,573	13,862,573	100.00%	0.00	13,862,573	100.00%	10,411,425,223
2019	14,553,581	14,553,581	100.00%	0.00	14,553,581	100.00%	10,984,229,294

Note: San Joaquin County is on the Teeter Plan. The County remits 100% of all taxes assessed and keeps all penalties and interest on all delinquent taxes.

Source:

1. San Joaquin County - Office of the Auditor-Controller
2. Finance Department, City of Tracy

**CITY OF TRACY  
SALES TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rate	Measure E Rate	Measure V Rate	Transportation Prop K Rate	Transportation Development Act Rate	County Rate	State Rate	Total Sales Tax Rate
2010	1%			0.50%	0.25%	1%	6%	8.75%
2011	1%			0.50%	0.25%	1%	6%	(a) 8.75%
2012	1%	0.50%		0.50%	0.25%	1%	5%	8.25%
2013	1%	0.50%		0.50%	0.25%	1%	5%	(b) 8.50%
2014	1%	0.50%		0.50%	0.25%	1%	5.25%	(b) 8.50%
2015	1%	0.50%		0.50%	0.25%	1%	5.25%	(b) 8.50%
2016	1%	0.50%		0.50%	0.25%	1%	5.25%	(b) 8.50%
2017	1%		0.50%	(c) 0.50%	0.25%	1%	5.00%	8.25%
2018	1%		0.50%	0.50%	0.25%	1%	5%	8.25%
2019	1%		0.50%	0.50%	0.25%	1%	5%	8.25%

(a) Tracy voters approved Measure E, a half cent sales tax with a 5-year sunset effective April 1, 2011

(b) Voters approved Proposition 30, a state-wide quarter cent sales tax with a 4-year sunset effective January 1, 2013

(c) Tracy voters approved Measure V, a half cent sales tax with a 20-year sunset effective April 1, 2017

Source:

Finance Department, City of Tracy

**CITY OF TRACY  
TAXABLE SALES BY CATEGORY  
LAST TEN CALENDAR YEARS  
(In Thousands)**

	Calendar Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Apparel stores	\$ 48,498	\$ 44,760	\$ 42,756	\$ 37,205	\$ 40,152	\$ 40,690	\$ 44,353	\$ 44,201	\$ 43,308	\$ 44,139
General merchandise stores	212,792	210,820	203,460	194,528	192,657	187,434	181,099	175,484	162,641	153,615
Food and beverage stores	41,342	39,602	39,953	42,526	56,254	53,794	56,881	48,819	46,934	43,706
Eating and drinking places	169,434	162,261	155,560	143,887	128,827	116,414	106,888	102,047	96,823	96,801
Home furnishings and appliances	-	-	-	-	137,236	126,838	112,795	105,587	69,881	39,955
Building maintenance and garden supplies	180,713	159,799	140,715	130,449	71,129	68,049	60,879	53,955	48,572	46,012
Auto dealers and auto suppliers	369,499	379,058	343,861	321,977	299,869	277,155	215,269	171,430	152,558	143,481
Service stations	183,856	159,778	144,048	160,104	187,653	193,770	186,978	184,707	152,205	127,153
Other retail stores	163,611	155,252	160,573	154,697	75,167	75,202	65,452	57,598	56,267	58,002
All other outlets	1,344,089	1,091,917	601,684	524,513	198,209	200,048	168,710	112,575	99,552	126,061
<b>Total</b>	<b>\$ 2,713,834</b>	<b>\$ 2,403,247</b>	<b>\$ 1,832,610</b>	<b>\$ 1,709,886</b>	<b>\$ 1,387,153</b>	<b>\$ 1,339,394</b>	<b>\$ 1,199,306</b>	<b>\$ 1,056,404</b>	<b>\$ 928,740</b>	<b>\$ 878,925</b>
City Direct sales tax rate	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
City Measure E sales tax rate (a)	-	-	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	-	-
City Measure V sales tax (b)	0.5%	0.5%	-	-	-	-	-	-	-	-

Note:

(a) Tracy voters approved Measure E, a half cent sales tax with a 5-year sunset effective April 1, 2011

(b) Tracy voters approved Measure V, a half cent sales tax with a 20-year sunset effective April 1, 2017

Source: California State Board of Equalization, The HdL Companies

**CITY OF TRACY  
PRINCIPAL SALES TAX PRODUCERS  
CURRENT FISCAL YEAR AND TEN YEARS AGO**

2019		2010	
Taxpayer Name	Business Type	Taxpayer Name	Business Type
Arco AM/PM Mini Marts	Service Stations	American Truck & Trailer Body	Trailer & Supply
Barbosa Cabinets	Bldg Matls-Whsle	Arco AM/PM Mini Marts	Service Stations
Best Buy Stores	Appliance Stores	Barbosa Cabinets	Bldg Matls-Whsle
Bunzl Distribution	Food Processing/Eqp	Best Buy Stores	Appliance Stores
Chevron Service Stations	Service Stations	Chevron Service Stations	Service Stations
Costco	General Stores	Costco	General Stores
Crate & Barrel	Home Furnishings	Equilon Enterprises	Oil & Gas Products
D & D Lift	Heavy Industry	Home Depot	Building Matls Store
Fisher Scientific Company	Light Industry	Morri Automotive	New Car Dealers
Home Depot	Building Matls Store	Nixon-Egli Equipment Company	Heavy Industry
Independent Electric Supply	Plumbing & Electric	Safeway Service Stations	Service Stations
McLane Company	Food Processing/Eqp	Safeway Stores	Supermarkets
Medline Industries	Light Industry	Save Mart Supermarkets	Supermarkets
Nixon-Egli Equipment Company	Heavy Industry	Southwest School & Office Supply	Office Eqpmt Store
Safeway Service Stations	Service Stations	Target Stores	Department Stores
Target Stores	Department Stores	Tracy Auto Land	New Car Dealers
Tracy Auto Land	New Car Dealers	Tracy Chevrolet	New Car Dealers
Tracy Chevrolet	New Car Dealers	Tracy Chrysler Jeep Dodge	New Car Dealers
Tracy Ford Mercury	New Car Dealers	Tracy Honda	New Car Dealers
Tracy Honda	New Car Dealers	Tracy Hyundai	New Car Dealers
Tracy Hyundai	New Car Dealers	Tracy Mazda	New Car Dealers
Tracy Mazda	New Car Dealers	Tracy Nissan	New Car Dealers
Tracy Nissan	New Car Dealers	Tracy Petro	Service Stations
Tracy Truck & Auto Stop	Service Stations	Tracy Truck & Auto Stop	Service Stations
Wal Mart Stores	Department Stores	Wal Mart Stores	Department Stores

Source: San Joaquin County - Office of the Auditor-Controller, CalMuni - Avenu Insights & Analytics

**CITY OF TRACY  
WATER AND WASTEWATER RATES  
LAST TEN FISCAL YEARS**

Fiscal Year	Water		Wastewater
	Monthly Base Rate	Per 100 Cubic Feet	Monthly Base Rate
2010	\$ 20.40	\$ 1.00	\$ 31.00
2011	20.40	1.00	31.00
2012	20.40	1.00	31.00
2013	20.40	1.00	34.00
2014	20.40	1.00	34.00
2015	20.40	1.00	34.00
2016	20.40	1.00	34.00
2017	20.40	1.00	34.00
2018	24.72	1.00	34.00
2019	24.72	1.00	34.00

Notes:

100 cubic feet = 748 gallons

Rates are based on 1 inch meter-the standard household meter size in Tracy.

Utility charges an excess use rate above normal demand.

Source:

Finance Department-City of Tracy

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

Fiscal Year	Governmental Activities			Business Activity				Total Primary Government	Per Capita	Population
	Lease Revenue Bonds (a)	Capital Leases and Loans (b)	Water Revenue Bonds (b)	Water/Sewer Notes Payable (b)	Sewer Revenue Bonds (b)	Airport Notes Payable (b)				
2010	\$ 23,830,000	\$ 202,867	\$ -	\$ 24,442,470	\$ 30,510,000	\$ 109,275	\$ 79,094,612	\$ 970	81,519	
2011	23,660,000	137,879	-	23,402,994	29,580,000	91,541	76,872,414	922	83,418	
2012	23,465,000	70,293	-	19,274,382	28,630,000	72,942	71,512,617	852	83,900	
2013	23,245,000	-	-	18,392,152	27,645,000	53,478	69,335,630	825	84,060	
2014	23,000,000	908,546	-	14,489,157	26,630,000	33,149	65,060,852	764	85,146	
2015	22,726,000	1,021,108	-	13,564,909	25,935,000	11,955	63,258,972	742	85,296	
2016	22,420,000	131,831	-	12,618,907	25,215,000	-	60,385,738	694	86,985	
2017	22,085,000	68,552	-	11,650,638	24,470,000	-	58,274,190	665	87,613	
2018	21,720,000	-	-	10,659,579	23,695,000	-	56,074,579	617	90,832	
2019	21,315,000	-	-	9,645,194	22,890,000	-	53,850,194	580	92,800	

Note: Special Assessment Bonds have no City commitment.

Source:

(a) California Municipal Statistics

(b) Finance Department, City of Tracy

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

Outstanding General Bond Debt

Fiscal Year	Lease Revenue Bonds (a)	Tax Allocation Bonds	Total	Percent of Assessed Value	Per Capita
2010	\$ 23,830,000	\$ 49,860,000	\$ 73,690,000	1.00%	\$ 883
2011	23,660,000	48,715,000	72,375,000	0.99%	863
2012	23,465,000	-	23,465,000	0.34%	279
2013	23,245,000	-	23,245,000	0.34%	273
2014	23,000,000	-	23,000,000	0.34%	270
2015	22,725,000	-	22,725,000	0.34%	255
2016	22,420,000	-	22,420,000	0.33%	247
2017	22,085,000	-	22,085,000	0.23%	235
2018	21,720,000	-	21,720,000	0.21%	232
2019	21,315,000	-	21,315,000	0.20%	230

Source:  
Finance Department, City of Tracy

**CITY OF TRACY**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2019**

2018-19 Assessed Valuation: \$ 10,984,229,294

	Total Debt 6/30/19	% Applicable (a)	City's Share of Debt 06/30/2019
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
San Joaquin Delta Community College District	\$ 198,471,000	13.538%	\$ 26,869,546
Lammersville Joint Unified School District	56,000,000	9.466%	5,300,960
Tracy Unified School District	36,450,000	61.631%	22,464,500
Tracy Unified School District School Facilities Improvement District No. 3	89,899,900	92.047%	82,750,161
Banta School District	500,000	18.111%	90,555
Jefferson School District	32,487,401	68.331%	22,198,966
City of Tracy Community Facilities District No. 87-1	1,865,000	100%	1,865,000
City of Tracy Community Facilities District No. 89-1	1,870,000	100%	1,870,000
City of Tracy Community Facilities District No. 93-1	2,325,000	100%	2,325,000
City of Tracy Community Facilities District No. 98-1	38,695,000	100%	38,695,000
City of Tracy Community Facilities District No. 98-3	1,460,000	100%	1,460,000
City of Tracy Community Facilities District No. 99-1	3,355,000	100%	3,355,000
City of Tracy Community Facilities District No. 99-2	7,350,000	100%	7,350,000
City of Tracy Community Facilities District No. 2000-1	10,405,000	100%	10,405,000
City of Tracy Community Facilities District No. 2006-1	9,740,000	100%	9,740,000
City of Tracy Community Facilities District No. 2016-1, I.A. No. 1	32,625,000	100%	32,625,000
City of Tracy 1915 Act Bonds	3,975,000	100%	3,975,000
California Statewide Community Development Authority 1915 Act Bonds	6,734,201	100%	6,734,201
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 280,073,889</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
San Joaquin County Certificates of Participation	81,070,000	14.791%	\$ 11,991,064
<b>City of Tracy General Fund Obligations</b>	<b>21,315,000</b>	<b>100%</b>	<b>21,315,000</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			<b>\$ 33,306,064</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>	<b>\$ 30,605,000</b>	<b>100%</b>	<b>\$ 30,605,000</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ 21,315,000</b>
<b>TOTAL OVERLAPPING DEBT:</b>			<b>\$ 322,669,953</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 343,984,953</b> (b)

(a) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total assessed value.

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

Ratios to 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.55%
<b>Total Direct Debt (\$21,315,000).....</b>	<b>0.19%</b>
Combined Total Debt.....	3.13%

Ratios to redevelopment Incremental Valuation (\$1,093,626,331)

Total Overlapping Tax Increment Debt.....	2.80%
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Source: CalMuni - Avenu Insights & Analytics  
City of Tracy



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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Assessed Value	\$ 10,984	\$ 10,336	\$ 10,495	\$ 8,941	\$ 8,387	\$ 7,341	\$ 6,757	\$ 6,827	\$ 7,307	\$ 7,340
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,746	2,584	2,624	2,235	2,097	1,835	1,689	1,707	1,827	1,835
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	412	388	394	335	315	275	253	256	274	275
Total net debt applicable to limit	54	56	58	60	63	65	69	71	121	122
Legal debt margin	<u>\$ 358</u>	<u>\$ 332</u>	<u>\$ 336</u>	<u>\$ 275</u>	<u>\$ 252</u>	<u>\$ 210</u>	<u>\$ 184</u>	<u>\$ 185</u>	<u>\$ 153</u>	<u>\$ 153</u>

Note:

The Government Code of the State of California provides for a legal debt limit of 15 % of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Sources:

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

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Water revenue bonds/State Loan</b>										
Water revenue	\$ 16,702,467	\$ 16,352,909	\$ 15,433,348	\$ 15,438,772	\$ 17,675,668	\$ 18,713,676	\$ 15,649,302	\$ 14,559,197	\$ 14,651,850	\$ 15,036,909
Less: Operating Expenses	(15,110,318)	(14,246,407)	(13,671,219)	(13,380,117)	(13,976,245)	(12,785,056)	(13,103,307)	(12,196,098)	(12,450,281)	(10,740,838)
Net available revenue	<u>1,592,149</u>	<u>2,106,502</u>	<u>1,762,129</u>	<u>2,058,655</u>	<u>3,699,423</u>	<u>5,928,620</u>	<u>2,545,995</u>	<u>2,363,099</u>	<u>2,201,569</u>	<u>4,296,071</u>
Debt service:										
Principal	1,014,388	991,059	968,269	946,002	924,248	902,995	882,230	4,128,612	1,099,165	1,035,686
Interest	243,534	287,261	289,651	186,921	466,171	354,924	465,600	531,639	637,999	665,810
Total Debt Service	<u>1,257,922</u>	<u>1,278,320</u>	<u>1,257,920</u>	<u>1,132,923</u>	<u>1,390,419</u>	<u>1,257,919</u>	<u>1,347,830</u>	<u>4,660,251</u>	<u>1,737,164</u>	<u>1,701,496</u>
Coverage	1.27	1.65 (a)	1.40	1.82	2.66	4.71	1.89	0.51	1.27	2.52
<b>Wastewater revenue bonds:</b>										
Wastewater revenue	15,125,157	15,196,599	14,434,402	14,092,302	14,558,438	13,030,930	12,025,189	11,713,538	12,038,615	11,695,124
Less: Operating expenses	(12,639,174)	(12,467,159)	(8,003,091)	(7,449,704)	(7,823,215)	(7,211,266)	(6,378,330)	(7,617,428)	(7,784,380)	(6,249,869)
Net available revenue	<u>2,485,983</u>	<u>2,729,440</u>	<u>6,431,311</u>	<u>6,642,598</u>	<u>6,735,223</u>	<u>5,819,664</u>	<u>5,646,859</u>	<u>4,096,110</u>	<u>4,254,235</u>	<u>5,445,255</u>
Debt service:										
Principal	805,000	775,000	745,000	720,000	695,000	1,015,000	985,000	950,000	993,010	911,535
Interest	1,086,235	1,119,028	1,153,480	1,182,670	1,208,468	1,236,956	1,285,258	1,313,920	1,342,757	1,366,758
Total Debt Service	<u>1,891,235</u>	<u>1,894,028</u>	<u>1,898,480</u>	<u>1,902,670</u>	<u>1,903,468</u>	<u>2,251,956</u>	<u>2,270,258</u>	<u>2,263,920</u>	<u>2,335,767</u>	<u>2,278,293</u>
Coverage	1.31 (b)	1.44	3.39	3.49	3.54	2.58	2.49	1.81	1.82	2.39
<b>Tax allocation bonds:</b>										
Tax increment	-	-	-	-	-	-	-	4,359,166	7,594,352	8,854,067
Debt service:										
Principle	-	-	-	-	-	-	-	1,195,000	1,145,000	1,105,000
Interest	-	-	-	-	-	-	-	1,262,289	2,576,992	2,613,989
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,457,289</u>	<u>3,721,992</u>	<u>3,718,989</u>
Coverage	-	-	-	-	-	-	-	1.77	2.04	2.38

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.  
Operating expenses do not include interest or depreciation expenses.

(a) In 2018, there was an increase of Capital Contributions and Grants due to a \$3.2M transfer from Tracy Hills Pump Stations JJTP & Capital Acq.

(b) The City received \$9.7M in grant funds for Proposition 84 Delta Water Quality

Source: City of Tracy. Finance Department

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS**

Fiscal Year	City of Tracy							San Joaquin County				
	Population (2)	Labor Force (1)	Employment (1)	Unemployment		Census Ratios		Population (2)	Labor Force (1)	Employment (1)	Unemployment	
				Rate (1)	Number (1)	Employed (1)	Unemployed (1)				Rate (1)	Number (1)
2010	81,519	32,800	29,600	9.7%	3,200	N/A	N/A	685,306	298,900	247,200	16.40%	51,800
2011	83,418	32,900	29,800	9.6%	3,100	0.116975	0.068724	682,660	295,300	244,000	16.70%	51,300
2012	83,900	32,900	29,800	9.5%	3,100	N/A	N/A	695,750	300,300	254,800	15.10%	45,500
2013	84,060	32,700	29,600	9.5%	3,100	0.116975	0.068724	692,997	298,500	253,200	15.20%	45,300
2014	85,146	33,100	30,500	8.0%	2,600	0.134925	0.112106	701,745	298,800	260,400	12.80%	38,400
2015	85,296	41,200	38,100	7.4%	3,050	0.134182	0.112256	719,511	309,800	282,600	8.80%	27,200
2016	86,985	42,000	38,800	7.5%	3,000	N/A	N/A	733,383	316,900	288,800	8.90%	28,100
2017	87,613	42,100	39,200	6.8%	2,900	N/A	N/A	733,709	318,000	293,700	7.60%	24,168
2018	90,832	44,700	43,100	3.7%	1,700	N/A	N/A	745,424	332,400	315,700	5.00%	16,700
2019	92,800	43,700	41,800	4.4%	1,900	N/A	N/A	752,660	324,500	305,800	5.80%	18,800

Sources:

1. California Employment Development Department-Labor Market Information
2. Finance Department, City of Tracy
3. Economic Development Department, City of Tracy

**CITY OF TRACY  
PRINCIPAL EMPLOYERS  
CURRENT FISCAL YEAR AND THIRTEEN YEARS AGO**

Taxpayer Name	2019			2007		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
AMAZON.COM	4,589	1	17.10%	-	-	-
AMAZON.COM	997	2	3.71%	-	-	-
FEDEX GROUND PACKAGE SYSTEM, INC	718	3	2.68%	-	-	-
THE HOME DEPOT #5641	505	4	1.88%	-	-	-
RESTORATION HARDWARE #903	374	5	1.39%	-	-	-
XPO LOGISTICS SUPPLY CHAIN, INC.	350	6	1.30%	-	-	-
ORCHARD SUPPLY COMPANY	303	7	1.13%	50	25	0.35%
RANDSTAD INHOUSE SERVICES LLC	264	8	0.98%	-	-	-
DHL SUPPLY CHAIN	250	9	0.93%	-	-	-
SELECT STAFFING	240	10	0.89%	-	-	-
RANDSTAD INHOUSE SERVICE LP	208	11	0.77%	-	-	-
COSTCO WHOLESALE #658	205	12	0.76%	370	1	2.62%
ROSS DRESS FOR LESS INC #1389	193	13	0.72%	-	-	-
PACIFIC MEDICAL INC	191	14	0.71%	136	11	0.96%
INTERNATIONAL PAPER	190	15	0.71%	-	-	-
OLIVE GARDEN #1582	186	16	0.69%	120	8	0.85%
RANDSTAD INHOUSE SERVICES LP	186	17	0.69%	231	5	1.63%
THE HOME DEPOT #1020	182	18	0.68%	-	-	-
WALMART #2025	175	19	0.65%	-	-	-
DHL SUPPLY CHAIN	168	20	0.63%	-	-	-
ORCHARD SUPPLY COMPANY LLC	167	21	0.62%	234	2	1.66%
TAYLOR FARMS PACIFIC INC	159	22	0.59%	-	-	-
Y R C	156	23	0.58%	-	-	-
SAFEWAY INC #2600	151	24	0.56%	200	6	1.42%
TARGET STORES T738	136	25	0.51%	125	6	0.88%
TEXAS ROADHOUSE	-	-	-	92	14	0.65%
EVERGREEN NEW HOPE	-	-	-	105	20	0.74%
LYNX INDUSTRIES INC	-	-	-	59	22	0.42%
APL LOGISTICS	-	-	-	121	7	0.86%
YELLOW TRANSPORTATION, IN	-	-	-	200	3	1.42%
BED BATH & BEYOND	-	-	-	159	4	1.13%
GEHRIG COMPONENT FRAMING	-	-	-	125	5	0.88%
SNELLING STAFF SERVICE	-	-	-	120	9	0.85%
PRIMA PRODUCTS	-	-	-	100	10	0.71%
PERMANENTE	-	-	-	96	11	0.68%
SAVE MART	-	-	-	96	12	0.68%
L&P FINANCIAL SERVICES CO	-	-	-	93	13	0.66%
PACIFIC COAST INDUSTRIES	-	-	-	80	15	0.57%
WALGREENS #02434	-	-	-	73	16	0.52%
MCDONALD'S HAMBURGERS #1	-	-	-	72	17	0.51%
WESTAFF (USA), INC.	-	-	-	70	18	0.50%
TRACY HONDA	-	-	-	68	19	0.48%
MCDONALD'S HAMBURGERS #4147	-	-	-	72	17	0.51%
PHILLIPS DELIVERY	-	-	-	59	21	0.42%
TRACY PRESS	-	-	-	54	23	0.38%
TRACY DISPOSAL SERVICE	-	-	-	51	24	0.36%
<b>Total Top 25 Employers</b>	<b>11,243</b>		<b>41.89%</b>	<b>3,431</b>		<b>24.30%</b>
<b>Total Citywide Employees</b>	<b>26,841</b>		<b>100.00%</b>	<b>14,133</b>		<b>100.00%</b>

Source: The HdL Companies

Note: No information is available for FY2009-10, FY2008-09 or FY2007-08, therefore 2007 is reported.

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Legislative	5	5	5	5	5	5	5	5	5	5
City Attorney	3	4	4	4	4	4	4	5	4	4
City Treasurer	1	1	1	1	1	1	1	1	1	1
Administrative	9	8	8	7	7	7	7	7	7	7
Human Resources	9	10	9	6	6	5	5	6	6	6
Finance & Information Systems	30	34	32	26	27	24	23	23	23	23
Police	144	143	139	133	136	135	135	134	133	135
Fire	89	82	81	80	79	78	80	82	78	78
Economic Development	2	3	3	3	3	2	2	4	8	6
Development and Engineering	66	61	61	39	37	40	38	48	41	44
Public Works	92	85	84	61	46	46	46	59	59	66
Parks and Community Services	48	(a) 14	13	23	38	35	41	50	59	50
Water	31	31	30	35	39	39	39	40	40	41
Wastewater	43	25	25	26	26	27	26	28	28	29
Airport	2	2	2	2	2	2	2	1	2	2
Solid waste	4	1	1	1	1	1	1	2	1	1
Transit	3	3	3	3	2	2	2	2	2	2
Drainage	5	3	3	3	3	3	3	2	2	2
<b>Total</b>	<b>586</b>	<b>515</b>	<b>504*</b>	<b>458</b>	<b>462</b>	<b>456</b>	<b>460</b>	<b>499</b>	<b>499</b>	<b>502</b>

\*Note: Amounts prior to 2017 do not include vacant positions.

(a) Figure includes all Part-time employees, non-PERS and PERS.

Source: Finance Department, City of Tracy

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government										
Building Permits Issued	3,050	2,988	2,904	2,736	2,852	1,924	1,435	1,293	915	844
Building Inspections requested	20,384	18,028	16,260	17,025	13,824	9,128	6,189	4,568	2,975	3,377
Police:										
Arrests	1,678	2,768	2,894	2,732	2,502	2,541	2,765	2,896	2,941	3,415
Parking citations issued	1,291	1,022	1,335	1,685	1,160	1,454	1,472	2,196	3,153	4,704
Traffic violations	2,705	3,320	4,630	6,341	5,450	3,798	3,519	5,281	6,668	7,347
Fire:										
Number of emergency calls	9,031	8,811	7,351	6,924	6,811	6,443	6,322	5,951	5,570	5,717
Inspections	3,002	3,374	3,785	5,164	4,071	3,333	3,114	3,416	2,383	1,614
Water:										
Water Mains (miles)	452	440	431	426	426	420	410	410	402	402
New connections	295	256	1,173	228	74	45	23	20	20	22
Maximum Daily Capacity (gallons) (millions of gallons)	57	57	57	57	57	57	57	57	57	57
Average daily consumptions (gallons) (millions of gallons)	15	17	16	13	14	15	15	15	14	16
Sewer:										
Sanitary Sewer (miles)	450	440	426	421	421	415	410	410	400	400
New connections	285	256	650	227	74	45	22	14	20	22
Average daily treatment (gallons) (millions of gallons)	9	9	9.75	10	9.5	9.5	9.5	9	9	9
Airport:										
Hangar rentals	68	76	76	62	76	76	76	76	76	76
Solid waste:										
Refuse collected (tons per day)	278	266	264	252	221	211	205	198	194	227
Recyclables collected (tons per day)	86	81	86	76	69	66	65	64	66	49
Transit:										
Average daily passengers	552	546	585	505	519	444	418	357	325	334
Total fixed route miles	344,724	341,126	302,039	594,997	313,380	228,817	237,089	226,808	152,284	158,211

Source: City of Tracy Departments

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Number of stations	6	6	6	6	7	7	7	7	7	7
Public works:										
Number of street lights	6,141	6,141	6,110	6,110	6,004	5,430	5,430	5,430	5,430	4,781
Number of traffic signals	75	75	85	85	84	84	78	78		
Parks and recreation:										
Number of parks	77*	77	77	77	76	76	76	76	76	76
Number of community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	450	440	431	426	426	420	410	410	395	395
Wastewater										
Sanitary sewers (miles)	452	440	426	421	421	415	410	410	395	395
Airport:										
Number of hangars	76	76	76	76	76	76	76	76	76	76
Transit:										
Number of vehicles	15	15	18	15	15	15	15	15	15	14

\*Ellis Village Green Park - As of December 19, 2018, City of Tracy obtained beneficial occupancy of the park, upon the conditions from the Developer. The City of Tracy is currently only doing routine maintenance at Ellis Village Green park.

Source: City of Tracy Departments

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