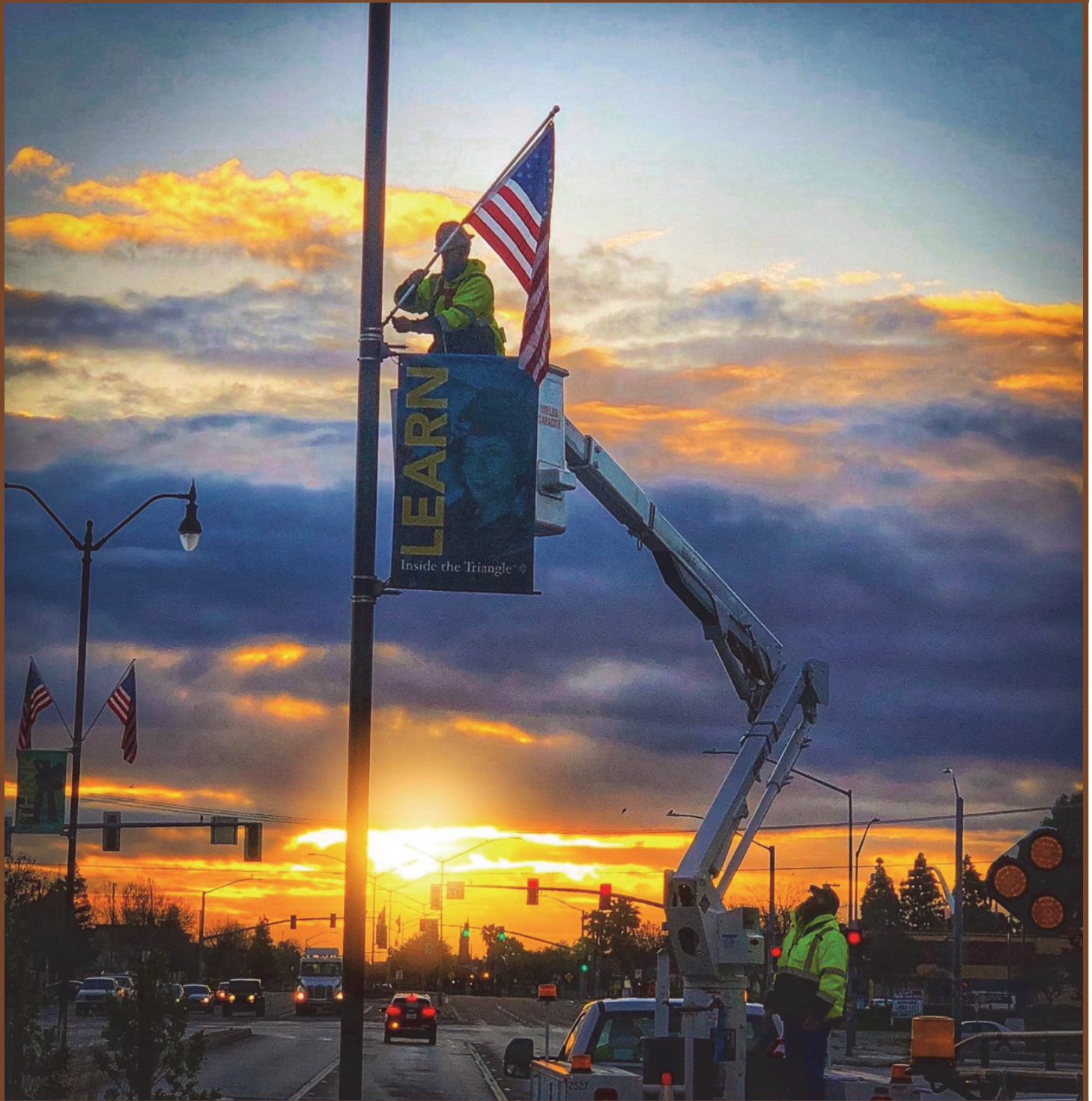


# CITY OF TRACY CALIFORNIA



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

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**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

of the

**CITY OF TRACY, CALIFORNIA**

For the fiscal year ended  
June 30, 2020

Prepared by the  
Finance Department

**KARIN SCHNAIDER**  
Finance Director

**SARA COWELL**  
Accounting Manager

**ROBERT HARMON, CPA (Inactive)**  
Senior Accountant

**FELICIA GALINDO**  
Senior Accountant

**GUADALUPE PENA**  
Accountant

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# Introductory Section



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**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2020**

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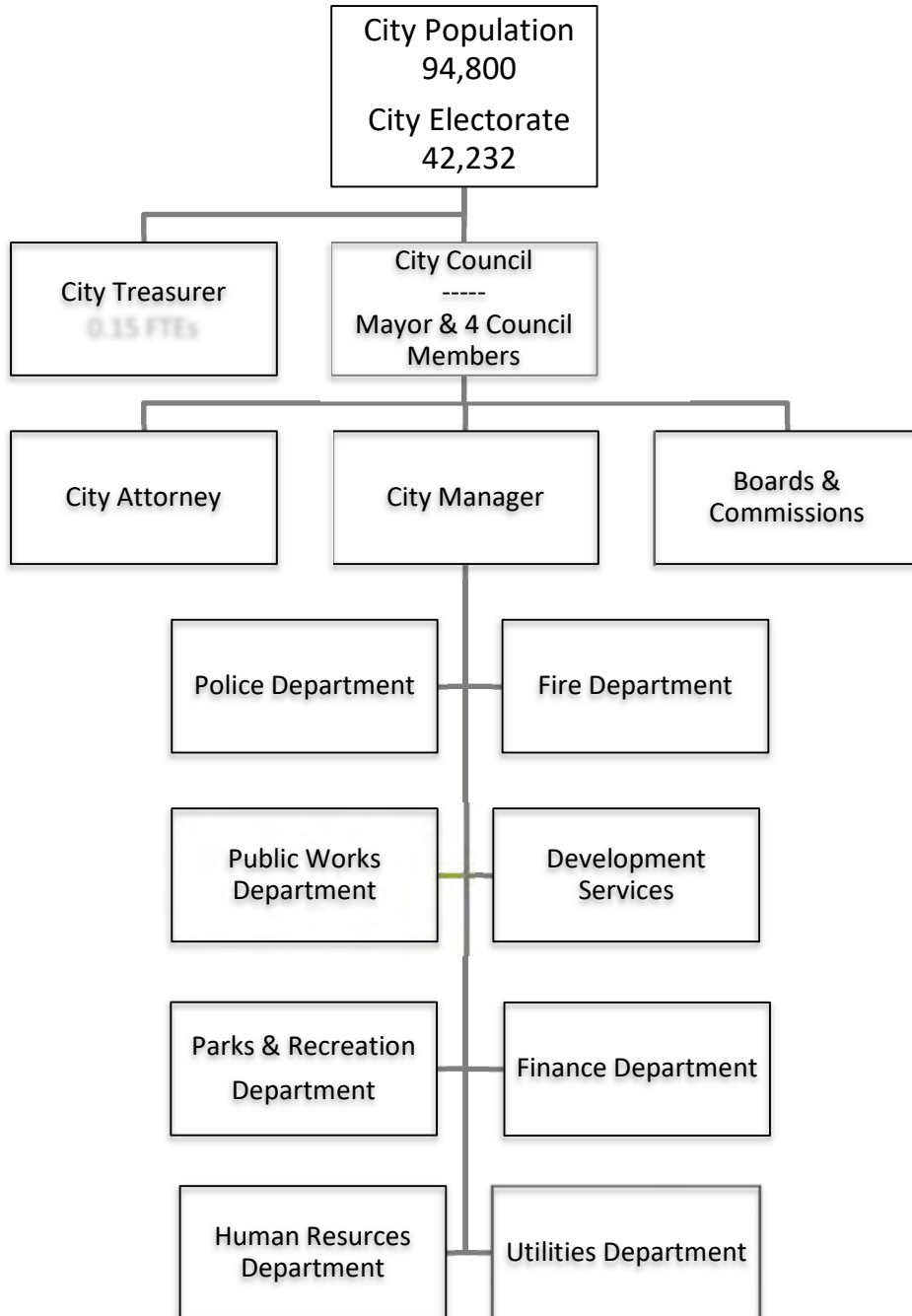
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# CITY OF TRACY ORGANIZATIONAL CHART



**CITY OF TRACY, CALIFORNIA**

**COUNCIL – MANAGER FORM OF GOVERNMENT**

June 30, 2020

**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*

**Sekou Millington**

*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  
in Financial  
Reporting

Presented to

**City of Tracy  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

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 29, 2020

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, 2020. 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, 2020.

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, 2020 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.

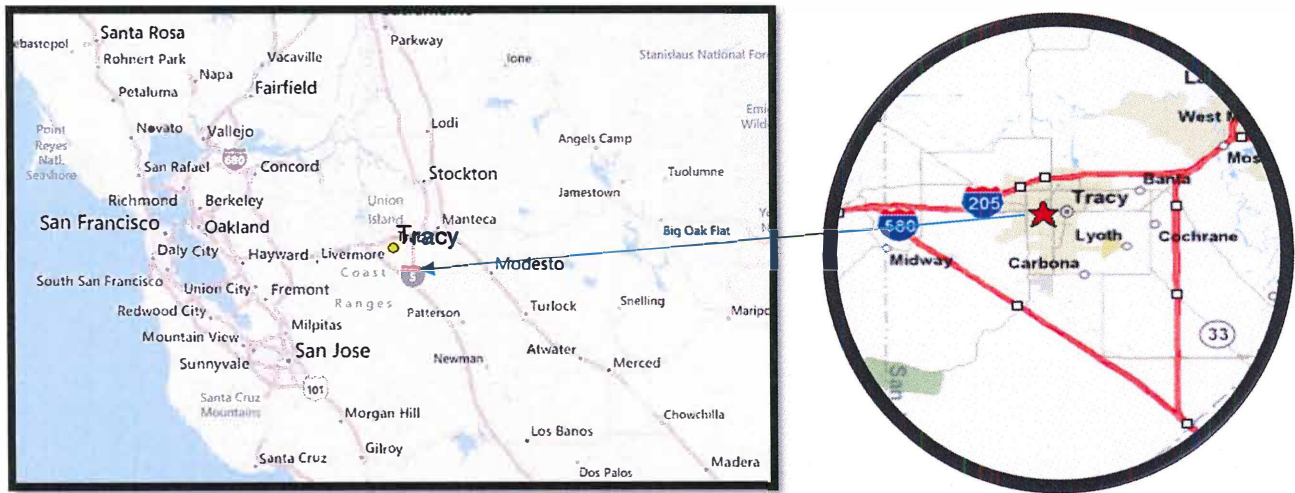
In addition to the financial audit, each year the City is required to undergo an audit of federal grant expenditures. That report is commonly referred to as a Single Audit report and is issued as a separate document and is not included herein. The Single Audit report includes the Schedule of Expenditures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

GAAP and Management require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements entitled, "Management Discussion & Analysis" (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors in the financial section of the 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 2020. 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:** At the start of the FY 2019-20 fiscal year, Tracy's financial condition continued to show growth. Over the last several years, the City has executed various economic recruitment and retention strategies that have diversified the City's growing tax base, expanded the local housing options, and fostered job creation and advancement. 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 distribution facilities. In addition, the City's housing stock is growing as multiple housing developments are currently planned and under construction. The continuing vibrant outward growth of the San Francisco Bay Area has pushed industrial, warehousing, and logistics growth into the Northern San Joaquin Valley region. Tracy continues to be a strategic location, situated at the gateway between the Central Valley and the Tri Valley Area of the East Bay. This has made it an ideal location for residents to relocate while still easily accessible job centers throughout the Greater San Francisco Bay area.

The strengthening of the regional economy in the past few years, paired with the growth of the housing market, has led to a steady increase in local property values. The City estimates it will grow 5% annually over the next 3-5 years in property tax revenue. 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 of the San Joaquin County and eastern neighbors of the Central Valley. This trend provides a constant buyers' market from the Bay Area to more affordable housing in Tracy.

In addition, the City has increased new warehouse and commercial spaces throughout the City. 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 2018 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, and Zinus in more than 664,000 square feet. Katerra, a manufacturer of pre-fabricated residential and commercial office space, is currently constructing a new 577,000 square foot build for its west coast manufacturing plant. Combined, these facilities will bring more than 2,000 jobs and enhance property taxes from the industrial areas of the City.

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 residential 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 the costs associated with adding personnel to meet future population growth in the developing communities of Tracy. The CFD 2018-1 was written broadly to capture other project specific costs in an effort to mitigate the fiscal impacts of development of existing city resources.

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). During FY 2019-20, the City Council adopted Resolution 2019-232, which prioritized Measure V Sales Tax to fund three amenities, Aquatic Center, Multigenerational Gymnasium, and Legacy Fields Sports Complex, located in the City. Following the prioritization of the projects, the City Council adopted the Aquatic Center conceptual plan and established a not to exceed budget of \$65M, including a \$10M developer contribution. Measure V Sales Tax is expected to generate approximately \$9-10 million annually for the City of Tracy’s General Fund. Below is the City Council’s priorities and the projected timelines of the projects, based on a pay-as-you-go funding approach.

*Measure V Funded City Amenities*

<b>Project</b>	<b>Budget Amount</b>	<b>Accumulated Fund Balance as of June 30, 2020</b>	<b>Timeline*</b>
Legacy Fields Phase 1D	\$10M (\$9M spent)	\$1M	2018-2020
Aquatic Center	\$65M	\$15M	2019-2024
Multi-Gen Rec Center	\$40M	\$3.5M	2024-2028
Operations & Maintenance	\$40M	\$.5M	2024-2037

*Note: Timelines may shift based on future Council direction regarding pay-go projects.*

**Fiscal Challenges:** While the FY 2019-20 budget was adopted with optimism in June 2019, by March 2020, the City’s fiscal picture became uncertain in light of the California’s Stay at Home order related to a global pandemic known as COVID-19. This order closed all non-essential businesses, which shuttered most service and retail industries. This stayed in place for March-May until the State allowed businesses to slowly reopen as the summer months approached; however, under very limited levels of service. By December 2020, the State would once again close down as cases of COVID-19 reached record numbers.

Before the economic impacts of COVID-19 were felt, the City was working to close a \$5 million deficit projected in FY 2020-21 (approximately 5%). The General Fund ten-year forecast (FY 2020-2030) reflected revenues growing and closing that budget deficit in the short-term (three to five years), assuming all expenses remained flat. However, the City must account for continued pressures on the expense side which include the increasing costs of salaries, benefits, CalPERS retirement costs, retiree health costs, and state minimum wage increases affecting the City’s contracts with suppliers. These inflationary expenses extend out the period under which the City’s budget may break even to five or more years, FY 2025-26. To close the projected deficit in FY 2020-21, each department was asked to cut 5% from their operating budget. In all, over 15 positions were temporarily frozen or delayed starting the fourth quarter of FY 2019-20; as well as reductions in contract services.

The City was midway through the development of the FY 2020-21 budget when the California Stay at Home order began. Overnight, the City was faced with an emergency that created economic uncertainty and fiscal strain on the City’s General Fund. This was a very fluid budget process; as data came in, staff adjusted budget projections. The City immediately amended FY 2019-20 budget estimates and the FY 2020-21 proposed budget to reflect assumptions that the

City's Sales Tax and Transient Occupancy Tax would come in 25% lower than adopted budget for FY 2019-20. In addition, it assumed that the City's FY 2021-22 forecast budget will also have lower revenue resulting from prolonged fiscal impacts of COVID-19. The pandemic is expected to pose a threat to the community until a vaccine was widely available; as is attested by a second Stay at Home order issued in December 2020.

On June 16, 2020, the City Council approved the FY 2020-21 Operating and Capital Budget after holding two budget workshops. During the budget workshops, the City Council considered both the upcoming budget adoption and proposed amendments to the FY 2019-20 budget; both of which were negatively impacted by the fiscal strain related to COVID-19 and the State's Stay at Home order that began in March 2020.

The final totals for FY 2019-20 reflect a slightly better position on the General Fund than was assumed in March 2020 at the onset of the COVID-19. The City's General Fund was projected to have a \$7 million deficit including the planned capital transfers to Measure V; of which, approximately half (\$3.5 million) would require funding appropriations from the 10% Economic/Budget Stabilization Reserves. While some of the 10% Economic/Budget Stabilization Reserves was needed to balance the deficit, there was improvement in both the revenues and greater savings in expenditures. The General Fund reserves dropped from \$30M in FY 2018-19 to \$20M at the close of FY 2019-20. However, the City's General Fund Capital Fund increased \$14M for Measure V CIPs and \$5M for Public Benefit-CIP. Without these transfers to capital, the City's General Fund would have increased to \$40M.

In total, the City's General Fund year-over-year revenues grew \$3M (or 4%); whereas, the City's operating and capital expenditures increased a modest \$1M (or 1%). Property Tax revenues remained strong during FY 2019-20 with a \$1.6M (or 7%) gain over the prior year. Sales Tax revenues were flat as compared to the prior year; however, since a gain of 5% was expected at the adoption of the budget, the City's operating budget had a projected loss of approximately \$1.3M and the City's Capital Fund budget had a loss of \$542,000. The second largest year-over-year gain was reflected in Charges for Services. This was a combination of revenue from market gains and interest earnings that proved well placed to see growth during FY 2019-20 and the final public benefit contribution from the Tracy Hills development. Like Sales Tax, the City experienced a loss due to regular fees associated with Recreation and Cultural Arts that were down nearly \$1M (or 50%). The General Fund's total expenditures including capital, but before other sources had a modest \$1M increase (or 1%). Without capital, the General Fund's operating expenditures increased approximately \$3M (or 4%); resulting primarily from the labor contract 4% salary increases that went into effect July 1, 2019.

Following the adoption of the FY 2020-21 budget, the City Council formed a two-member Fiscal Sustainability Council Ad Hoc Subcommittee. The purpose of the Subcommittee was to provide policy guidance as it relates to the development of budget principles and short and long term strategies to achieve fiscal sustainability. Next steps involve a presentation reflecting the proposed fiscal sustainability as part of its annual strategic priority setting and the FY 2021-22 budget development process.

**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.

**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 2019, 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.

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.

**City Council Strategic Priorities and Major Initiatives in 2019-2021:** In late 2019, our Tracy City Council came together to discuss a strategic vision for the community through FY 2020-21. The plan focused on growing our local economy, enhancing our quality of life, supporting good governance, and strengthening public safety. Little did we know that a global pandemic was on the horizon that would change the way we connect with one another and go about our day-to-day lives; but even in the midst of uncertainty, we never let go of our commitment to serve the community and help move Tracy forward. Our Strategic Priorities reflect what we aspire for Tracy, and what it takes to realize our dreams. They drive our goals and initiatives, and help us develop better ways to serve our residents. We're very proud of the work that we've done for our community and we would like to take this moment to highlight our accomplishments.

Tracy's continued success will heavily depend on our ability to work together and tackle challenges as a united front. Our goals cannot be achieved without the input and support of our residents, businesses, and non-profit organizations. We look forward to engaging with our community as we begin to shape our next set of strategic priorities in 2021.

*Economic Development:* The purpose of the Economic Development Strategic Plan is to enhance the competitiveness of the City while further developing a strong and diverse economic base.

- Conducted community meetings and council workshops on affordable housing policy and workforce housing needs.
- Issued a Community Retail and Entertainment Survey to understand the needs and desires of the community.
- Updated the Commercial Cannabis Ordinance, developed relationships with businesses, and established the Cannabis Application and Permit Process.
- Facilitated placement of Measure W, The Cannabis Business Tax, and Measure Y, the Transit Oriented Development Measure, on the November 2020 ballot.
- The City continues to collaborate with the San Joaquin Regional Rail Commission and Valley Link to enhance transportation connectivity from the Central Valley to the Bay Area and plan for new development around the station.
- We issued 4,456 building permits; completed 28,371 building inspections; performed 5,170 building plan reviews; processed 116 development permits for new development and subdivisions; and implemented new electronic permit tracking and plan review software.
- The City managed Five Major Development Projects including the Gateway Specific Plan and Environmental Impact Report, and four major annexations. We entitled a 35,000 square foot Class A: Office Building, a first of its kind in decades, to break ground in November at International Park of Commerce and engaged in business attraction efforts through a comprehensive marketing campaign and advertising, while also working with Santa Clara University to enhance local educational opportunities.

*Quality of life:* The purpose of the Quality of Life Strategic Plan is to provide an outstanding quality of life by enhancing the City's amenities, business mix and services, and cultivating connections to promote positive change and progress in our community.

- Allocated \$350,000 in Housing and Community Development Block Grant (CDBG) funds to support homeless prevention and rehousing efforts and adopted Homeless Strategic plan; identified a location for a Temporary Emergency Homeless Shelter; and partnered with Tracy Community Connections to provide showers and social services to the homeless; secured Approximately \$4M in Housing Funds for Affordable Housing development; awarded \$450,000 in CDBG and HOME funds for community programs and projects; and secured \$30,000 in grant funding for the Utility Bill Payment Assistance Program.
- Adopted an urgency ordinance to support local businesses impacted by COVID-19; approved over \$175,000 in funding through the Small Business Forgivable Loan Program; launched the Downtown Tracy Outdoor Dining Program; and
- Completed the City's Short Range Transit Plan and launched TRACER On-Demand Bus Service.
- Received City Council approval on a Final Conceptual Plan for the Aquatics Center and committed General Fund: Measure V Sales Tax funding of \$55M plus an additional \$10M developer contribution with a goal of opening the facility in 2024.
- Completed the Senior Center Expansion Project and five park playground renovations, including construction of the MacDonald Park splash pad; celebrated Arbor Day with a weeklong tree planting event; completed exterior improvements at the Grand Theatre Center for the Arts; and installed portable hand washing stations and restrooms in specified City parks for unsheltered residents
- Updated landscape and design standards for new development.

Quality of life (continued):

- Developed and implemented Downtown Tracy Arts Week.
- Updated the City's Tobacco Ordinance to ban smoke shops from residential neighborhoods and near youth facilities.
- Focused on improving City mobility: completed construction of the MacArthur Drive Widening Project; initiated design and environmental review for the I-205 and I-580 Interchanges at Mountain House Parkway; improved 23 lane miles of streets through road resurfacing and repairs; added seven lane miles of residential streets; installed nearly three miles of new green bike lanes; modified nine traffic signals to improve commuter flow; installed nine new traffic signals; and performed 396 sidewalk repairs and 37 ADA ramp repairs.
- Completed the \$24M Recycled Water Pipeline Project; which included \$18M in State grants.
- Began construction of the new \$36M Wastewater effluent pipeline.
- Converted City Diesel Vehicles and Equipment to Renewable Diesel Fuel.
- Completed the upgrade of the Boyd Service Center Maintenance Building.
- Held three community recycling events.
- Maintained and cleaned 460 miles of sewer lines, 465 miles of water lines, and 175 miles of storm drains and maintained 5,168 trees throughout the city.

Governance: The purpose of the Governance Strategic Plan is to enhance fiscal stability, retain and attract new talent, improve the use of technology, and enhance transparency for the betterment of the Tracy community.

- Adopted and implemented a Council Code of Conduct Policy Council Protocols and Procedures and a Council Vacancy Policy; adopted a Resolution in Support of Racial Justice and Declaring Black Lives Matter, and approved the Tracy Equity and Empowerment Initiative.
- Adopted the Fiscal Year 2020-21 Budget; updated internal Administrative Policies and Procedures; identified community funding priorities for Measure V tax dollars; explored strategies to support short and long-term fiscal sustainability and formed a Council Ad-hoc Subcommittee to Develop Long Term Fiscal Sustainability Plan.
- Approved a Master Tax Sharing Agreement with San Joaquin County.
- Completed the upgrade of the Council Chambers Audio/Visual System; launched virtual City Council meetings and streamed live meetings to social media; implemented the electronic Public Records Ask Request system; issued multiple City newsletters to increase public outreach and engagement; and produced over ten public service announcements on COVID-19.
- Gathered new aerial imagery of the City.
- Completed a Wall to Wall Employee Classification Study and facilitated leadership development training for staff.
- Issued \$16M in new Parity Community Facilities District (CFD) Bonds for Tracy Hills development (2016-1 CFD) (over \$60M from three parity bond issuances between 2018-2020); issued \$15M in new CFD Bonds for Ellis development (2016-2 CFD); refinanced \$8M in NEI II (2006-1 CFD) and \$18M in Lease Financing Debt (2007-Series A/B and 2008-Series A).
- Added four new subdivisions to the citywide services 2018-1 CFD.
- Implemented rate increase for Water Utilities and initiated rate studies for Solid Waste and Wastewater Utilities.
- Developed a Business Continuity Plan and implemented a Community Recovery Plan.

Public Safety: The purpose of the Public Safety Strategic Plan is to enhance community safety by promoting a responsive public safety system that includes civic engagement and partnerships, community involvement, public education and prevention, intervention, and suppression services that meet the needs of Tracy residents.

- Responded to the “Eight Can’t Wait Campaign” and “Campaign Zero” initiative which mirrored Tracy Police Department’s (TPD) contemporary policing policies and practices.
- Organized three Virtual Town Hall meetings on “Racial Injustice, Policing, and Our Youth”.
- Increased public safety presence at community events to connect with our residents and businesses and worked cooperatively with local community activists to ensure the safety and success of 6 Peaceful Demonstrations in Tracy.
- Enhanced TPD equipment and infrastructure to improve safety, operations, records management, and response capabilities; deployed the new Law Enforcement Wellness App, Cordico Shield; responded to over 80,000 calls for service; closed over 2,000 Code Enforcement Cases; and established Text to 911 capabilities.
- Performed monthly outreach visits to engage those we serve who are experiencing homelessness through Operation Helping Hands; collaborated with California Highway Patrol (CHP) and CalTrans to clean up homeless encampments at Clyde Bland Park and I-205 freeway frontage.
- Launched the new Park Camera Program to enhance safety and security at community parks.
- Amended the Tracy Municipal Code to heighten enforcement of illegal fireworks.
- Leveraged technology to enhance public safety awareness, response, and performance; and launched efforts to develop a city-wide Emergency Response Plan; adopted the City’s Hazard Mitigation Plan.
- Increased traffic enforcement in collaboration with other county law enforcement agencies.
- Realigned and enhanced the Tracy Police Department’s - Professional Standards & Training Division.
- Secured a \$42,500 Office of Traffic Safety grant to fund community outreach and enforcement of traffic issues.
- Established a Public Safety Youth Advisory Board.
- Awarded \$375,000 COPS Hiring Grant to fund a portion of the costs of three new officers over the next three years.
- Broke ground on Tracy Hills Fire Station number 95 funded through developer impact fees.
- Secured various FEMA grants, plus \$1.2M in CARES funds, to mitigate the some of the emergency response costs incurred by the City related to COVID-19; established and managed a virtual Emergency Operations Center in conjunction with public safety and County public health and emergency response agencies logging more than 5,000 hours in the first three months alone; successfully secured Personal Protective Equipment for our employees; provided logistical support for the first pop-up COVID-19 testing site in Tracy; delivered COVID-19 safety training to staff; Installed protective barriers at customer service counters and inside Council Chambers in preparation for the reopening of City Hall when it is deemed safe, and Communicated timely, regular and accurate COVID-nineteen updates to the public through various channels to ensure EVERYONE in our community had the information they needed.

**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, 2020

Non-spendable	Loans Receivable	\$ 40,000
Committed	20% reserve	14,479,022
Assigned	10% reserve (Economic Stability)	5,670,453
	Prior Year Re-Appropriations	419,564
	Animal Control	22,193
		\$ 20,631,232

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

Prior to FY 2014-15, information on the pension liabilities 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 implemented GASB 75 in FY 2017-18.

**Gann Limit vs. Appropriations Subject to Limit:** Proposition 4, the "Gann Initiative," was passed by California voters in 1978, and is intended to limit government appropriations. The appropriations limit is calculated each year based upon fiscal year 1978-79 appropriations, which is modified by the composite consumer price index and population changes that have occurred in subsequent years. The City's appropriations limit and the estimated appropriations subject to the limit for the FY 2019-20 amounted to \$69,054,298 and \$56,494,609 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, 2019. This was the 32<sup>nd</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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that 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 29, 2020 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.



Pleasant Hill, California  
December 29, 2020

## **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, 2020. 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 2019-20 fiscal year by \$1,264 million Net Position. Of this amount, \$25.9 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 \$40.9 million, with \$0.4 million attributable to governmental activities and \$40.5 million attributable business-type activities.
- As of June 30, 2020, the City's combined governmental funds reported fund balance of \$196.6 million, of which \$196.6 million is available to meet the City's current and future needs.
- As of June 30, 2020 the fund balance for the General Fund was \$20.6 million of which \$40 thousand is designated as Non-Spendable for items such as deposits, prepaid assets, inter-fund advances, and inventory. Committed fund balance was \$14.5 million, designated for Contingency/Emergency. Assigned fund balance was \$6.1 million, designated for items such as prior reappropriation and fiscal sustainability. There were no unassigned funds as of June 30, 2020.

### **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 38 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 I 26 and AB 1484, the activities of the Successor Agency to the Tracy Community Development Agency are reported as a Private Purpose Trust Fund in the Fiduciary Fund section.

### ***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 \$40.9 million or 3.3%, from \$1,223 million at June 30, 2019 to \$1,264 million at June 30, 2020. Restricted net position accounted for \$202 million restricted for capital projects, debt service and legally segregated taxes, grants, and fees. The unrestricted net position decreased by \$0.6 million, from \$26.6 million in at June 30, 2019 to \$26 million at June 30, 2020 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 \$86.9 million in accordance with Generally Accepted Accounting Principles.

The following table reflects the Summary of Net Position for the fiscal year ended June 30, 2020 with comparative data for the fiscal year ended June 30, 2019.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Cash and Investments	\$ 217,276	\$ 224,116	\$ 63,062	\$ 46,999	\$ 280,338	\$ 271,115
Other Assets	42,211	45,193	18,514	18,906	60,725	64,099
Capital Assets	660,155	647,535	428,144	403,414	1,088,299	1,050,949
Total Assets	919,642	916,844	509,720	469,319	1,429,362	1,386,163
Deferred Outflows						
Related to Pensions	20,075	19,803	2,186	2,420	22,261	22,223
Current Liabilities	24,870	28,873	11,959	11,063	36,829	39,936
Non-Current Liabilities	107,781	99,869	39,158	40,451	146,939	140,320
Total Liabilities	132,651	128,742	51,117	51,514	183,768	180,256
Deferred Inflows						
Related to Pensions	3,729	4,947	288	277	4,017	5,224
Net Investment in Capital						
Assets	638,464	626,220	397,488	370,880	1,035,952	997,100
Restricted	201,439	199,212	517	1	201,956	199,213
Unrestricted	(36,566)	(22,474)	62,496	49,067	25,930	26,593
Total Net Position	\$ 803,337	\$ 802,958	\$ 460,501	\$ 419,948	\$ 1,263,838	\$ 1,222,906

The City's Government-wide Net Position as of June 30, 2020, comprised of the following:

- Cash and investments combined increased by \$9.2 million or 3.4%, from \$271.1 million at June 30, 2019 to \$280.3 million at June 30, 2020. The \$280.3 million of cash and investments is in the city treasury and investments. Cash and Investments with Fiscal Agents is \$525,805 at June 30, 2020. The increase is primarily attributable to capital projects activity.
- Receivables decreased by \$3.7 million or -6.1%, from \$60.8 million at June 30, 2019 to \$57.1 million at June 30, 2020. Receivables were comprised of \$37.4 million of current receivables and \$19.7 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 \$37.3 million or 3.6%, from \$1,051 million at June 30, 2019 to \$1,088 million at June 30, 2020. Net capital assets of \$1,088 million include the City's infrastructure in addition to all other City assets.

- Restricted Net Position increased \$2.8 million or 1.4%, from \$199.2 million at June 30, 2019 to \$202 million at June 30, 2020. Restricted Net Position is restricted for capital projects \$154.4 million; low-moderate income housing projects \$17.2 million; debt service \$7.5 million; and \$22.9 million may be spent on other projects as specified by funding source restrictions.
- Unrestricted Net Position decreased by \$0.7 million or -2.5%, from \$26.6 million at June 30, 2019 to \$25.9 million at June 30, 2020. 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, 2020 is reflected in the Statement of Changes in Net Position.

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

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 19,139	\$ 20,792	\$ 59,454	\$ 53,676	\$ 78,593	\$ 74,468
Operating Contributions and Grants	14,969	15,142	4,263	3,733	19,232	18,875
Capital Grants and Contributions	39,662	36,408	22,818	20,936	62,480	57,344
<b>Total Program Revenues</b>	<b>73,770</b>	<b>72,342</b>	<b>86,535</b>	<b>78,345</b>	<b>160,305</b>	<b>150,687</b>
General Revenues:						
Property Taxes	24,082	22,723			24,082	22,723
Other Taxes	44,669	44,331			44,669	44,331
Other General Revenues	1,629	1,846	1,845	1,642	3,474	3,488
<b>Total General Revenues</b>	<b>70,380</b>	<b>68,900</b>	<b>1,845</b>	<b>1,642</b>	<b>72,225</b>	<b>70,542</b>
<b>Total Revenues</b>	<b>144,150</b>	<b>141,242</b>	<b>88,380</b>	<b>79,987</b>	<b>232,530</b>	<b>221,229</b>
<b>Expenses</b>						
General Government	14,660	14,455			14,660	14,455
Police	36,551	31,808			36,551	31,808
Fire	23,573	22,267			23,573	22,267
Development & Engineering	11,815	11,511			11,815	11,511
Public Works	22,336	31,182			22,336	31,182
Parks & Community Services	4,044	3,920			4,044	3,920
Interest on Long-term Debt	1,339	1,271			1,339	1,271
Water			21,458	19,941	21,458	19,941
Wastewater			18,991	18,961	18,991	18,961
Solid Waste			25,275	22,289	25,275	22,289
Storm Drainage			2,610	2,558	2,610	2,558
Airport			1,363	1,123	1,363	1,123
Transit			5,485	5,017	5,485	5,017
<b>Total Expenses</b>	<b>114,318</b>	<b>116,414</b>	<b>75,182</b>	<b>69,889</b>	<b>189,500</b>	<b>186,303</b>
Changes in net position before transfers and Special Items	29,832	24,828	13,198	10,098	43,030	34,926
Transfers	(27,355)	(2,016)	27,355	2,016		
Special Item	(2,098)				(2,098)	
<b>Change in Net Position</b>	<b>379</b>	<b>22,812</b>	<b>40,553</b>	<b>12,114</b>	<b>40,932</b>	<b>34,926</b>
Net Position, Beginning**	802,958	780,146	419,948	407,834	1,222,906	1,187,980
<b>Net Position, Ending</b>	<b>\$ 803,337</b>	<b>\$ 802,958</b>	<b>\$ 460,501</b>	<b>\$ 419,948</b>	<b>\$ 1,263,838</b>	<b>\$ 1,222,906</b>

## Revenues

Total revenues increased by \$11.3 million or 5.1%, from \$221.2 million at June 30, 2019 to \$232.5 million at June 30, 2020. Total governmental activity revenues increased by \$2.9 million. Total governmental general revenues increased by \$1.5 million related to property tax and general sales tax.

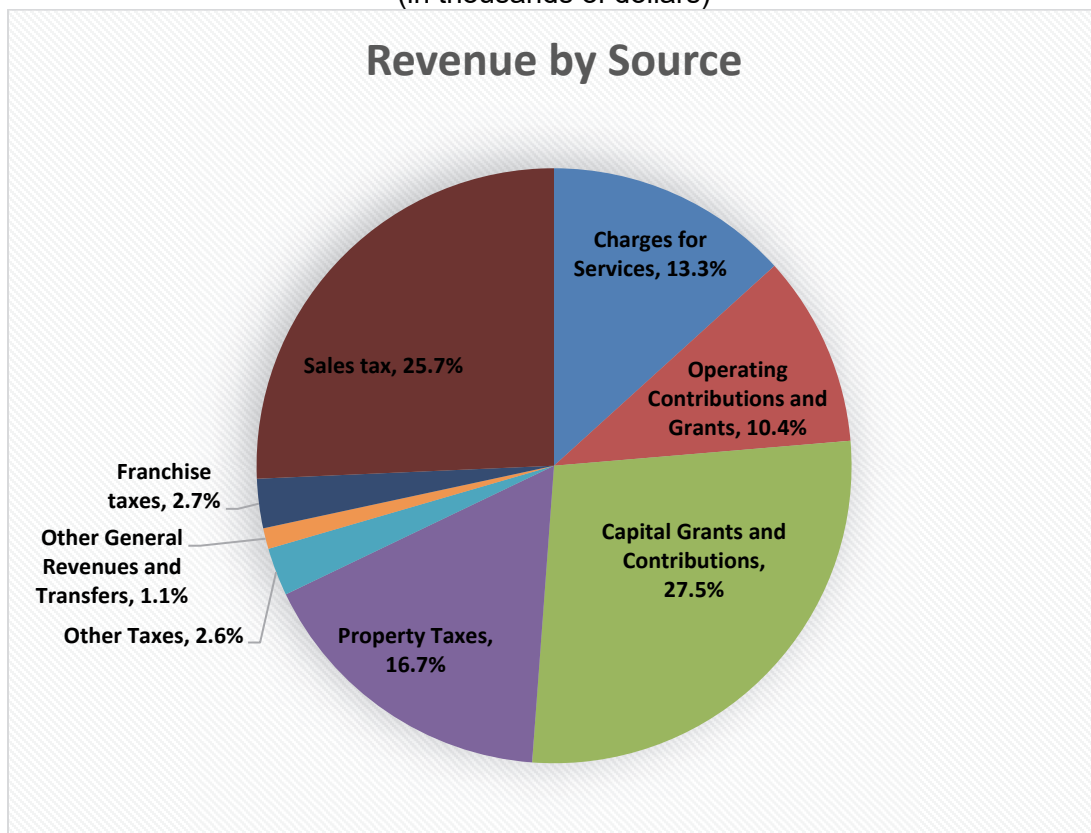
## Expenses

Total expenses for the City increased by \$3.2 million or 1.7%, from \$186.3 million at June 30, 2019 to \$189.5 million at June 30, 2020. Governmental activities incurred \$114.3 million of expenses while business-type activities incurred \$75.2 million. Of the Governmental Activities, the largest expenses were in Public Safety \$60.1 million; Public Works \$22.3 million; and General Government \$14.6 million.

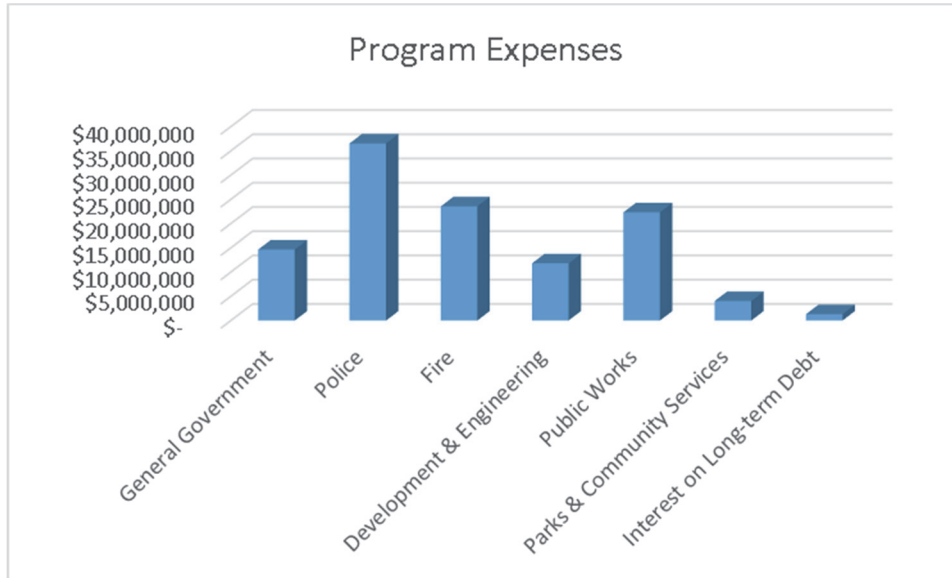
## Governmental Activities

Total resources available during the year to finance governmental operations were \$917.6 million consisting of net position at June 30, 2019 of \$802.9 million, program revenues of \$73.8 million and general revenues and transfers of \$40.9 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**



**Business-Type Activities**

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

	Business-type Activities	
	2020	2019
<b>Net Revenue (Expense) from Business-type Activities</b>		
Water	\$9,676	\$366
Wastewater	3,592	10,375
Airport	1,019	602
Solid Waste	(2,141)	(736)
Transit	1,056	(1,103)
Drainage	(1,850)	(1,049)
<b>Total Business-type Activities</b>	<b>\$11,352</b>	<b>\$8,455</b>

Program revenues of Business-type Activities increased \$8.2 million or 10.5%, from a total of \$78.3 million at June 30, 2019 to a total of \$86.5 million at June 30, 2020. This was a result of an increase in revenues related to Charges for Services.

## **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, 2020, the City's governmental funds reported combined fund balances of \$196.6 million, which is a decrease of \$1.2 million or -.6%, from \$197.8 million at June 30, 2019. Total revenues increased by \$2.8 million or 2%, from \$138.9 million at June 30, 2019 to \$141.7 million at June 30, 2020. Of this total, \$83.1 million was in the General Fund. Total expenditures increased by \$24.3 million or 19.5%, from \$125 million at June 30, 2019 to \$149.3 million at June 30, 2020. Of this total, \$72.4 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, 2020, the General Fund balance of \$20.6 million, was comprised of \$.04 million in non-spendable balances, \$14.5 million committed funds for contingency/emergency reserve, and \$6.1 million in assigned funds. Included in this amount is \$5.6 million for Economic/Budget stability and \$0.4 million for reappropriation to balance FY20. There were no unassigned funds at June 30, 2020. 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, 2020, the fund balance of the Housing Successor Special Revenue Fund was comprised of \$4.2 million in cash and investments and \$0.7 million in loans to the Successor Agency.

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

The TEA Grant Fund had revenues of \$4.2 million and expenditures of \$3.6 million, all for capital projects. The fund balance increased from to (\$0.1) million at June 30, 2019 to \$0.3 million at June 30, 2020, as a result of outstanding grant receivables received in fiscal year ending June 30, 2020.



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

The SSJCFA had revenues of \$9.1 million, and expenditures of \$6.4 million. The ending fund balance increased by \$2.6 million, from (\$5.4) million at June 30, 2019 to (\$2.8) million at June 30, 2020.

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

The Community Development Fees Special Revenue Fund had revenues of \$7.8 million and expenditures of \$11.2 million. The ending fund balance increased from (\$1.1) million at June 30, 2019 to (\$0.4) million at June 30, 2020.

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

The fund balance of the 2008 Lease Revenue Bond Fund increased by \$0.9 million over the prior year. Fund balance was \$.62 million at June 30, 2019 comparable to \$1.5 million at June 30, 2020.

### **General Projects Capital Fund**

The General Projects Fund had revenues of \$.2 million, transfers in of \$18.6 million, and expenditures of \$4.8 million. The fund balance increased \$14 million from \$12.2 million at June 30, 2019 to \$26.2 million at June 30, 2020. Funding for the General Project Fund is transferred from the City's General Fund. Capital project expenses included Legacy Fields Phase 1D (CIP 78164), Corral Hollow Widening I580/Linne (CIP 73161), Boyd Service Center Phase 2 (CIP 71091). 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 \$12.7 million and expenditures of \$3.1 million. The fund balance decreased \$8.8 million from \$43.8 million at June 30, 2019 to \$35 million at June 30, 2020. TIMP Funds cover areas of the City not covered by their own financing plan. Project expenditures included, Over cross Upgrade at I205 and Mountain House Parkway (CIP 73146), Traffic Signal at Lammers and West Schulte (CIP 72068) and Boyd Service Center Phase 2 (CIP 71091). Future projects include fire stations 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 \$460.5 million at June 30, 2020. Enterprise operating revenues were \$59.5 million and operating expenses were \$73.9 million in fiscal year 2020. Operating expenses includes \$12.8 million in depreciation recognition. Future projects include the Waste Water treatment expansion.

## **Water Fund**

The net position of the Water Fund at June 30, 2020 was \$192.2 million, an increase of \$9.8 million over the prior fiscal year. The net position of the Water fund at June 30, 2019 was \$182.4. Approximately \$2.5 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$189.7 million. Activities for the year were comprised of \$20.3 million in operating revenues for the current year and \$21.2 million in operating expenses including \$4.5 million in depreciation expenses.

## **Wastewater Fund**

The net position of the Wastewater Fund at June 30, 2020 was \$173.4 million, an increase of \$23.7 million over the prior fiscal year. The net position of the Wastewater fund at June 30, 2019 was \$149.7 million. Approximately \$43.1 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$129.7 million. Activities for the year were comprised of \$14.6 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, 2020 was \$15.8 million, a decrease of \$1.7 million over the prior fiscal year. The net position of the Solid Waste fund at June 30, 2019 was \$17.5 million. Approximately \$15.8 million of the Fund's net position was unrestricted at the fiscal year end. Activities for the year were comprised of \$23.1 million in operating revenues for the current year and \$25.3 million in operating expenses.

## **Drainage Fund**

The net position of the Drainage Fund at June 30, 2020 was \$49 million, an increase of \$6.2 million over the prior fiscal year. The net position of the Drainage fund at June 30, 2019 was \$42.8 million. Approximately \$(0.7) million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$50 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, 2020 was \$15.2 million, an increase of \$1.5 million over the prior fiscal year. The net position of the Airport fund at June 30, 2019 was \$13.7 million. Approximately \$(0.3) million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$15.5 million. Activities for the year were comprised of \$0.7 million in operating revenues, grants and transfers-in for the current year and \$1.4 million in operating expenses including \$0.4 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, 2020 was \$15.0 million, an increase of \$1.1 million over the prior fiscal year. The net position of the Transit fund at June 30, 2019 was \$13.9 million. Approximately \$2.2 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$12.8 million. Activities for the year were comprised of \$0.1 million in operating revenues and grants for the current year and \$5.5 million in operating expenses including \$0.9 million in depreciation expenses.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the General Fund totaled \$79.8 million. The difference in appropriations between the original budget and the final amended budget was \$9.6 million, largely due to increases in capital outlay. At the end of the fiscal year, the total actual expenses of the General Fund were \$72.4 million; the General Fund's assigned fund balance reappropriations of \$1.6 million in items that began in 2020 but remained in progress in 2021.

## CAPITAL ASSETS

At the end of fiscal 2020, 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	
	2020	2019	2020	2019	2020	2019
<b>Non-depreciable assets</b>						
Land	\$ 177,773	\$ 177,266	\$ 18,292	\$ 10,007	\$ 196,065	\$ 187,273
Streets and Roads	305,042	303,950			305,042	303,950
Construction in-Progress	45,215	34,439	55,957	41,415	101,172	75,854
Total	528,030	515,655	74,249	51,422	602,279	567,077
<b>Depreciable assets</b>						
Buildings and Improvements	134,076	127,027	169,452	166,821	303,528	293,848
Improvements	46,556	46,556	3,571	3,571	50,127	50,127
Grading, Curbs & Gutters						
Sidewalks & Driveway Approaches	32,130	31,762			32,130	31,762
Traffic Signals	23,026	22,420			23,026	22,420
Equipment	34,366	33,333	44,703	45,222	79,069	78,555
Infrastructure	12,219	12,219	342,085	330,053	354,304	342,272
Intangible Assets	610	610	72,883	72,883	73,493	73,493
Less: accumulated depreciation	(150,858)	(142,048)	(278,799)	(266,558)	(429,657)	(408,606)
Net depreciable assets	132,125	131,879	353,895	351,992	486,020	483,871
Total Capital Assets	\$ 660,155	\$ 647,534	\$ 428,144	\$ 403,414	\$ 1,088,299	\$ 1,050,948

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

The City has elected to use the modified approach discussed above with respect to its roads, most of which are relatively new. The City's policy is to maintain these roads at an overall condition index level averaging 69, instead of providing depreciation. During fiscal year 2020, the City expended \$6,666,870 to preserve its roads, and the condition index level was 69. The City estimates that it will be required to expend approximately \$9,866,151 in fiscal year 2021 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 increased by \$0.4 million or 1.8%, from \$21.3 million at June 30, 2019 to \$21.7 million at June 30, 2020, in debt associated with Governmental Activities. The City's long debt outstanding decreased by \$1.8 million or 5.8%, from \$32.5 million at June 30, 2019 to \$30.7 million at June 30, 2020, in debt associated with Business-Type Activities.

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

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
2008 Lease Revenue Bonds	\$ -	\$ 17,895	\$ -	\$ -	\$ -	\$ 17,895
2007 Lease Revenue Bonds-A		2,690				2,690
2007 Lease Revenue Bonds-B		730				730
2020 Lease Revenue Refunding Bonds 3%-4%	18,190				18,190	
2020 Lease Revenue Refunding Bonds Premium	3,501				3,501	
2004 Wastewater Revenue Bonds			22,050	22,890	22,050	22,890
State of California-Department of Health Services Loan			8,607	9,645	8,607	9,645
<b>Total Long Term Liabilities</b>	<b>\$ 21,691</b>	<b>\$ 21,315</b>	<b>\$ 30,657</b>	<b>\$ 32,535</b>	<b>\$ 52,348</b>	<b>\$ 53,850</b>

## **ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

Fiscal Year 2019-20 began with optimism and steady growth. Economic development efforts allowed for the continued expansion of several businesses and construction of new distribution facilities. Property tax revenues were steadily increasing as a result of new residential and commercial development and higher property values. However, by March 2020, the City's fiscal picture became uncertain when a state wide stay at home order related to the global pandemic known as COVID-19 closed all non-essential businesses. Despite the shutdown, the City's General Fund revenues increased by \$3M over the prior fiscal year while expenses increases by \$1M over the prior fiscal year. Property Tax revenues continued to grow with a 7% or \$1.6M increase over the prior year and sales tax remained flat. As the COVID-19 pandemic continued, the City adopted a FY2020-21 operating budget with a 5% cut to operating costs. During FY2019-20, the final 4% salary increases went into effect. The City also engaged in a citywide personnel classification study. Over the next year, staff will continue to evaluate many options to balance resources against rising personnel costs to ensure Council priorities are met. More detail about the City's economic outlook is discussed in the accompanying transmittal letter.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This 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.

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**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, 2020

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 3)	\$217,267,536	\$62,545,042	\$279,812,578
Cash and investments with fiscal agents (Note 3)	8,279	517,526	525,805
Accounts receivable	16,142,311	20,132,292	36,274,603
Inventory (Note 1H)		570,994	570,994
Interest receivable	807,700	234,469	1,042,169
Prepaid items (Note 1H)	1,391,575	13,629	1,405,204
Internal balances (Note 4)	2,438,471	(2,438,471)	
Deposits (Note 5I)	1,000,000		1,000,000
Loans receivable (Note 5)	19,738,212		19,738,212
Advances to CDA successor agency (Note 5)	693,690		693,690
Capital assets, not being depreciated (Note 6)	528,030,555	74,249,214	602,279,769
Capital assets, being depreciated, net of accumulated depreciation (Note 6)	132,124,644	353,895,021	486,019,665
Total Assets	<u>919,642,973</u>	<u>509,719,716</u>	<u>1,429,362,689</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions (Note 10)	19,615,110	2,122,550	21,737,660
Related to OPEB (Note 11)	459,870	64,035	523,905
Total Deferred Outflows	<u>20,074,980</u>	<u>2,186,585</u>	<u>22,261,565</u>
<b>LIABILITIES</b>			
Accounts payable	9,328,050	6,897,312	16,225,362
Salaries and benefits payable	1,801,010	409,142	2,210,152
Accrued interest payable	120,342	84,568	204,910
Deposits payable	11,462,367	2,092,760	13,555,127
Unearned revenue	157,541	282,126	439,667
Compensated absences (Note 1G):			
Due within one year	1,445,687	255,403	1,701,090
Due in more than one year	3,031,304	490,930	3,522,234
Long-term debt (Note 7):			
Due within one year	555,000	1,937,698	2,492,698
Due in more than one year	21,136,175	28,719,235	49,855,410
Net pension liability - due in more than one year (Note 10)	77,726,986	9,168,769	86,895,755
Total OPEB liability - due in more than one year (Note 11)	5,887,030	779,542	6,666,572
Total Liabilities	<u>132,651,492</u>	<u>51,117,485</u>	<u>183,768,977</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions (Note 10)	3,254,170	208,571	3,462,741
Related to OPEB (Note 11)	474,902	79,550	554,452
Total Deferred Inflows	<u>3,729,072</u>	<u>288,121</u>	<u>4,017,193</u>
<b>NET POSITION (Note 9)</b>			
Net investment in capital assets	638,464,024	397,487,302	1,035,951,326
Restricted for:			
Debt service	6,996,097	517,526	7,513,623
Public safety	1,640,181		1,640,181
Streets and roads	10,433,962		10,433,962
Community development	1,559,288		1,559,288
Special districts	9,262,501		9,262,501
Projects	154,378,815		154,378,815
Housing	17,168,873		17,168,873
Total Restricted Net Position	<u>201,439,717</u>	<u>517,526</u>	<u>201,957,243</u>
Unrestricted	(36,566,352)	62,495,867	25,929,515
Total Net Position	<u>\$803,337,389</u>	<u>\$460,500,695</u>	<u>\$1,263,838,084</u>

See accompanying notes to basic financial statements

CITY OF TRACY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government				
Economic development	\$1,111,061	\$66	\$140,035	\$1,212,975
General government	8,225,907	6,998,284		176,582
Finance	4,904,070			
Non-departmental	419,657	405,716	47,227	145,859
Public safety				
Police	36,551,069	262,899	1,375,583	495,281
Fire	23,573,605	498,197	5,910,655	3,930,000
Public ways and facilities/transportation				
Development and engineering	11,814,970	7,730,755	20,000	
Public works	22,335,954	2,721,400	7,475,627	32,833,488
Culture and leisure				
Parks and community services	4,044,178	521,826		868,177
Interest and fiscal charges	1,338,564			
<b>Total Governmental Activities</b>	<b>114,319,035</b>	<b>19,139,143</b>	<b>14,969,127</b>	<b>39,662,362</b>
<b>Business-type Activities:</b>				
Water	21,458,103	20,328,182		10,806,047
Wastewater	18,991,436	14,551,700		8,031,829
Airport	1,362,632	662,342		1,719,616
Solid waste	25,275,002	23,071,852		62,202
Transit	5,484,857	102,953	4,262,781	2,175,556
Drainage	2,610,093	737,022		23,103
<b>Total Business-type Activities</b>	<b>75,182,123</b>	<b>59,454,051</b>	<b>4,262,781</b>	<b>22,818,353</b>
<b>Total</b>	<b>\$189,501,158</b>	<b>\$78,593,194</b>	<b>\$19,231,908</b>	<b>\$62,480,715</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)				
Special item (Note 5F)				
Loss on reimbursement agreement amendment				
<b>Total general revenues, transfers and special item</b>				
Change in Net Position				
Net Position-Beginning				
Net Position-Ending				

See accompanying notes to basic financial statements

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$242,015		\$242,015
(1,051,041)		(1,051,041)
(4,904,070)		(4,904,070)
179,145		179,145
(34,417,306)		(34,417,306)
(13,234,753)		(13,234,753)
(4,064,215)		(4,064,215)
20,694,561		20,694,561
(2,654,175)		(2,654,175)
(1,338,564)		(1,338,564)
<u>(40,548,403)</u>		<u>(40,548,403)</u>
	\$9,676,126	9,676,126
	3,592,093	3,592,093
	1,019,326	1,019,326
	(2,140,948)	(2,140,948)
	1,056,433	1,056,433
	<u>(1,849,968)</u>	<u>(1,849,968)</u>
	<u>11,353,062</u>	<u>11,353,062</u>
<u>(40,548,403)</u>	<u>11,353,062</u>	<u>(29,195,341)</u>
24,082,470		24,082,470
3,864,335		3,864,335
37,038,772		37,038,772
1,447,897		1,447,897
850,991		850,991
1,392,908		1,392,908
73,447		73,447
33,298		33,298
53,671	9,165	62,836
1,542,936	1,835,390	3,378,326
(27,354,628)	27,354,628	
<u>(2,098,146)</u>		<u>(2,098,146)</u>
<u>40,927,951</u>	<u>29,199,183</u>	<u>70,127,134</u>
379,548	40,552,245	40,931,793
<u>802,957,841</u>	<u>419,948,450</u>	<u>1,222,906,291</u>
<u>\$803,337,389</u>	<u>\$460,500,695</u>	<u>\$1,263,838,084</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 2020. 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 six functional categories.

CITY OF TRACY  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2020

	General	Housing Successor	TEA Grant	South San Joaquin County Fire Authority	Community Development Fees
<b>ASSETS</b>					
Cash and investments (Note 3)	\$5,668,536	\$4,154,515	\$445,556		\$3,838,448
Cash and investments with fiscal agents (Note 3)					
Accounts receivable	9,174,498		811,056	\$5,562,198	
Interest receivable	99,317	14,759	1,701		18,085
Due from other funds (Note 4)	8,427,230				
Deposits					
Loans receivable (Note 5)	67,270	12,304,226			
Advances to CDA successor agency (Note 5)		693,690			
Total Assets	<u>\$23,436,851</u>	<u>\$17,167,190</u>	<u>\$1,258,313</u>	<u>\$5,562,198</u>	<u>\$3,856,533</u>
<b>LIABILITIES</b>					
Accounts payable	\$1,726,320		\$440,006	\$8,604	\$1,296,134
Salaries and benefits payable	795,912		112	593,314	209,831
Due to other funds (Note 4)				4,889,898	
Deposits payable	176,035			24,994	2,720,691
Unearned revenue	80,082				
Total Liabilities	<u>2,778,349</u>		<u>440,118</u>	<u>5,516,810</u>	<u>4,226,656</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - accounts receivable			472,562	2,805,923	
Unavailable revenue - loans	27,270	\$12,304,226			
Total Deferred Inflows of Resources	<u>27,270</u>	<u>12,304,226</u>	<u>472,562</u>	<u>2,805,923</u>	
<b>FUND BALANCES</b>					
Fund balance (Note 9):					
Nonspendable					
Loans receivable	40,000				
Restricted		4,862,964	345,633		
Committed	14,479,022				
Assigned	6,112,210				
Unassigned				(2,760,535)	(370,123)
Total Fund Balances	<u>20,631,232</u>	<u>4,862,964</u>	<u>345,633</u>	<u>(2,760,535)</u>	<u>(370,123)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$23,436,851</u>	<u>\$17,167,190</u>	<u>\$1,258,313</u>	<u>\$5,562,198</u>	<u>\$3,856,533</u>

See accompanying notes to basic financial statements

2008 Lease Revenue Bonds	General Projects	Tracy Infrastructure Master Plans	Other Governmental Funds	Total Governmental Funds
\$1,480,780	\$27,769,583	\$38,780,931	\$118,921,596	\$201,059,945
8,202			77	8,279
			561,803	16,109,555
5,261	43,540	136,577	433,430	752,670
			2,174,474	10,601,704
			1,000,000	1,000,000
5,501,854			1,864,862	19,738,212
				693,690
<u>\$6,996,097</u>	<u>\$27,813,123</u>	<u>\$38,917,508</u>	<u>\$124,956,242</u>	<u>\$249,964,055</u>
	\$788,079	\$2,847,293	\$1,836,033	\$8,942,469
	2,976	5,208	84,228	1,691,581
		1,077,441	2,195,894	8,163,233
	829,042		7,704,847	11,455,609
			77,459	157,541
	<u>1,620,097</u>	<u>3,929,942</u>	<u>11,898,461</u>	<u>30,410,433</u>
				3,278,485
<u>\$5,501,854</u>			<u>1,864,862</u>	<u>19,698,212</u>
<u>5,501,854</u>			<u>1,864,862</u>	<u>22,976,697</u>
				40,000
1,494,243		34,987,566	113,367,393	155,057,799
	26,193,026			14,479,022
				32,305,236
			(2,174,474)	(5,305,132)
<u>1,494,243</u>	<u>26,193,026</u>	<u>34,987,566</u>	<u>111,192,919</u>	<u>196,576,925</u>
<u>\$6,996,097</u>	<u>\$27,813,123</u>	<u>\$38,917,508</u>	<u>\$124,956,242</u>	<u>\$249,964,055</u>

CITY OF TRACY  
Reconciliation of the  
GOVERNMENTAL FUNDS-- BALANCE SHEET  
to the  
STATEMENT OF NET POSITION  
JUNE 30, 2020

Fund balances of Governmental Funds \$196,576,925

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. 649,993,411

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	16,207,591
Accounts receivable	32,756
Interest receivable	55,030
Prepaid items	1,391,575
Capital assets (net of accumulated depreciation)	10,161,788
Accounts payable	(385,581)
Salaries and benefits payable	(109,429)
Deposits payable	(6,758)
Compensated absences	(304,441)
Net pension liability and pension-related deferred outflows/inflows of resources	(1,951,122)
Net OPEB liability and pension-related deferred outflows/inflows of resources	(224,737)

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. 22,976,697

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	(21,691,175)
Interest payable	(120,342)
Compensated absences	(4,172,550)
Net pension liability and pension-related deferred outflows/inflows of resources	(59,414,924)
Total OPEB liability and OPEB-related deferred outflows/inflows of resources	(5,677,325)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$803,337,389

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, 2020

	General	Housing Successor	TEA Grant	South San Joaquin County Fire Authority	Community Development Fees
<b>REVENUES</b>					
Taxes	\$64,241,200				
Licenses, permits and fees	3,907,932				\$3,346,649
Fines and penalties	180,186				
Use of money and property	1,065,302	\$307,112	\$4,480		114,124
Intergovernmental	1,630,147		4,164,641	\$194,425	20,000
Charges for current services	11,525,274			8,917,803	4,268,120
Special assessments	452,110				
Contributions	145,859				
Other revenue		2,506			1,862
<b>Total Revenues</b>	<b>83,148,010</b>	<b>309,618</b>	<b>4,169,121</b>	<b>9,112,228</b>	<b>7,750,755</b>
<b>EXPENDITURES</b>					
Current:					
General government					
Economic development	647,524				
General government	7,023,314			175,000	
Finance	4,890,254				
Non-departmental	599,975				952,753
Public safety					
Police	32,903,426				
Fire	15,714,615			6,194,122	
Public ways and facilities/transportation					
Development and engineering	201,974				10,250,058
Public works	7,043,632				
Culture and leisure					
Parks and community services	3,180,097				
Capital outlay	205,540		3,587,812	79,090	38,357
Debt service:					
Principal					
Interest and fiscal charges					
<b>Total Expenditures</b>	<b>72,410,351</b>		<b>3,587,812</b>	<b>6,448,212</b>	<b>11,241,168</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>10,737,659</b>	<b>309,618</b>	<b>581,309</b>	<b>2,664,016</b>	<b>(3,490,413)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of property	33,298				
Issuance of debt (Note 7)					
Bond premium (Note 7)					
Contributions	3,930,000				
Transfers in (Note 4)	26,876				4,180,000
Transfers (Note 4)	(24,662,144)		(126,396)		
<b>Total Other Financing Sources (Uses)</b>	<b>(20,671,970)</b>		<b>(126,396)</b>		<b>4,180,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(9,934,311)</b>	<b>309,618</b>	<b>454,913</b>	<b>2,664,016</b>	<b>689,587</b>
FUND BALANCES, JULY 1, 2019	30,565,543	4,553,346	(109,280)	(5,424,551)	(1,059,710)
FUND BALANCES, JUNE 30, 2020	<u>\$20,631,232</u>	<u>\$4,862,964</u>	<u>\$345,633</u>	<u>(\$2,760,535)</u>	<u>(\$370,123)</u>

See accompanying notes to basic financial statements

2008 Lease Revenue Bonds	General Projects	Tracy Infrastructure Master Plans	Other Governmental Funds	Total Governmental Funds
			\$1,685,306	\$65,926,506
			163,319	7,417,900
			449,376	629,562
\$14,900	\$211,210	\$1,001,891	2,884,806	5,603,825
400,000			6,360,757	12,769,970
		11,726,058	5,403,819	41,841,074
			3,607,461	4,059,571
			3,288,737	3,434,596
	1,971		51,700	58,039
<u>414,900</u>	<u>213,181</u>	<u>12,727,949</u>	<u>23,895,281</u>	<u>141,741,043</u>
			463,537	1,111,061
				7,198,314
				4,890,254
			384,180	1,936,908
			804,985	33,708,411
				21,908,737
			805,689	11,257,721
			4,503,272	11,546,904
	4,842,704	3,060,304	17,885,613	3,180,097
17,895,000			3,420,000	29,699,420
1,406,514			158,729	21,315,000
<u>19,301,514</u>	<u>4,842,704</u>	<u>3,060,304</u>	<u>28,426,005</u>	<u>1,565,243</u>
<u>19,301,514</u>	<u>4,842,704</u>	<u>3,060,304</u>	<u>28,426,005</u>	<u>149,318,070</u>
<u>(18,886,614)</u>	<u>(4,629,523)</u>	<u>9,667,645</u>	<u>(4,530,724)</u>	<u>(7,577,027)</u>
				33,298
18,190,000				18,190,000
3,547,244				3,547,244
				3,930,000
958,300	19,000,000	16,557	3,419,239	27,600,972
(2,935,556)	(369,290)	(18,486,183)	(391,744)	(46,971,313)
<u>19,759,988</u>	<u>18,630,710</u>	<u>(18,469,626)</u>	<u>3,027,495</u>	<u>6,330,201</u>
873,374	14,001,187	(8,801,981)	(1,503,229)	(1,246,826)
620,869	12,191,839	43,789,547	112,696,148	197,823,751
<u>\$1,494,243</u>	<u>\$26,193,026</u>	<u>\$34,987,566</u>	<u>\$111,192,919</u>	<u>\$196,576,925</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, 2020

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 (\$1,246,826)

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.	17,871,256
Developer dedicated infrastructure is added to fund balance	3,053,961
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$1,797,700 which has already been allocated to serviced funds).	(7,591,274)

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	21,315,000
Amortization of bond premium is added back to fund balance	46,069
Issuance of long-term debt is deducted from fund balance	(18,190,000)
Issuance of bond premium is deducted from fund balance	(3,547,244)
Special Item: Loss on reimbursement agreement amendment is deducted from fund balance	(2,098,146)

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	(335,457)
Interest payable	180,610
Accrued interest receivable on loans	(5,214,608)
Unavailable revenue	(3,446,990)
Compensated absences	(700,100)

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	<u>283,297</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$379,548</u></u>
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See accompanying notes to basic financial statements

<b>MAJOR PROPRIETARY FUNDS</b>
--------------------------------

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 2020, 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, 2020

	Enterprise Funds				
	Water Utility	Wastewater Utility	Municipal Airport	Solid Waste	Municipal Transit
<b>ASSETS</b>					
Current assets					
Cash and investments (Note 3)	\$5,706,864	\$41,902,593	\$160	\$14,826,159	\$9,270
Cash and investments with fiscal agents (Note 3)		517,526			
Accounts receivable	4,203,011	5,669,072	346,175	3,673,887	6,146,053
Inventory	570,994				
Interest receivable	20,885	156,821	45	53,721	2,581
Due from other funds (Note 4)		1,077,441			
Prepaid expenses					
Total current assets	<u>10,501,754</u>	<u>49,323,453</u>	<u>346,380</u>	<u>18,553,767</u>	<u>6,157,904</u>
Non-current assets					
Advances to other funds (Note 4)		2,029,400			
Capital assets, not being depreciated (Note 6)	4,852,435	48,162,372	5,473,000		1,428,759
Capital assets, being depreciated (Note 6)	193,468,576	103,602,239	10,067,247		11,358,442
Total non-current assets	<u>198,321,011</u>	<u>153,794,011</u>	<u>15,540,247</u>		<u>12,787,201</u>
Total Assets	<u>208,822,765</u>	<u>203,117,464</u>	<u>15,886,627</u>	<u>18,553,767</u>	<u>18,945,105</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pensions (Note 10)	1,076,150	799,927	36,036	36,515	77,367
Related to OPEB (Note 11)	24,714	27,374	1,537	5,051	2,285
Total deferred outflows of resources	<u>1,100,864</u>	<u>827,301</u>	<u>37,573</u>	<u>41,566</u>	<u>79,652</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	664,327	3,592,689	22,182	2,364,901	245,866
Salaries and benefits payable	167,343	165,694	9,543	39,026	12,749
Accrued interest payable		84,568			
Deposit payable	834,516	516,815	51,812		
Due to other funds (Note 4)			432,653		3,083,259
Unearned revenue				2,020	280,106
Current portion- compensated absences (Note 1G)	102,513	104,006	6,874	25,919	9,519
Current portion- long-term debt (Note 7)	1,062,698	875,000			
Total current liabilities	<u>2,831,397</u>	<u>5,338,772</u>	<u>523,064</u>	<u>2,431,866</u>	<u>3,631,499</u>
Noncurrent liabilities					
Advances from other funds (Note 4)	2,029,400				
Notes payable (Note 7)	7,544,235				
Compensated absences (Note 1G)	200,461	203,382	14,362	50,685	9,188
Certificates of participation payable (Note 7)		21,175,000			
Net pension liability (Note 10)	4,602,669	3,474,263	167,810	285,752	336,838
Net OPEB liability (Note 11)	292,020	341,787	15,492	56,623	28,887
Total noncurrent liabilities	<u>14,668,785</u>	<u>25,194,432</u>	<u>197,664</u>	<u>393,060</u>	<u>374,913</u>
Total Liabilities	<u>17,500,182</u>	<u>30,533,204</u>	<u>720,728</u>	<u>2,824,926</u>	<u>4,006,412</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to pensions (Note 10)	194,304	5,981	432	1,491	5,984
Related to OPEB (Note 11)	30,684	34,589	1,710	6,063	2,354
Total deferred inflows of resources	<u>224,988</u>	<u>40,570</u>	<u>2,142</u>	<u>7,554</u>	<u>8,338</u>
<b>NET POSITION (Note 9)</b>					
Net investment in capital assets	189,714,078	129,714,611	15,540,247		12,787,201
Restricted for debt service		517,526			
Unrestricted	2,484,381	43,138,854	(338,917)	15,762,853	2,222,806
Total Net Position	<u>\$192,198,459</u>	<u>\$173,370,991</u>	<u>\$15,201,330</u>	<u>\$15,762,853</u>	<u>\$15,010,007</u>

See accompanying notes to basic financial statements

Enterprise Funds		Governmental Activities- Internal Service Funds
Drainage	Totals	
\$99,996	\$62,545,042	\$16,207,591
	517,526	
94,094	20,132,292	32,756
	570,994	
416	234,469	55,030
	1,077,441	
13,629	13,629	1,391,575
208,135	85,091,393	17,686,952
	2,029,400	
14,332,648	74,249,214	
35,398,517	353,895,021	10,161,788
49,731,165	430,173,635	10,161,788
49,939,300	515,265,028	27,848,740
96,555	2,122,550	600,840
3,074	64,035	16,895
99,629	2,186,585	617,735
7,347	6,897,312	385,581
14,787	409,142	109,429
	84,568	
689,617	2,092,760	6,758
	3,515,912	
	282,126	
6,572	255,403	78,927
	1,937,698	
718,323	15,474,921	580,695
	2,029,400	
	7,544,235	
12,852	490,930	225,514
	21,175,000	
301,437	9,168,769	2,508,961
44,733	779,542	223,737
359,022	41,187,876	2,958,212
1,077,345	56,662,797	3,538,907
379	208,571	43,001
4,150	79,550	17,895
4,529	288,121	60,896
49,731,165	397,487,302	10,161,788
	517,526	
(774,110)	62,495,867	14,704,884
\$48,957,055	\$460,500,695	\$24,866,672

CITY OF TRACY  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Enterprise Funds				
	Water Utility	Wastewater Utility	Municipal Airport	Solid Waste	Municipal Transit
<b>OPERATING REVENUES</b>					
Sales and charges for services	\$20,328,182	\$14,551,700	\$662,342	\$23,071,852	\$102,953
Other operating revenue	50	3,942	169	200	
<b>Total Operating Revenues</b>	<b>20,328,232</b>	<b>14,555,642</b>	<b>662,511</b>	<b>23,072,052</b>	<b>102,953</b>
<b>OPERATING EXPENSES</b>					
Purchase of water	4,768,828				
Maintenance and operation	9,711,727	10,602,205	866,577	23,195,141	4,165,626
Administration	2,281,316	2,004,074	85,044	2,079,861	406,942
Insurance costs and claims					
Depreciation	4,455,473	5,335,794	413,002		914,249
<b>Total Operating Expenses</b>	<b>21,217,344</b>	<b>17,942,073</b>	<b>1,364,623</b>	<b>25,275,002</b>	<b>5,486,817</b>
<b>Operating Income (Loss)</b>	<b>(889,112)</b>	<b>(3,386,431)</b>	<b>(702,112)</b>	<b>(2,202,950)</b>	<b>(5,383,864)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Operating grants					4,262,781
Interest income	147,121	1,247,643	5	379,293	52,291
Interest (expense)	(249,059)	(1,050,665)			
Gain/loss on disposal of capital assets	8,300	1,302	1,991		1,960
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(93,638)</b>	<b>198,280</b>	<b>1,996</b>	<b>379,293</b>	<b>4,317,032</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>(982,750)</b>	<b>(3,188,151)</b>	<b>(700,116)</b>	<b>(1,823,657)</b>	<b>(1,066,832)</b>
Capital contributions and grants	10,806,047	8,031,829	1,719,616	62,202	2,175,556
Transfers in (Note 4)		18,851,051	519,290		
<b>Net Contributions and Transfers</b>	<b>10,806,047</b>	<b>26,882,880</b>	<b>2,238,906</b>	<b>62,202</b>	<b>2,175,556</b>
<b>Change in net position</b>	<b>9,823,297</b>	<b>23,694,729</b>	<b>1,538,790</b>	<b>(1,761,455)</b>	<b>1,108,724</b>
<b>NET POSITION, JULY 1, 2019</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>
<b>NET POSITION, JUNE 30, 2020</b>	<b>\$192,198,459</b>	<b>\$173,370,991</b>	<b>\$15,201,330</b>	<b>\$15,762,853</b>	<b>\$15,010,007</b>

See accompanying notes to basic financial statements



<u>Enterprise Funds</u>		<u>Governmental Activities- Internal Service Funds</u>
<u>Drainage</u>	<u>Totals</u>	
\$737,022	\$59,454,051	\$12,636,705
4,804	9,165	487,118
<u>741,826</u>	<u>59,463,216</u>	<u>13,123,823</u>
	4,768,828	
860,945	49,402,221	7,143,396
91,137	6,948,374	1,051,523
		3,580,659
<u>1,658,011</u>	<u>12,776,529</u>	<u>1,797,700</u>
<u>2,610,093</u>	<u>73,895,952</u>	<u>13,573,278</u>
<u>(1,868,267)</u>	<u>(14,432,736)</u>	<u>(449,455)</u>
	4,262,781	
9,037	1,835,390	357,296
	(1,299,724)	
	13,553	183,760
<u>9,037</u>	<u>4,812,000</u>	<u>541,056</u>
<u>(1,859,230)</u>	<u>(9,620,736)</u>	<u>91,601</u>
8,007,390	30,802,640	191,696
	19,370,341	
<u>8,007,390</u>	<u>50,172,981</u>	<u>191,696</u>
6,148,160	40,552,245	283,297
<u>42,808,895</u>	<u>419,948,450</u>	<u>24,583,375</u>
<u>\$48,957,055</u>	<u>\$460,500,695</u>	<u>\$24,866,672</u>

CITY OF TRACY  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds				
	Water Utility	Wastewater Utility	Municipal Airport	Solid Waste	Municipal Transit
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$18,783,129	\$18,839,483	\$425,596	\$21,960,287	(\$4,214,742)
Receipt from interfund charges					
Payments to suppliers	(14,474,351)	(10,824,706)	(874,026)	(22,360,168)	(4,161,021)
Payments to employees	(1,843,949)	(1,590,945)	(50,923)	(1,959,908)	(366,119)
Net cash provided (used) by Operating Activities	<u>2,464,829</u>	<u>6,423,832</u>	<u>(499,353)</u>	<u>(2,359,789)</u>	<u>(8,741,882)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Receipts from grantors					3,998,279
Transfers in		18,851,051	519,290		
Due to/due from other funds		756,159	378,029		2,440,916
Net cash provided (used) by Noncapital Financing Activities		<u>19,607,210</u>	<u>897,319</u>		<u>6,439,195</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal payments - long-term debt	(1,038,261)	(840,000)			
Interest paid	(271,059)	(1,055,208)			
Capital contributions and grants received	992,617	8,031,829	1,719,616	62,202	2,175,556
Acquisition of capital assets	(182,429)	(17,259,249)	(2,170,920)		(1,533)
Proceeds from sale of capital assets	8,300	1,302	6,101		1,960
Net cash provided (used) by Capital and and Related Financing Activities	<u>(490,832)</u>	<u>(11,121,326)</u>	<u>(445,203)</u>	<u>62,202</u>	<u>2,175,983</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	146,192	1,292,583	80	424,334	53,806
Net cash provided (used) by Investing Activities	<u>146,192</u>	<u>1,292,583</u>	<u>80</u>	<u>424,334</u>	<u>53,806</u>
Net increase (decrease) in cash and cash equivalents	2,120,189	16,202,299	(47,157)	(1,873,253)	(72,898)
Cash and cash equivalents, July 1, 2019	<u>3,586,675</u>	<u>26,217,820</u>	<u>47,317</u>	<u>16,699,412</u>	<u>82,168</u>
Cash and cash equivalents, June 30, 2020	<u><u>\$5,706,864</u></u>	<u><u>\$42,420,119</u></u>	<u><u>\$160</u></u>	<u><u>\$14,826,159</u></u>	<u><u>\$9,270</u></u>
Reconciliation of cash and cash equivalents to statement of net position					
Cash and investments	\$5,706,864	\$41,902,593	\$160	\$14,826,159	\$9,270
Cash and investments with fiscal agents		517,526			
Total cash and investments	<u><u>\$5,706,864</u></u>	<u><u>\$42,420,119</u></u>	<u><u>\$160</u></u>	<u><u>\$14,826,159</u></u>	<u><u>\$9,270</u></u>
Reconciliation of Operating Income (Loss) to net cash provided (used) by operating activities					
Operating income (loss)	(\$889,112)	(\$3,386,431)	(\$702,112)	(\$2,202,950)	(\$5,383,864)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	4,455,473	5,335,794	413,002		914,249
Change in assets and liabilities:					
Accounts receivable	(1,404,153)	3,767,026	(235,066)	(1,049,563)	(4,317,695)
Prepaid items					
Accounts payable	6,204	(222,501)	(7,449)	834,973	4,605
Salaries and benefits payable	57,918	46,232	3,081	10,776	2,644
Compensated absences	20,256	2,297	4,464	18,298	5,674
Deposits payable	(140,950)	516,815	(1,849)		
Unearned revenue				(62,202)	
Net pension liability and deferred outflows/inflows	352,308	357,615	25,823	89,139	30,774
Total OPEB liability and deferred outflows/inflows	6,885	6,985	753	1,740	1,731
Net cash provided (used) by Operating Activities	<u><u>\$2,464,829</u></u>	<u><u>\$6,423,832</u></u>	<u><u>(\$499,353)</u></u>	<u><u>(\$2,359,789)</u></u>	<u><u>(\$8,741,882)</u></u>
<b>NONCASH TRANSACTIONS:</b>					
Contributions of capital assets	<u><u>\$9,813,430</u></u>				
Retirement of capital assets			<u><u>(\$4,110)</u></u>		

See accompanying notes to basic financial statements

<u>Enterprise Funds</u>		Governmental
<u>Drainage</u>	<u>Totals</u>	Activities- Internal Service Funds
\$706,797	\$56,500,550	\$13,118,093
(832,268)	(53,526,540)	(12,045,883)
<u>(72,953)</u>	<u>(5,884,797)</u>	<u>(784,417)</u>
(198,424)	(2,910,787)	287,793
	3,998,279	
	19,370,341	
	<u>3,575,104</u>	
	26,943,724	
	(1,878,261)	
	(1,326,267)	
8,007,390	20,989,210	
(8,083,031)	(27,697,162)	(899,804)
	17,663	191,298
<u>(75,641)</u>	<u>(9,894,817)</u>	<u>(708,506)</u>
8,621	1,925,616	397,163
<u>8,621</u>	<u>1,925,616</u>	<u>397,163</u>
(265,444)	16,063,736	(23,550)
<u>365,440</u>	<u>46,998,832</u>	<u>16,231,141</u>
<u>\$99,996</u>	<u>\$63,062,568</u>	<u>\$16,207,591</u>
\$99,996	\$62,545,042	\$16,207,591
	517,526	
<u>\$99,996</u>	<u>\$63,062,568</u>	<u>\$16,207,591</u>
(\$1,868,267)	(\$14,432,736)	(\$449,455)
1,658,011	12,776,529	1,797,700
(37,891)	(3,277,342)	(5,730)
27,273	27,273	(1,391,575)
1,404	617,236	69,747
7,546	128,197	35,501
(12,441)	38,548	23,206
2,862	376,878	
	(62,202)	
22,638	878,297	196,315
441	18,535	12,084
<u>(\$198,424)</u>	<u>(\$2,910,787)</u>	<u>\$287,793</u>
	\$9,813,430	\$191,696
	<u>(\$4,110)</u>	<u>(\$7,538)</u>

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<b>FIDUCIARY FUNDS</b>
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***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, 2020

	Successor Agency Private-Purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and investments (Note 3)	\$6,728,152	\$24,098,674
Cash and investments with fiscal agents (Note 3)	602,788	34,310,150
Accounts receivable		1,638
Interest receivable	26,042	23,716
Employee loans receivable (Note 5E)		762
	<u>7,356,982</u>	<u>\$58,434,940</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on debt refunding	<u>2,034,330</u>	
Total Deferred Outflows of Resources	<u>2,034,330</u>	
<b>LIABILITIES</b>		
Accounts payable	1,025	\$314,520
Salaries and benefits payable	209	3,906,598
Accrued interest payable	562,625	
Deposits payable		12,581,270
Due to assessment district bondholders		41,632,552
Noncurrent liabilities (Note 16B):		
Due within one year	2,513,444	
Due in more than one year	<u>37,107,698</u>	
Total Liabilities	<u>40,185,001</u>	<u>\$58,434,940</u>
<b>NET POSITION (DEFICIT) (Note 9)</b>		
Unrestricted	<u>(30,793,689)</u>	
Total Net Position	<u>(30,793,689)</u>	

See accompanying notes to basic financial statements

CITY OF TRACY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020

	Successor Agency Private-Purpose Trust Fund
<b>ADDITIONS</b>	
Taxes and assessments	\$4,334,879
Interest income	138,663
Gain on sale of capital assets	15,061
Total additions	4,488,603
<b>DEDUCTIONS</b>	
Administration	27,045
Debt Service:	
Interest and fees	1,198,295
Total deductions	1,225,340
Net change in net position before special item	3,263,263
<b>SPECIAL ITEM (Note 16B3)</b>	
Gain on reimbursement agreement amendment	2,098,146
<b>CHANGE IN NET POSITION</b>	5,361,409
Net Position July 1, 2019	(36,155,098)
Net Position June 30, 2020	(\$30,793,689)

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, 2020**

**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.

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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

**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*.

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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

**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 six 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, 2020**

**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, 2020**

**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, 2020**

**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	\$3,753,685	\$707,785	\$4,461,470
Additions	4,468,516	648,088	5,116,604
Payments	(3,745,210)	(609,540)	(4,354,750)
Ending Balance	<u>\$4,476,991</u>	<u>\$746,333</u>	<u>\$5,223,324</u>
Current Portion	<u>\$1,445,687</u>	<u>\$255,403</u>	<u>\$1,701,090</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.

**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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

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. 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.

***L. Closed Funds***

The 2007 Lease Revenue Bonds Debt Service Fund, the 2003-03 Assessment District Agency Fund and the Cultural Arts Agency Fund were closed during the fiscal year ended June 30, 2020.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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.

**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.



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

**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	\$408,688
Non-departmental	116,202
Fire	534,110
<b>Community Development Fees Fund</b>	
Development and Engineering	594,745
<b>2008 Lease Revenue Bonds Debt Service Fund</b>	
Debt Service - Principal	17,645,000
Debt Service - Interest and fiscal charges	279,276
<b>Non-Major Funds:</b>	
<b>Special Revenue Funds</b>	
Transportation Development	
Development and Engineering	1,286
Capital Outlay	48,095
State Gas Tax Street	
Capital Outlay	92,928
Landscaping District	
Capital Outlay	149,057
CFD Services 2016-2	
Public Works	33,685
CFD Services 2018-1	
Public Works	2,029
<b>Debt Service Fund</b>	
2007 Lease Revenue Bonds	
Debt Service - Principal	3,305,000

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

**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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

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, 2020 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	\$279,812,578
Cash and investments with fiscal agents	525,805
Total City cash and investments of primary government	280,338,383
Cash and investments in Fiduciary Funds	65,739,764
Total cash and investments	\$346,078,147

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$8,944
Deposits with financial institutions	13,990,255
Investments	332,078,948
Total cash and investments	\$346,078,147

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, 2020**

**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% (A)
Negotiable Certificates of Deposit (NCDs)	5 years	A/A-1 or higher	30% (B)	5%
Federally Insured Non - Negotiable Certificates of Deposit	5 years	None	20% (C)	(D)
Collateralized Non-Negotiable Certificates of Deposit	5 years	None	20% (C)	No Limit
Certificate of Deposit Placement Service (CDARS)	5 years	None	30% (B)	No Limit
Repurchase Agreements	1 year	None	100%	10%
Local Agency Investment Fund	N/A	None	\$75 million	\$75 million
Local Government Investment Pools	N/A	None	100%	No Limit
Medium-Term Corporate Notes	5 years	A	30%	5%
Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	5 years	A/AA or higher	20%	5% (E)
Mutual Funds	N/A	Highest Category	20%	10%
Money Market Mutual Funds	N/A	Highest Category	20%	20%
Supranational Securities	5 years	AA	30%	10%

- (A) The City may purchase no more than 10% of the outstanding commercial paper of any single issuer.
- (B) Combined limit for NCD and CDARS.
- (C) Combined limit for Federally Insured and Collateralized Non-Negotiable Certificates of Deposit.
- (D) The amount per institution is limited to the maximum covered under federal insurance.
- (E) No issuer limitation on any mortgage security where the issuer is the U.S. Treasury or a Federal Agency/GSE.

**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, 2020**

**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	\$21,258,760	\$15,162,988	\$10,552,968	\$7,550,133	\$54,524,849
Federal Agency Obligations	10,179,271	23,766,476	46,517,319	16,132,843	96,595,909
Commercial Paper	2,796,236				2,796,236
California Local Agency Investment Fund	64,019,233				64,019,233
CAMP	4,030,834				4,030,834
Medium Term Corporate Notes	25,417,568	7,579,176	22,844,439	5,784,251	61,625,434
Money Market Funds	4,311,460				4,311,460
Asset-Backed Securities		1,243,843	3,049,818	4,442,589	8,736,250
<b>Held by Trustees:</b>					
Money Market Funds	35,438,743				35,438,743
Total Investments	<u>\$167,452,105</u>	<u>\$47,752,483</u>	<u>\$82,964,544</u>	<u>\$33,909,816</u>	<u>\$332,078,948</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020, these investments have an average maturity of 191 days.

Money market funds are available for withdrawal on demand and at June 30, 2020 have an average maturity of 34 to 40 days.

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. At June 30, 2020, the fair value was approximate to the City's cost. At June 30, 2020 these investments had an average maturity of 53 days.

The City, as a CAMP shareholder, may withdraw all or any portion of the funds in its CAMP account at any time by redeeming shares. The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the City may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

**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, 2020 for each investment type as provided by Standard and Poor's investment rating system.

Investment Type	AA+/ AA/AA-	A+/A/A-	AAA/AAA <sub>m</sub>	A-1+/A-1/A-2	Total
<b><i>Held by City:</i></b>					
Federal Agency Obligations	\$96,595,909				\$96,595,909
Commercial Paper				\$2,796,236	2,796,236
Medium Term Corporate Notes	13,228,278	\$36,904,336		11,492,820	61,625,434
Money Market Funds			\$4,311,460		4,311,460
Asset-Backed Securities			5,435,944		5,435,944
CAMP			4,030,834		4,030,834
<b><i>Held by Trustee:</i></b>					
Money Market Funds			35,438,743		35,438,743
<b>Total Rated Investments</b>	<b>\$109,824,187</b>	<b>\$36,904,336</b>	<b>\$49,216,981</b>	<b>\$14,289,056</b>	<b>210,234,560</b>
<b><i>Not rated:</i></b>					
California Local Agency Investment Fund					64,019,233
Asset-Backed Securities					3,300,306
<b><i>Exempt from credit rating disclosure:</i></b>					
U.S. Treasury Notes					54,524,849
<b>Total Investments</b>					<b>\$332,078,948</b>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020:

Investment Type	Level 2	Total
<b>Investments by Fair Value:</b>		
Held by City:		
U.S. Treasury Notes	\$54,524,849	\$54,524,849
Federal Agency Obligations	96,595,909	96,595,909
Asset-Backed Securities	8,736,250	8,736,250
Commercial Paper	2,796,236	2,796,236
Medium Term Corporate Notes	61,625,434	61,625,434
<b>Subtotal</b>	<b>\$224,278,678</b>	<b>224,278,678</b>
<b>Investments Measured at Net Asset Value Per Share:</b>		
CAMP		4,030,834
<b>Investments Measured at Amortized Cost:</b>		
Held by City:		
Money Market Funds		4,311,460
Held by Trustee:		
Money Market Funds		35,438,743
<b>Investments Exempt from Fair Value Hierarchy:</b>		
California Local Agency Investment Fund		64,019,233
<b>Total Investments</b>		<b>\$332,078,948</b>

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:

Reporting Unit	Issuer	Investment Type	Reported Amount
<b>Entity Wide:</b>	Federal Home Loan Mortgage Corporation	Federal Agency Obligations	\$30,601,227
	Federal Farm Credit Bureau	Federal Agency Obligations	28,362,417
	Federal Home Loan Bank	Federal Agency Obligations	23,547,387
	Federal National Mortgage Association	Federal Agency Obligations	14,084,878

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020, the transfers were as follows:

Fund Making Transfers	Fund Receiving Transfers	Amount Transferred
<b>Major Funds:</b>		
General Fund	Community Development Fees Special Revenue Fund	\$4,180,000 (A)
General Fund	2008 Lease Revenue Bonds Debt Service Fund	958,300 (B)
General Fund	General Projects Capital Projects Fund	14,000,000 (C)
General Fund	Municipal Airport Enterprise Fund	150,000 (A)
General Fund	2007 Lease Revenue Bonds Debt Service Fund	280,100 (B)
General Fund	General Projects Capital Projects Fund	5,000,000 (D)
General Fund	Landscaping District Special Revenue Fund	93,744 (E)
TEA Grant Special Revenue Fund	State Gas Tax Street Special Revenue Fund	109,839 (C)
TEA Grant Special Revenue Fund	Tracy Infrastructure Master Plans Capital Projects Fund	16,557 (C)
2008 Lease Revenue Bonds Debt Service Fund	2007 Lease Revenue Bonds Debt Service Fund	2,935,556 (F)
General Projects Capital Projects Fund	Municipal Airport Enterprise Fund	369,290 (C)
Tracy Infrastructure Master Plans Capital Projects Fund	Wastewater Utility Enterprise Fund	18,486,183 (C)
<b>Non-Major Funds:</b>		
CFD Services 2018-1 Special Revenue Fund	General Fund	26,876 (C)
North East Industrial Plan Area #2 Capital Projects Fund	Wastewater Utility Enterprise Fund	226,670 (C)
Ellis Area Capital Projects Fund	Wastewater Utility Enterprise Fund	138,198 (C)
		<u>\$46,971,313</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 for the funds responsible for payments as debt service payments become due.
- (C) To move restricted revenues collected to joint finance projects.
- (D) To transfer developer community benefit funds.
- (E) To move revenues collected to the correct fund.
- (F) To close fund.

In addition, governmental funds made capital contributions of \$7,984,287 to the Drainage Enterprise Fund, which have been reported as transfers in the Statement of 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, 2020 were as follows:

Due From Funds	Due To Funds	Amount
General Fund	South San Joaquin County Fire Authority Special Revenue Fund	\$4,889,898
	Community Development Block Grant Special Revenue Fund	21,420
	Municipal Airport Enterprise Fund	432,653
	Municipal Transit Enterprise Fund	3,083,259
North East Industrial Plan Area #1 Capital Projects Fund	North East Industrial Plan Area #2 Capital Projects Fund	2,174,474
Wastewater Utility Fund	Tracy Infrastructure Master Plans Capital Projects Fund	1,077,441
	Total Current Interfund Balances	<u>\$11,679,145</u>



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

**C. Long-Term Interfund Advances**

At June 30, 2020 the fund below had made an advance that is not expected to be repaid within the next year. This long-term interfund advance is expected to be repaid when sufficient cash is available in the borrowing fund.

(Asset) Fund Making Advance	(Liability) Fund Receiving Advance	Amount of Advance
Wastewater Utility Enterprise Fund	Water Utility Enterprise Fund	\$2,029,400

**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.

**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, 2020**

**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, 2020, these loans totaled:

Housing Successor Loans:	
Commercial Rehabilitation Program	\$165,832
Mountain View Townhomes	1,020,075
Eden Housing Inc.	2,569,106
Habitat for Humanity	56,958
Down Payment Assistance Program	853,080
Tracy Place Associates	4,921,440
DHI Tracy Garden Associates, LP	2,717,735
Development Loan	67,270
Successor Agency Reimbursement Agreement	5,501,854
Tracy Mall Partners, LP	1,864,862
Total Loans Receivable	<u>\$19,738,212</u>
CDA Successor Agency SERAF Loan	<u>\$693,690</u>
Employee Loan Receivable	<u>\$762</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 \$165,832 at June 30, 2020.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020, principal and accrued interest totaled \$1,020,075.

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, 2020, principal and accrued interest totaled \$2,569,106.

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, 2020 is \$56,958.

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, 2020, principal and accrued interest totaled \$853,080.

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, 2020, the developer owes \$4,921,440, 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, 2020 is \$2,717,735.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020, including principal and accrued interest, is \$67,270.

**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 outstanding loan balance of \$429,979 was fully repaid during fiscal year 2020.

**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 outstanding for one employee as of June 30, 2020 is \$762.

**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 indicated 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. During fiscal year 2020, the City refunded the 2008 Lease Revenue Bonds and the Reimbursement Agreement was amended to reduce the annual payments to \$289,571 and extend the repayment date by one year. The Reimbursement Agreement does not bear interest and annual principal payments are due through 2039. The balance of the loan as of June 30, 2020 is \$5,501,854. As a result, the City reported a Special Item-loss on reimbursement agreement amendment in the amount of \$2,098,146.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

**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 2020 did not exceed the threshold, therefore only \$74,074 of the annual repayment was forgiven. The cumulative shortage of sales tax collections was \$281,968 as of June 30, 2020 and the balance of the loan is \$1,864,862 at that date.

**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 starting 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, 2020, there were nine loans outstanding in the amount of \$3,262,252, 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, 2020 was \$783,055 and the unused balance of the capitalization contribution was \$216,945.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

*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 \$3,332,939 to the Corporation during the year ended June 30, 2020.

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 \$1,514,273 to the Corporation during the year ended June 30, 2020.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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:

	<u>Useful Lives</u>	<u>Capitalization Threshold</u>
Land	n/a	\$0
Land Improvements	n/a	\$50,000
Buildings	10-30 years	\$50,000
Building Improvements	5-50 years	\$50,000
Equipment and vehicles	5-30 years	\$5,000
Grading, curbs, gutters, sidewalks, driveway approaches	40 years	\$50,000
Traffic signals	20 years	\$50,000
Street drainage	40 years	\$50,000
Infrastructure	5-40 years	\$50,000
Intangibles	5 years	\$5,000
Capital Lease Property	Term of contract	\$5,000
Leasehold Improvements	Term of contract	\$50,000
Works of Art / Historical 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, 2020**

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

**A. Capital Asset Additions and Retirements**

Capital assets activities for the year ended June 30, 2020 were as follows:

*Governmental Activities*

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital assets not being depreciated:					
Land	\$177,266,041	\$507,479			\$177,773,520
Roads accounted for using the modified approach	303,950,387	1,092,023			305,042,410
Construction in progress	34,439,492	17,871,257		(\$7,096,124)	45,214,625
Total capital assets not being depreciated	<u>515,655,920</u>	<u>19,470,759</u>		<u>(7,096,124)</u>	<u>528,030,555</u>
Capital assets being depreciated:					
Buildings and improvements	127,026,569	1,094,561		5,954,918	134,076,048
Improvements	46,556,349				46,556,349
Grading, curb & gutter, sidewalk and driveway approaches	31,762,205			368,215	32,130,420
Traffic signals and street lights	22,420,547	359,900		245,490	23,025,937
Equipment	33,332,960	1,091,497	(\$586,452)	527,501	34,365,506
Infrastructure and drainage	12,218,531				12,218,531
Intangibles	609,656				609,656
Total capital assets being depreciated	<u>273,926,817</u>	<u>2,545,958</u>	<u>(586,452)</u>	<u>7,096,124</u>	<u>282,982,447</u>
Less accumulated depreciation for:					
Buildings and improvements	(52,227,862)	(4,224,334)			(56,452,196)
Improvements	(36,160,658)	(1,252,847)			(37,413,505)
Grading, curb & gutter, sidewalk and driveway approaches	(15,048,638)	(703,331)			(15,751,969)
Traffic signals and street lights	(14,970,872)	(665,766)			(15,636,638)
Equipment	(18,818,126)	(2,272,776)	578,914		(20,511,988)
Infrastructure and drainage	(4,252,267)	(244,371)			(4,496,638)
Intangibles	(569,320)	(25,549)			(594,869)
Total accumulated depreciation	<u>(142,047,743)</u>	<u>(9,388,974)</u>	<u>578,914</u>		<u>(150,857,803)</u>
Net capital assets being depreciated	<u>131,879,074</u>	<u>(6,843,016)</u>	<u>(7,538)</u>	<u>7,096,124</u>	<u>132,124,644</u>
Governmental activities capital assets, net	<u>\$647,534,994</u>	<u>\$12,627,743</u>	<u>(\$7,538)</u>		<u>\$660,155,199</u>



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital assets not being depreciated:					
Land	\$10,007,443	\$8,284,287			\$18,291,730
Construction in progress	41,414,509	19,692,440		(\$5,149,465)	55,957,484
Total capital assets not being depreciated	<u>51,421,952</u>	<u>27,976,727</u>		<u>(5,149,465)</u>	<u>74,249,214</u>
Capital assets being depreciated:					
Infrastructure	330,053,442	9,513,430		2,518,275	342,085,147
Buildings	166,820,813			2,631,190	169,452,003
Improvements	3,570,581				3,570,581
Equipment	45,222,305	20,435	(\$539,922)		44,702,818
Intangibles	72,882,813				72,882,813
Total capital assets being depreciated	<u>618,549,954</u>	<u>9,533,865</u>	<u>(539,922)</u>	<u>5,149,465</u>	<u>632,693,362</u>
Less accumulated depreciation for:					
Infrastructure	(152,434,369)	(6,484,303)			(158,918,672)
Buildings	(91,363,132)	(4,397,972)			(95,761,104)
Improvements	(2,014,387)	(214,426)			(2,228,813)
Equipment	(20,715,887)	(1,677,798)	535,812		(21,857,873)
Intangibles	(29,849)	(2,030)			(31,879)
Total accumulated depreciation	<u>(266,557,624)</u>	<u>(12,776,529)</u>	<u>535,812</u>		<u>(278,798,341)</u>
Net capital assets being depreciated	<u>351,992,330</u>	<u>(3,242,664)</u>	<u>(4,110)</u>	<u>5,149,465</u>	<u>353,895,021</u>
Total Business-type activities capital assets, net	<u>\$403,414,282</u>	<u>\$24,734,063</u>	<u>(\$4,110)</u>		<u>\$428,144,235</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, 2020**

**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	\$233,906
Police	233,634
Fire	109,144
Development and engineering	3,734
Public works	6,279,570
Parks and community services	731,286
Internal service funds	<u>1,797,700</u>
<b>Total Governmental Activities</b>	<b><u><u>\$9,388,974</u></u></b>
<b>Business-Type Activities</b>	
Water utility	\$4,455,473
Wastewater utility	5,335,794
Municipal airport	413,002
Municipal transit	914,249
Drainage	<u>1,658,011</u>
<b>Total Business-Type Activities</b>	<b><u><u>\$12,776,529</u></u></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 2020, the City expended \$6,666,870 to preserve its roads. The City estimates that it will be required to expend approximately \$9,866,151 million in the fiscal year 2021 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, 2020**

**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, 2019	Additions	Retirements	Balance June 30, 2020	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	730,000		730,000		
2008 Lease Revenue Bonds, 3% - 6.375%	19,765,000	17,895,000		17,895,000		
2020 Lease Revenue Refunding Bonds, 3% - 4%	18,190,000		\$18,190,000		\$18,190,000	\$555,000
2020 Lease Revenue Refunding Bonds Premium	3,593,313		3,547,244	46,069	3,501,175	
<b>Total Governmental Activity Debt</b>		<b>\$21,315,000</b>	<b>\$21,737,244</b>	<b>\$21,361,069</b>	<b>\$21,691,175</b>	<b>\$555,000</b>
<b>Business-type Activity Debt:</b>						
<b>Certificates of Participation</b>						
2004 Wastewater Certificates of Participation, 2% - 4.75%	\$30,955,000	\$22,890,000		\$840,000	\$22,050,000	\$875,000
<b>Loans Payable (Direct Borrowing)</b>						
State of California Department of Public Health, 2.34%	\$20,000,000	9,645,194		1,038,261	8,606,933	1,062,698
<b>Total Business-type Activity Debt</b>		<b>\$32,535,194</b>		<b>\$1,878,261</b>	<b>\$30,656,933</b>	<b>\$1,937,698</b>

**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. The 2007 Series A Lease Revenue Bonds were refunded on a current basis in fiscal year 2020 with the issuance of the 2020 Lease Revenue Refunding Bonds, as discussed below.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

**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. The 2007 Series B Lease Revenue Bonds were refunded in fiscal year 2020 with the issuance of the 2020 Lease Revenue Refunding Bonds.

**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). The 2008 Lease Revenue Bonds were refunded on a current basis in fiscal year 2020 with the issuance of the 2020 Lease Revenue Refunding Bonds, as discussed below.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

**E. 2020 Lease Revenue Refunding Bonds**

On February 28, 2020, the City, under the Tracy Operating Partnership (TOP), issued \$18,190,000 of 2020 Lease Revenue Refunding Bonds. The proceeds from the bonds were used to refund, on a current basis, the 2007 Lease Revenue Bonds Series A, the 2007 Lease Revenue Bonds Series B, and the 2008 Lease Revenue Bonds. The TOP has pledged revenue pursuant to amended site and facility leases between the City and the TOP for the Fire Station 91, the Police Department Headquarters and the Fire Administration Building. Interest payments are due semi-annually each November 1 and May 1 at rates of 3% and 4%. Principal is due annually each November 1 through 2038. The refunding resulted in an overall debt service savings of \$9,888,414. The net present value of the debt service savings is called an economic gain and amounted to \$8,617,218. The 2020 Bonds maturing on or before November 1, 2029 are not subject to annual redemption prior to maturity. The 2020 Bonds maturing on or after November 1, 2030 are subject to optional redemption prior to maturity on or after May 1, 2030 at the option of the TOP, as a whole or in part on any date at a redemption price equal to the principal amount of 2020 Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium. In the event of default, the TOP may not terminate the respective lease agreements or release the leased properties, but the City remains liable to pay all lease payments as they come due.

**F. 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 2020 net revenues amounted to \$3,713,482 which represented coverage of 196% over the \$1,891,480 of debt service. The pledge of net revenues ends upon repayment of the City's repayment of the remaining balance of \$34,110,433 which is scheduled to occur in 2037.

**G. 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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

**H. Debt Service Requirements**

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

For the Year Ending June 30	Governmental Activities		Business-type Activities			
			2004		Loan Payable From	
	Principal	Interest	Certificates of Participation		Direct Borrowing	
			Principal	Interest	Principal	Interest
2021	\$555,000	\$713,725	\$875,000	\$1,014,818	\$1,062,698	\$195,222
2022	595,000	693,500	915,000	975,418	1,087,710	170,209
2023	635,000	668,900	955,000	932,865	1,113,312	144,607
2024	670,000	642,800	1,000,000	887,900	1,139,516	118,404
2025	705,000	615,300	1,050,000	840,750	1,166,337	91,583
2026-2030	4,220,000	2,603,600	6,025,000	3,941,413	3,037,360	107,438
2031-2035	5,590,000	1,627,200		2,667,130		
2036-2039	5,220,000	413,600	11,230,000	800,139		
Total	\$18,190,000	\$7,978,625	\$22,050,000	\$12,060,433	\$8,606,933	\$827,463

**I. 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, 2020**

**NOTE 8 - SPECIAL ASSESSMENT DISTRICT DEBT WITH NO CITY COMMITMENTS**

Special Assessment Districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included as debt of the City. The outstanding balance of each of these issues as of June 30, 2020, is as follows:

Description	Fiscal Year		Underlying Assessment District Bonds	Outstanding June 30, 2020
	Issue Year	Maturity Year		
1996A Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	1997	2027		\$595,000
2002 Special Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	2003	2033		1,620,000
2003-01 Assessment District Limited Obligation Improvement Bonds (Berg Avenue)	2003	2029		495,000
2005A TOP JPA Revenue Bonds (Senior Lien) (98-1 Plan C)	2006	2029		36,020,000
2005B TOP JPA Revenue Bonds (Junior Lien) (98-3 Plan C)	2006	2036		1,290,000
2005C TOP JPA Revenue Bonds	2006	2036		10,170,000
2006 Special Tax Bonds (2006-1 Community Facilities District - NE Industrial Phase II)	2007	2037		9,535,000
2011A TOP JPA Revenue Bonds:				
98-4 Morrison Homes and 2000-02 Heartland Three	2011	2026	\$940,000	
2011-1 Reassessment Bonds	2011	2027	160,000	
99-2 South MacArthur Plan Area (2000 and 2002)	2011	2028	<u>6,710,000</u>	
Total 2011A TOP JPA Revenue Bonds				7,810,000
2014A Tracy Public Financing Authority Revenue Bonds:				
89-1 Community Facilities District	2014	2021	950,000	
99-1 Community Facilities District - Northeast Industrial Area	2014	2025	2,865,000	
2014-1 Reassessment Bonds	2014	2023	<u>1,445,000</u>	
Total 2014A Tracy Public Financing Authority Revenue Bonds				<u>5,260,000</u>
2018 Series Tracy Hills Special Tax Bonds				
Community Facilities District No. 2016-1	2019	2048		<u>32,625,000</u>
2019 Series Tracy Hills Phase I Special Tax Bonds				
Community Facilities District No. 2016-1	2020	2050		<u>14,850,000</u>
2019 Series ECFD Special Tax Bonds				
Community Facilities District No. 2016-2	2020	2050		<u>15,385,000</u>
2019 Series NEI Phase II Special Tax Refunding Bonds				
Community Facilities District No. 2006-01	2020	2037		<u>8,230,000</u>
Total				<u><u>\$143,885,000</u></u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 9 - NET POSITION AND FUND BALANCES**

**A. *Net Position***

Net Position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three captions on the Statement of Net Position. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

*Net Investment in Capital Assets* describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

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

*Unrestricted* describes the portion of Net Position which is not restricted to use.

**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.



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

*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.

Detailed classifications of the City’s Fund Balances, as of June 30, 2020, are below:

Fund Balance Classifications	General Fund	Special Revenue			Community Development Fees
		Housing Successor Fund	TEA Grant	South San Joaquin County Fire Authority	
<b>Nonspendable:</b>					
Items not in spendable form:					
Loans receivable	\$40,000				
<b>Total Nonspendable Fund Balances</b>	<u>40,000</u>				
<b>Restricted for:</b>					
Housing		\$4,862,964			
Special area projects					
Public safety					
Debt service					
Community development					
Asset forfeiture					
Streets and roads			\$345,633		
Landscaping district					
Fire authority					
Cable TV					
Drainage					
Tracy GROW					
<b>Total Restricted Fund Balances</b>		<u>4,862,964</u>	<u>345,633</u>		
<b>Committed to:</b>					
Contingency/Emergency	14,479,022				
<b>Total Committed Fund Balances</b>	<u>14,479,022</u>				
<b>Assigned to:</b>					
Animal Control Trust	22,193				
Economic/Budget Stability	5,670,453				
Prior year reappropriations	419,564				
Capital Projects					
<b>Total Assigned Fund Balances</b>	<u>6,112,210</u>				
<b>Unassigned:</b>					
Unassigned					
Other Residual Deficit Fund Balances				(\$2,760,535)	(\$370,123)
<b>Total Unassigned Fund Balances</b>				<u>(\$2,760,535)</u>	<u>(\$370,123)</u>
<b>Total Fund Balances</b>	<u>\$20,631,232</u>	<u>\$4,862,964</u>	<u>\$345,633</u>	<u>(\$2,760,535)</u>	<u>(\$370,123)</u>

(Continued)

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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					\$40,000
<b>Total Nonspendable Fund Balances</b>					<b>40,000</b>
<b>Restricted for:</b>					
Housing					4,862,964
Special area projects			\$34,987,566	\$92,297,577	127,285,143
Public safety				583,286	583,286
Debt service	\$1,494,243				1,494,243
Community development				212,002	212,002
Asset forfeiture				1,008,640	1,008,640
Streets and roads				9,615,767	9,961,400
Landscaping district				5,890,021	5,890,021
Fire authority					
Cable TV				347,286	347,286
Drainage				2,412,814	2,412,814
Tracy GROW				1,000,000	1,000,000
<b>Total Restricted Fund Balances</b>	<b>1,494,243</b>		<b>34,987,566</b>	<b>113,367,393</b>	<b>155,057,799</b>
<b>Committed to:</b>					
Contingency/Emergency					14,479,022
<b>Total Committed Fund Balances</b>					<b>14,479,022</b>
<b>Assigned to:</b>					
Animal Control Trust					22,193
Economic/Budget Stability					5,670,453
Prior year reappropriations					419,564
Capital Projects		\$26,193,026			26,193,026
<b>Total Assigned Fund Balances</b>		<b>26,193,026</b>			<b>32,305,236</b>
<b>Unassigned:</b>					
Unassigned					
Other Residual Deficit Fund Balances				(2,174,474)	(5,305,132)
<b>Total Unassigned Fund Balances</b>				<b>(2,174,474)</b>	<b>(5,305,132)</b>
<b>Total Fund Balances</b>	<b>\$1,494,243</b>	<b>\$26,193,026</b>	<b>\$34,987,566</b>	<b>\$111,192,919</b>	<b>\$196,576,925</b>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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 \$15,811,345 at June 30, 2020, 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, 2020**

**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 \$2,843,207 at June 30, 2020, 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, 2020**

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

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

At June 30, 2020, the South San Joaquin County Fire Authority Special Revenue Fund, Community Development Fees Special Revenue Fund, North East Industrial Plan Area #2 Capital Projects Fund, Central Garage Internal Service Fund and Central Services Internal Service Fund had deficit fund or net position balances of \$2,760,535, \$370,123, \$2,174,474, \$151,263 and \$264,379, 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 \$30,793,689, which will be eliminated by future revenues.

**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, 2020, are summarized as follows:

	<b>Miscellaneous</b>		
	Classic Tier I	Classic Tier II	PEPRA
	Prior to October 9, 2011	After October 9, 2011	On or after January 1, 2013
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	9.665%	9.665%	9.665%
Required UAL contribution		\$3,022,200	

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

	<b>Safety - Police</b>		
	Classic Tier I	Classic Tier II	PEPRA
	Prior to April 8, 2012	After April 8, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9%	9%	13%
Required employer contribution rates	21.647%	21.647%	21.647%
Required UAL contribution (Police and Fire)	\$2,730,581		

	<b>Safety - Fire</b>	
	Classic Tier I	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
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%	13%
Required employer contribution rates	21.647%	21.647%
Required UAL contribution (Police and Fire)	Included in Safety-Police total above	

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 for the year ended June 30, 2020 were \$3,022,200, and \$2,730,581, respectively, which were made under the lump sum payment option, as shown in the tables above.

**Employees Covered** – At the June 30, 2018 valuation date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	309	160
Inactive employees entitled to but not yet receiving benefits	261	55
Active employees	323	159
Total	<u>893</u>	<u>374</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 \$5,566,882 and \$6,437,044, respectively, for the year ended June 30, 2020.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

**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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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.

**Actuarial Assumptions** – For the measurement period ended June 30, 2019, the total pension liabilities were determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous and Safety (1)
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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	The lesser of Contract COLA or 2.50% 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 expenses, including inflation
- (4) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 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.

**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 expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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 rounded 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 equal 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.

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, 2020**

**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, 2018 (Measurement Date)</b>	\$154,491,854	\$116,720,879	\$37,770,975
<b>Changes in the year:</b>			
Service cost	3,979,362		3,979,362
Interest on the total pension liability	11,084,143		11,084,143
Differences between actual and expected experience	1,781,080		1,781,080
Changes in assumptions			
Changes in benefit terms			
Net Plan to Plan Resource Movement			
Contribution - employer		4,774,139	(4,774,139)
Contribution - employee		1,907,660	(1,907,660)
Net investment income		7,724,741	(7,724,741)
Administrative expenses		(83,295)	83,295
Other Miscellaneous Income/(Expense)		272	(272)
Benefit payments, including refunds of employee contributions	(6,479,285)	(6,479,285)	
<b>Net changes</b>	<b>10,365,300</b>	<b>7,844,232</b>	<b>2,521,068</b>
<b>Balance at June 30, 2019 (Measurement Date)</b>	<b>\$164,857,154</b>	<b>\$124,565,111</b>	<b>\$40,292,043</b>

*Safety Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2018 (Measurement Date)</b>	\$181,251,666	\$139,511,458	\$41,740,208
<b>Changes in the year:</b>			
Service cost	5,341,283		5,341,283
Interest on the total pension liability	13,132,663		13,132,663
Differences between actual and expected experience	3,440,318		3,440,318
Changes in assumptions			
Net Plan to Plan Resource Movement			
Changes in benefit terms			
Contribution - employer		5,822,621	(5,822,621)
Contribution - employee		2,104,947	(2,104,947)
Net investment income		9,222,427	(9,222,427)
Administrative expenses		(99,558)	99,558
Other Miscellaneous Income/ (Expense)		323	(323)
Benefit payments, including refunds of employee contributions	(7,378,049)	(7,378,049)	
<b>Net changes</b>	<b>14,536,215</b>	<b>9,672,711</b>	<b>4,863,504</b>
<b>Balance at June 30, 2019 (Measurement Date)</b>	<b>\$195,787,881</b>	<b>\$149,184,169</b>	<b>\$46,603,712</b>
<b>Total Balance at June 30, 2019 (Measurement Date)</b> <b>(Miscellaneous and Safety Plans)</b>	<b>\$360,645,035</b>	<b>\$273,749,280</b>	<b>\$86,895,755</b>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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	\$62,599,295	\$76,239,672	\$138,838,967
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$40,292,043	\$46,603,712	\$86,895,755
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$21,846,560	\$22,529,536	\$44,376,096

***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, 2020, the City recognized pension expense of \$14,670,995 for the Miscellaneous Plan and \$15,626,077 for Safety Plans, for total pension expense of \$30,297,072. At June 30, 2020, 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	\$5,566,882	
Differences between actual and expected experience	1,921,416	
Changes in assumptions	760,232	(\$513,824)
Net differences between projected and actual earnings on plan investments		(675,695)
<b>Total</b>	<b>\$8,248,530</b>	<b>(\$1,189,519)</b>

***Safety Plan:***

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$6,437,044	
Differences between actual and expected experience	2,920,450	(\$941,189)
Changes in assumptions	4,131,636	(706,155)
Net differences between projected and actual earnings on plan investments		(625,878)
<b>Total</b>	<b>\$13,489,130</b>	<b>(\$2,273,222)</b>
<b>Total Miscellaneous and Safety Plans</b>	<b>\$21,737,660</b>	<b>(\$3,462,741)</b>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

\$12,003,926 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, 2021. 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	Annual Amortization		
	Miscellaneous	Safety	Total
June 30			
2021	\$1,688,024	\$2,237,241	\$3,925,265
2022	(499,464)	1,343,701	844,237
2023	179,136	356,839	535,975
2024	124,433	841,083	965,516
2025	0	0	0
Thereafter	0	0	0
Total	\$1,492,129	\$4,778,864	\$6,270,993

**E. Subsequent Event - CalPERS Pension Contribution Rates**

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the City's contribution rates for the fiscal year ended June 30, 2021 are expected to increase over the fiscal year 2020 contribution rates.

**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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

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, 2020, those costs for 86 retirees totaled \$660,068 and the total liability amount in the medical leave bank is \$3,189,083.

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

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

The Plan does not issue a separate financial report.

Membership in the plan consisted of the following at June 30, 2020, 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, 2020**

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

For the measurement period ended June 30, 2019, the total OPEB liabilities were determined by rolling forward the June 30, 2018 total OPEB liability. The June 30, 2019 total OPEB liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.79%
Inflation	2.75%
Projected Salary Increase	3.25%
Healthcare Trend	7.00% in 2020, declining to 5.0% for 2024
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 2.98% at June 30, 2018 to 2.79% at June 30, 2019, to reflect the bond index rate.

**D. Discount Rate**

The discount rate used to measure the total OPEB liability 2.79%. The City’s funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. The City is currently financing its OPEB liability on a pay-as-you-go basis, the discount rate used is based on the S&P Municipal Bond 20 Year High Grade Index.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2018 (Measurement Date)	\$6,150,884
Changes Recognized for the Measurement Period:	
Service Cost	417,193
Interest on the total OPEB liability	192,818
Changes in benefit terms	
Difference between expected and actual experience	
Changes of assumptions	101,040
Contributions from the employer	
Net investment income	
Administrative expenses	
Benefit payments and refunds	(195,363)
Net Changes during July 1, 2018 to June 30, 2019	515,688
Balance at June 30, 2019 (Measurement Date)	\$6,666,572

**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:

Plan's Total OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount	Discount Rate +1%
(1.79%)	Rate (2.79%)	(3.79%)
\$7,223,735	\$6,666,572	\$6,151,157

**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:

Plan's Total OPEB Liability/(Asset)		
Healthcare Cost	Current	Healthcare Cost
Trend Rates -1%	Healthcare Cost	Trend Rates +1%
	Trend Rates	
\$6,097,691	\$6,666,572	\$7,395,960

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020 were as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Employer contributions made subsequent to the measurement date	\$209,370	
Differences between Expected and Actual Experience	222,877	
Changes of assumptions	91,658	(\$554,452)
Total	\$523,905	(\$554,452)

\$209,370 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, 2021. 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
2021	(\$34,565)
2022	(34,565)
2023	(34,565)
2024	(34,565)
2025	(34,565)
Thereafter	(67,092)

**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, 2020**

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

**A. Coverage**

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

The City participates in the following pooled coverages through CSJVRMA:

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

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

During the fiscal year ended June 30, 2020, the City contributed \$3,580,659 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, and the City as of June 30, 2020 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
2018	\$112,494	(\$112,494)	\$0	\$0
2019	0	0	0	0
2020	0	0	0	0



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020 were as follows:

	Amount
General Fund	\$419,565
TEA Grant Special Revenue Fund	38,531
Community Development Fees Special Revenue Fund	169,423
General Projects Capital Projects Fund	1,228,048
Tracy Infrastructure Master Plan Capital Projects Fund	2,754,907
Non-Major Governmental Funds	4,248,782
	\$8,859,256

**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, 2020 was \$10,735,036. 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.

**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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

**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, 2019 had an excess surplus balance of \$137,971. The City is in late stage discussions with two developers related for housing projects and the excess surplus is expected to be encumbered in fiscal year 2021.

**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.

During fiscal year 2020, the SSJCFA incurred costs of \$6.4 million, of which \$5.8 million is to be paid by Tracy Rural Fire Protection District. At June 30, 2020, the South San Joaquin County Fire Authority Special Revenue Fund had deficit fund balance of \$2,760,535 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 2021.

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

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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

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, 2020 are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2020.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020 consisted of the following:

	Original Amount	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
2016 Refunding Tax Allocation Bonds, 2% - 5%	\$33,720,000	\$30,605,000		\$1,445,000	\$29,160,000	\$1,510,000
Add: Unamortized bond premium		4,570,284		304,686	4,265,598	
Reimbursement Agreement, 0%	12,200,000	8,000,000		8,000,000		
2020 Reimbursement Agreement, %0	5,501,854		\$5,501,854		5,501,854	309,754
Loans from Housing Successor, 0%	2,803,520	1,748,605		1,054,915	693,690	693,690
<b>Total</b>		<u>\$44,923,889</u>	<u>\$5,501,854</u>	<u>\$10,804,601</u>	<u>\$39,621,142</u>	<u>\$2,513,444</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. As discussed in Note 7E, the City refunded the 2008 Lease Revenue Bonds and amended the Reimbursement Agreement on March 1, 2020. Under the terms of the amendment, the Agency reimburses the City for a portion of lease payments made by the City under the property lease for the 2020 Lease Revenue Bonds. The terms of the Reimbursement Agreement indicate that the Agency is required to make annual payments to the City, regardless of whether the City's annual lease payments are abated. The Agency has pledged tax revenues for the repayment of the Reimbursement Agreement, subordinate to other obligations of the Agency. The Reimbursement Agreement does not bear interest and annual principal payments are due through 2038. As a result, the Successor Agency reported a Special Item-Gain on reimbursement agreement amendment in the amount of \$2,098,146.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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 began 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 \$44,534,475 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 2020 calculated by the County Auditor-Controller was \$8,526,336, and the total received by the Successor Agency for fiscal year 2020 debt service was \$4,334,879, which the Agency used to pay the \$2,738,609 of fiscal year debt service.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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
2021	\$2,513,444	\$1,312,550
2022	1,870,300	1,235,300
2023	1,949,400	1,154,300
2024	2,028,300	1,069,300
2025	2,111,900	980,300
2026-2030	11,964,000	3,409,125
2031-2035	11,771,400	736,275
2036-2039	1,146,800	
Total	35,355,544	\$9,897,150
Plus Unamortized Bond Premium	4,265,598	
Gross Long-Term Debt	\$39,621,142	

**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 EVENT**

In October 2020, the City issued infrastructure financing bonds for 2016-1 Community Facilities District, Tracy Hills, in the principal amount of \$18,160,000. The CFD is an additional parity bond related with the first bond issuance in September 2019 and the second bond issuance in August 2019. The bonds will be repaid through tax increment collected on the parcels within the district.

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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 \$9,866,151 in fiscal year 2021. The Pavement Condition Index (PCI) for the City's street pavement for the latest years is as follows:

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

The City's administrative policy is to achieve a minimum rating of 69 for all street pavement. This rating allows for minor cracking and revealing of payment along with minor roughness that could be noticeable to drivers traveling at posted speed. The City expended \$6,666,870 for street preservation for fiscal year 2020.

## 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	June 30, 2019
<b>Total Pension Liability</b>						
Service Cost	\$3,019,742	\$2,892,504	\$2,910,705	\$3,555,373	\$3,700,689	\$3,979,362
Interest	8,760,895	9,030,774	9,339,655	9,859,228	10,406,741	11,084,143
Differences between expected and actual experience	-	(3,592,113)	(3,013,865)	70,396	1,406,163	1,781,080
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)	(6,479,285)
<b>Net change in total pension liability</b>	<b>7,332,910</b>	<b>1,265,058</b>	<b>4,279,709</b>	<b>16,401,681</b>	<b>7,686,572</b>	<b>10,365,300</b>
<b>Total pension liability - beginning</b>	<b>117,525,924</b>	<b>124,858,834</b>	<b>126,123,892</b>	<b>130,403,601</b>	<b>146,805,282</b>	<b>154,491,854</b>
<b>Total pension liability - ending (a)</b>	<b>\$124,858,834</b>	<b>\$126,123,892</b>	<b>\$130,403,601</b>	<b>\$146,805,282</b>	<b>\$154,491,854</b>	<b>\$164,857,154</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$2,699,952	\$2,793,345	\$3,466,879	\$3,873,007	\$4,065,966	\$4,774,139
Contributions - employee	1,374,066	1,346,337	1,461,861	1,552,617	1,720,800	1,907,660
Net investment income (1)	14,281,310	2,132,844	487,393	10,997,746	9,323,836	7,724,741
Benefit payments, including refunds of employee contributions	(4,447,727)	(4,804,924)	(4,956,786)	(5,445,878)	(6,628,099)	(6,479,285)
Net Plan to Plan Resource Movement	-	8,501	-	-	31,823	-
Other Miscellaneous Income/ (Expense)	-	-	-	-	(321,657)	272
Administrative Expense	-	(109,805)	(59,400)	(144,490)	(169,381)	(83,295)
<b>Net change in plan fiduciary net position</b>	<b>13,907,601</b>	<b>1,366,298</b>	<b>399,947</b>	<b>10,833,002</b>	<b>8,023,288</b>	<b>7,844,232</b>
<b>Plan fiduciary net position - beginning</b>	<b>82,190,743</b>	<b>96,098,344</b>	<b>97,464,642</b>	<b>97,864,589</b>	<b>108,697,591</b>	<b>116,720,879</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$96,098,344</b>	<b>\$97,464,642</b>	<b>\$97,864,589</b>	<b>\$108,697,591</b>	<b>\$116,720,879</b>	<b>\$124,565,111</b>
Net pension liability - ending (a)-(b)	\$28,760,490	\$28,659,250	\$32,539,012	\$38,107,691	\$37,770,975	\$40,292,043
Plan fiduciary net position as a percentage of the total pension liability	76.97%	77.28%	75.05%	74.04%	75.55%	75.56%
Covered payroll	\$19,129,759	\$19,031,601	\$19,352,925	\$20,465,522	\$23,989,506	\$25,887,652
Net pension liability as percentage of covered payroll	150.34%	150.59%	168.13%	186.20%	157.45%	155.64%

**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 2018, and 2019 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**  
Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan  
Last 10 Years\*

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$3,460,280	\$3,499,868	\$3,873,007	\$4,050,711	\$4,749,293	\$5,566,882
Contributions in relation to the actuarially determined contributions	(3,460,280)	(3,499,868)	(3,873,007)	(4,050,711)	(4,749,293)	(5,566,882)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	<u>\$19,031,601</u>	<u>\$19,352,925</u>	<u>\$20,465,522</u>	<u>\$23,989,506</u>	<u>\$25,887,652</u>	<u>\$27,601,313</u>
Contributions as a percentage of covered payroll	18.18%	18.08%	18.92%	16.89%	18.35%	20.17%
<b>Notes to Schedule:</b>						
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Methods and assumptions used to determine contribution rates:						
Actuarial cost method	Entry age					
Amortization method	Level percentage of payroll					
Remaining amortization period	15 Years as of the Valuation Date					
Asset valuation method	15 Year Smoothed Market					
Inflation	2.75% for 2015 to 2019, and 2.875% for 2020					
Salary increases	Varies by Entry Age and Service					
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, and 7.25% for 2020, net of pension plan investment and administrative expense, including inflation					
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study					
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019 and 2020, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.					

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

Source: City of Tracy's general ledger and CalPERS Actuarial 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	June 30, 2019
<b>Total Pension Liability</b>						
Service Cost	\$4,767,092	\$4,491,843	\$4,239,783	\$4,863,739	\$5,100,415	\$5,341,283
Interest	9,861,726	10,281,540	10,762,768	11,508,306	12,156,431	13,132,663
Differences between expected and actual experience	-	(3,530,865)	(2,662,887)	433,771	(9,610)	3,440,318
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)	(7,378,049)
<b>Net change in total pension liability</b>	9,612,475	2,964,816	6,422,018	21,102,678	9,535,378	14,536,215
<b>Total pension liability - beginning</b>	131,614,301	141,226,776	144,191,592	150,613,610	171,716,288	181,251,666
<b>Total pension liability - ending (a)</b>	\$141,226,776	\$144,191,592	\$150,613,610	\$171,716,288	\$181,251,666	\$195,787,881
<b>Plan fiduciary net position</b>						
Contributions - employer	\$4,341,816	\$4,171,390	\$4,433,276	\$4,604,350	\$5,132,782	\$5,822,621
Contributions - employee	1,458,951	1,380,651	1,421,949	1,590,493	1,985,924	2,104,947
Net investment income (1)	16,826,945	2,531,449	584,528	12,957,627	10,913,236	9,222,427
Benefit payments, including refunds of employee contributions	(5,016,343)	(5,470,177)	(5,917,646)	(6,358,409)	(6,949,949)	(7,378,049)
Plan to Plan resource movement	-	-	-	-	(32,418)	-
Other Miscellaneous Income/ (Expense)	-	-	-	-	(381,868)	323
Administrative Expenses	-	(130,531)	(70,678)	(171,890)	(201,087)	(99,558)
<b>Net change in plan fiduciary net position</b>	17,611,369	2,482,782	451,429	12,622,171	10,466,620	9,672,711
<b>Plan fiduciary net position - beginning</b>	95,877,087	113,488,456	115,971,238	116,422,667	129,044,838	139,511,458
<b>Plan fiduciary net position - ending (b)</b>	\$113,488,456	\$115,971,238	\$116,422,667	\$129,044,838	\$139,511,458	\$149,184,169
Net pension liability - ending (a)-(b)	\$27,738,320	\$28,220,354	\$34,190,943	\$42,671,450	\$41,740,208	\$46,603,712
Plan fiduciary net position as a percentage of the total pension liability	80.36%	80.43%	77.30%	75.15%	76.97%	76.20%
Covered payroll	\$15,506,642	\$15,225,341	\$15,414,995	\$15,512,824	\$16,743,454	\$18,413,297
Net pension liability as percentage of covered payroll	178.88%	185.35%	221.80%	275.07%	249.29%	253.10%

**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 2018, and 2019 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	2020
Actuarially determined contribution	\$3,522,006	\$4,477,450	\$4,604,350	\$5,148,037	\$5,643,974	\$6,437,044
Contributions in relation to the actuarially determined contributions	(3,522,006)	(4,477,450)	(4,604,350)	(5,148,037)	(5,643,974)	(6,437,044)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$15,225,341	\$15,414,995	\$15,512,824	\$16,743,454	\$18,413,297	\$19,725,873
Contributions as a percentage of covered payroll	23.13%	29.05%	29.68%	30.75%	30.65%	32.63%
<b>Notes to Schedule</b>						
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017

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% for 2015 to 2019, and 2.875% for 2020
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, and 7.25% for 2020, net of pension plan investment and administrative expense, including inflation
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.

The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019 and 2020, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

Mortality

\* 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	2018-19
<b>Total OPEB liability</b>			
Service cost	\$ 343,641	\$ 318,114	\$ 417,193
Interest	153,933	192,889	192,818
Differences between expected and actual experience	-	273,705	-
Assumption changes	(334,977)	(391,232)	101,040
Benefit payments, including refunds of employee contributions	(138,947)	(174,114)	(195,363)
<b>Net change in total OPEB liability</b>	23,650	219,362	515,688
<b>Total OPEB liability - beginning</b>	5,907,872	5,931,522	6,150,884
<b>Total OPEB liability - ending</b>	\$ 5,931,522	\$ 6,150,884	\$ 6,666,572
<b>Covered-employee payroll</b>	\$ 23,997,600	\$ 34,519,846	\$ 36,634,298
<b>Plan total OPEB liability as a percentage of covered-employee payroll</b>	24.72%	17.82%	18.20%

\* Fiscal year 2018 was the first year of implementation

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
---

***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	2020
Actuarially determined contribution	\$ 764,705	\$ - (1)	\$ - (1)
Contractually Required Contributions		195,363 (1)	209,370 (1)
Contributions in relation to the actuarially determined or contractually required contribution	174,114	195,363	209,370
Contribution deficiency (excess)	\$ 590,591	\$ -	\$ -
Covered-employee payroll	\$ 34,519,846	\$ 36,634,298	\$ 36,576,729
Contributions as a percentage of covered-employee payroll	0.50%	0.53%	0.57%

**Notes to Schedule:**

- (1) The City did not obtain an actuarially determined contribution in fiscal year 2019 or 2020, 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	26 years remaining as of June 30, 2020
Asset Valuation Method	Market value of assets (\$0, no OPEB Trust has been established)
Discount Rate	2.79% for June 30, 2019 and 2.98% for June 30, 2018
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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$60,645,864	\$61,023,441	\$64,241,200	\$3,217,759
Licenses, permits and fees	3,740,255	3,663,700	3,907,932	244,232
Fines and forfeitures	173,626	135,268	180,186	44,918
Use of money and property	740,832	621,148	1,065,302	444,154
Intergovernmental	1,398,420	1,123,866	1,630,147	506,281
Charges for current services	10,850,140	10,233,620	11,525,274	1,291,654
Special assessments	429,468	339,506	452,110	112,604
Contributions	147,221	145,859	145,859	
Other revenue	9,355	67,190		(67,190)
Total Revenues	<u>78,135,181</u>	<u>77,353,598</u>	<u>83,148,010</u>	<u>5,794,412</u>
EXPENDITURES:				
Current:				
General government				
Economic development	689,333	678,529	647,524	31,005
General government	7,200,342	7,113,272	7,023,314	89,958
Finance	5,053,818	4,481,566	4,890,254	(408,688)
Non-departmental	376,482	483,773	599,975	(116,202)
Public safety				
Police	31,584,512	33,059,100	32,903,426	155,674
Fire	14,931,241	15,180,505	15,714,615	(534,110)
Public works				
Development and engineering	313,307	209,327	201,974	7,353
Public works	6,656,457	7,103,127	7,043,632	59,495
Culture and leisure				
Parks and community services	3,435,298	3,248,240	3,180,097	68,143
Capital outlay		8,263,638	205,540	8,058,098
Total Expenditures	<u>70,240,790</u>	<u>79,821,077</u>	<u>72,410,351</u>	<u>7,410,726</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,894,391</u>	<u>(2,467,479)</u>	<u>10,737,659</u>	<u>13,205,138</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		33,298	33,298	
Contributions			3,930,000	3,930,000
Transfers in			26,876	26,876
Transfers (out)	(1,238,400)	(1,482,144)	(24,662,144)	(23,180,000)
Total Other Financing Sources (Uses)	<u>(1,238,400)</u>	<u>(1,448,846)</u>	<u>(20,671,970)</u>	<u>(19,223,124)</u>
NET CHANGE IN FUND BALANCE	<u>\$6,655,991</u>	<u>(\$3,916,325)</u>	<u>(9,934,311)</u>	<u>(\$6,017,986)</u>
BEGINNING FUND BALANCE			<u>30,565,543</u>	
ENDING FUND BALANCE			<u>\$20,631,232</u>	

CITY OF TRACY  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 HOUSING SUCCESSOR FUND  
 FOR THE YEAR ENDED JUNE 30, 2020

	<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	\$107,974	\$124,077	\$307,112	\$183,035
Other revenue		2,506	2,506	
Total Revenues	<u>107,974</u>	<u>126,583</u>	<u>309,618</u>	<u>183,035</u>
NET CHANGE IN FUND BALANCE	<u>\$107,974</u>	<u>\$126,583</u>	309,618	<u>\$183,035</u>
BEGINNING FUND BALANCE			<u>4,553,346</u>	
ENDING FUND BALANCE			<u>\$4,862,964</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, 2020

	<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)	\$4,480	\$7,810
Intergovernmental		3,734,216	4,164,641	430,425
Total Revenues		<u>3,730,886</u>	<u>4,169,121</u>	<u>438,235</u>
EXPENDITURES:				
Capital outlay		3,939,589	3,587,812	351,777
Total Expenditures		<u>3,939,589</u>	<u>3,587,812</u>	<u>351,777</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		<u>(208,703)</u>	<u>581,309</u>	<u>790,012</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out		(22,879)	(126,396)	(103,517)
Total Other Financing Sources (Uses)		<u>(22,879)</u>	<u>(126,396)</u>	<u>(103,517)</u>
NET CHANGE IN FUND BALANCE		<u><u>(\$231,582)</u></u>	454,913	<u><u>\$686,495</u></u>
BEGINNING FUND BALANCE (DEFICIT)			<u>(109,280)</u>	
ENDING FUND BALANCE			<u><u>\$345,633</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, 2020

	<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			\$194,425	\$194,425
Intergovernmental				
Charges for current services	\$6,096,400	\$6,774,227	8,917,803	2,143,576
Total Revenues	<u>6,096,400</u>	<u>6,774,227</u>	<u>9,112,228</u>	<u>2,338,001</u>
EXPENDITURES:				
Current:				
General government		175,000	175,000	
Public safety				
Fire	5,720,732	6,446,719	6,194,122	252,597
Capital outlay		100,470	79,090	21,380
Total Expenditures	<u>5,720,732</u>	<u>6,722,189</u>	<u>6,448,212</u>	<u>273,977</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>375,668</u>	<u>52,038</u>	<u>2,664,016</u>	<u>2,611,978</u>
NET CHANGE IN FUND BALANCE	<u>\$375,668</u>	<u>\$52,038</u>	2,664,016	<u>\$2,611,978</u>
BEGINNING FUND BALANCE			<u>(5,424,551)</u>	
ENDING FUND BALANCE (DEFICIT)			<u>(\$2,760,535)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses, permits and fees	\$4,931,871	\$2,559,489	\$3,346,649	\$787,160
Use of money and property		(46,831)	114,124	160,955
Intergovernmental		20,000	20,000	
Charges for current services	6,203,404	3,882,435	4,268,120	385,685
Other revenue	3,185	1,862	1,862	
Total Revenues	<u>11,138,460</u>	<u>6,416,955</u>	<u>7,750,755</u>	<u>1,333,800</u>
EXPENDITURES:				
Current:				
General government				
Non-departmental		952,753	952,753	
Public works				
Development and engineering	12,715,580	9,655,313	10,250,058	(594,745)
Capital outlay		38,357	38,357	
Total Expenditures	<u>12,715,580</u>	<u>10,646,423</u>	<u>11,241,168</u>	<u>(594,745)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,577,120)	(4,229,468)	(3,490,413)	739,055
OTHER FINANCING SOURCES (USES)				
Transfers in			4,180,000	4,180,000
NET CHANGE IN FUND BALANCE	<u>(\$1,577,120)</u>	<u>(\$4,229,468)</u>	689,587	<u>\$4,919,055</u>
BEGINNING FUND BALANCE (DEFICIT)			<u>(1,059,710)</u>	
ENDING FUND BALANCE (DEFICIT)			<u>(\$370,123)</u>	

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## REQUIRED SUPPLEMENTARY INFORMATION

### 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.





**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, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Use of money and property	\$1,913	\$14,900	\$12,987
Intergovernmental	<u>400,000</u>	<u>400,000</u>	
Total Revenues	<u>401,913</u>	<u>414,900</u>	<u>12,987</u>
EXPENDITURES:			
Debt service:			
Principal	250,000	17,895,000	(17,645,000)
Interest and fiscal charges	<u>1,127,238</u>	<u>1,406,514</u>	<u>(279,276)</u>
Total Expenditures	<u>1,377,238</u>	<u>19,301,514</u>	<u>(17,924,276)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(975,325)</u>	<u>(18,886,614)</u>	<u>(17,911,289)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt		18,190,000	18,190,000
Bond premium		3,547,244	3,547,244
Transfers in	958,300	958,300	
Transfers out		<u>(2,935,556)</u>	<u>(2,935,556)</u>
Total Other Financing Sources (Uses)	<u>958,300</u>	<u>19,759,988</u>	<u>18,801,688</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$17,025)</u></u>	873,374	<u><u>\$890,399</u></u>
BEGINNING FUND BALANCE		<u>620,869</u>	
ENDING FUND BALANCE		<u><u>\$1,494,243</u></u>	

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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>
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**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, 2020

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	\$1,683	\$1,003,601	\$932,413	\$2,668,897
Cash and investments with fiscal agents				
Accounts receivables				373,894
Interest receivable		5,039	3,312	9,481
Due from other funds				
Deposits				
Loans receivable				
	<u>\$1,683</u>	<u>\$1,008,640</u>	<u>\$935,725</u>	<u>\$3,052,272</u>
<b>LIABILITIES</b>				
Accounts payable			\$183,101	\$29,163
Salaries and benefits payable			61	6,516
Due to other funds				
Deposits payable				
Unearned revenue			77,459	
			<u>260,621</u>	<u>35,679</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- loans				
<b>FUND BALANCE</b>				
Fund balance:				
Restricted	\$1,683	\$1,008,640	675,104	3,016,593
Unassigned				
	<u>1,683</u>	<u>1,008,640</u>	<u>675,104</u>	<u>3,016,593</u>
Total Fund Balances (Deficit)	<u>1,683</u>	<u>1,008,640</u>	<u>675,104</u>	<u>3,016,593</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$1,683</u>	<u>\$1,008,640</u>	<u>\$935,725</u>	<u>\$3,052,272</u>



SPECIAL REVENUE FUNDS

State Gas Tax Street	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy
\$6,029,439		\$6,094,929	\$211,252	\$307,348	
115,725 22,709	\$22,275	9,190 21,639	750	40,719 1,090	
					\$1,000,000
<u>\$6,167,873</u>	<u>\$22,275</u>	<u>\$6,125,758</u>	<u>\$212,002</u>	<u>\$349,157</u>	<u>\$1,000,000</u>
\$217,898 25,905	\$855 21,420	\$195,180 40,557		\$1,871	
<u>243,803</u>	<u>22,275</u>	<u>235,737</u>		<u>1,871</u>	
5,924,070		5,890,021	\$212,002	347,286	\$1,000,000
<u>5,924,070</u>		<u>5,890,021</u>	<u>212,002</u>	<u>347,286</u>	<u>1,000,000</u>
<u>\$6,167,873</u>	<u>\$22,275</u>	<u>\$6,125,758</u>	<u>\$212,002</u>	<u>\$349,157</u>	<u>\$1,000,000</u>

(Continued)

CITY OF TRACY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020

	SPECIAL REVENUE FUNDS			
	COPS Grant	FEMA Grant	CFD Services 2016-2	CFD Services 2018-1
<b>ASSETS</b>				
Cash and investments	\$588,178	\$2,857	\$722,039	\$819,585
Cash and investments with fiscal agents				
Accounts receivables				
Interest receivable	2,090	10	2,565	2,912
Due from other funds				
Deposits				
Loans receivable				
Total Assets	\$590,268	\$2,867	\$724,604	\$822,497
<b>LIABILITIES</b>				
Accounts payable			\$2,159	
Salaries and benefits payable	\$6,982			
Due to other funds				
Deposits payable			485,276	\$100,000
Unearned revenue				
Total Liabilities	6,982		487,435	100,000
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- loans				
Total Deferred Inflows of Resources				
<b>FUND BALANCE</b>				
Fund balance:				
Restricted	583,286	\$2,867	237,169	722,497
Unassigned				
Total Fund Balances (Deficit)	583,286	2,867	237,169	722,497
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$590,268	\$2,867	\$724,604	\$822,497

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
\$2,404,273		\$9,405,196	\$35,844	\$5,021,504	\$12,311,511
8,541		41,137 2,174,474		17,959	43,737
<u>\$2,412,814</u>		<u>\$11,620,807</u>	<u>\$35,844</u>	<u>\$5,039,463</u>	<u>\$12,355,248</u>
		\$40		\$568	
			\$2,174,474 35,844		\$915,441
		40	2,210,318	568	915,441
\$2,412,814		11,620,767		5,038,895	11,439,807
			(2,174,474)		
<u>2,412,814</u>		<u>11,620,767</u>	<u>(2,174,474)</u>	<u>5,038,895</u>	<u>11,439,807</u>
<u>\$2,412,814</u>		<u>\$11,620,807</u>	<u>\$35,844</u>	<u>\$5,039,463</u>	<u>\$12,355,248</u>

(Continued)

CITY OF TRACY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020

	<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	\$6,649,308	\$3,920,164	\$11,696,957	\$2,797,248
Cash and investments with fiscal agents				
Accounts receivables				
Interest receivable	23,622	13,927	41,554	9,937
Due from other funds				
Deposits				
Loans receivable				
Total Assets	<u>\$6,672,930</u>	<u>\$3,934,091</u>	<u>\$11,738,511</u>	<u>\$2,807,185</u>
<b>LIABILITIES</b>				
Accounts payable	\$873,274			\$316,277
Salaries and benefits payable	1,271			
Due to other funds				
Deposits payable	1,056,498	\$3,896,347		
Unearned revenue				
Total Liabilities	<u>1,931,043</u>	<u>3,896,347</u>		<u>316,277</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- loans				
Total Deferred Inflows of Resources				
<b>FUND BALANCE</b>				
Fund balance:				
Restricted	4,741,887	37,744	\$11,738,511	2,490,908
Unassigned				
Total Fund Balances (Deficit)	<u>4,741,887</u>	<u>37,744</u>	<u>11,738,511</u>	<u>2,490,908</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$6,672,930</u>	<u>\$3,934,091</u>	<u>\$11,738,511</u>	<u>\$2,807,185</u>

CAPITAL PROJECTS FUNDS

Presidio Plan Area	Redevelopment Obligations	Tracy Gateway Area	Plan "C"	Residential Specific Plan Project	Ellis Area	Total Nonmajor Governmental Funds
\$6,406,177 77	\$2,005,775	\$2,135,800	\$24,405,407	\$2,897,043	\$7,447,168	\$118,921,596 77
22,758	7,126	7,588	86,706	10,292	26,949	561,803 433,430 2,174,474 1,000,000 1,864,862
<u>\$6,429,012</u>	<u>\$2,012,901</u>	<u>\$2,143,388</u>	<u>\$24,492,113</u>	<u>\$4,772,197</u>	<u>\$7,474,117</u>	<u>\$124,956,242</u>
	\$180 1,067	\$624	\$13,684 1,245		\$1,783	\$1,836,033 84,228 2,195,894 7,704,847 77,459
\$825,000	3,000				387,441	
<u>825,000</u>	<u>4,247</u>	<u>624</u>	<u>14,929</u>		<u>389,224</u>	<u>11,898,461</u>
				<u>\$1,864,862</u>		<u>1,864,862</u>
				1,864,862		1,864,862
5,604,012	2,008,654	2,142,764	24,477,184	2,907,335	7,084,893	113,367,393 (2,174,474)
<u>5,604,012</u>	<u>2,008,654</u>	<u>2,142,764</u>	<u>24,477,184</u>	<u>2,907,335</u>	<u>7,084,893</u>	<u>111,192,919</u>
<u>\$6,429,012</u>	<u>\$2,012,901</u>	<u>\$2,143,388</u>	<u>\$24,492,113</u>	<u>\$4,772,197</u>	<u>\$7,474,117</u>	<u>\$124,956,242</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, 2020

	SPECIAL REVENUE FUNDS			
	Business Improvement District	Asset Forfeiture	Transportation Development	Proposition K Transportation Tax
REVENUES				
Taxes			\$75,000	\$1,610,306
Licenses, permits and fees				
Fines and penalties		\$449,376		
Use of money and property		25,986	29,189	58,241
Intergovernmental				2,315,927
Charges for current services	\$122,680			
Special assessments				
Contributions				
Other revenue				
Total Revenues	<u>122,680</u>	<u>475,362</u>	<u>104,189</u>	<u>3,984,474</u>
EXPENDITURES				
Current:				
General government				
Economic development	122,261			
Non-departmental			119	
Public safety				
Police		584,285		
Public ways and facilities/transportation				
Development and engineering			8,438	
Public works				
Capital outlay			2,243,981	2,441,058
Debt service:				
Principal payments				
Interest and fiscal charges				
Total Expenditures	<u>122,261</u>	<u>584,285</u>	<u>2,252,538</u>	<u>2,441,058</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>419</u>	<u>(108,923)</u>	<u>(2,148,349)</u>	<u>1,543,416</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	419	(108,923)	(2,148,349)	1,543,416
BEGINNING FUND BALANCES (DEFICITS)	<u>1,264</u>	<u>1,117,563</u>	<u>2,823,453</u>	<u>1,473,177</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$1,683</u>	<u>\$1,008,640</u>	<u>\$675,104</u>	<u>\$3,016,593</u>

SPECIAL REVENUE FUNDS

State Gas Tax Street	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy
				\$163,319	
\$150,266		\$140,715	\$5,095	10,362	
3,577,185	\$300,579			145	
		3,225,084			
47,395		1,700			
<u>3,774,846</u>	<u>300,579</u>	<u>3,367,499</u>	<u>5,095</u>	<u>173,826</u>	
97,771	284,980	272,183			
1,315,462		3,064,028			
715,346		175,602		459,323	
<u>2,128,579</u>	<u>284,980</u>	<u>3,511,813</u>		<u>459,323</u>	
1,646,267	15,599	(144,314)	5,095	(285,497)	
109,839		93,744			
<u>109,839</u>		<u>93,744</u>			
1,756,106	15,599	(50,570)	5,095	(285,497)	
<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>\$5,924,070</u>		<u>\$5,890,021</u>	<u>\$212,002</u>	<u>\$347,286</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, 2020

	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	\$14,301	\$10	\$16,157	\$16,321
Intergovernmental	167,066			
Charges for current services				
Special assessments			90,375	292,002
Contributions				
Other revenue				
Total Revenues	<u>181,367</u>	<u>10</u>	<u>106,532</u>	<u>308,323</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Economic development				
Non-departmental	14,107			
Public safety				
Police	220,700			
Public ways and facilities/transportation				
Development and engineering				
Public works			115,985	7,797
Capital outlay				
Debt service:				
Principal payments				
Interest and fiscal charges				
Total Expenditures	<u>234,807</u>	<u></u>	<u>115,985</u>	<u>7,797</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(53,440)</u>	<u>10</u>	<u>(9,453)</u>	<u>300,526</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Transfers (out)				(26,876)
Total Other Financing Sources (Uses)				<u>(26,876)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(53,440)	10	(9,453)	273,650
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<u>636,726</u>	<u>2,857</u>	<u>246,622</u>	<u>448,847</u>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<u>\$583,286</u>	<u>\$2,867</u>	<u>\$237,169</u>	<u>\$722,497</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
	2007 Lease Revenue Bonds				
(5,558)	\$7,481	\$295,683	\$4	\$119,433	\$296,871
			441,553	1,698,337	
3,214,976					
<u>3,209,418</u>	<u>7,481</u>	<u>295,683</u>	<u>441,557</u>	<u>1,817,770</u>	<u>296,871</u>
7,994,287			7,760	1,041,364	5,285
	3,420,000 158,729				
<u>7,994,287</u>	<u>3,578,729</u>		<u>7,760</u>	<u>1,041,364</u>	<u>5,285</u>
(4,784,869)	(3,571,248)	295,683	433,797	776,406	291,586
	3,215,656				
			(226,670)		
	<u>3,215,656</u>		<u>(226,670)</u>		
(4,784,869)	(355,592)	295,683	207,127	776,406	291,586
<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>\$2,412,814</u>		<u>\$11,620,767</u>	<u>(\$2,174,474)</u>	<u>\$5,038,895</u>	<u>\$11,439,807</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, 2020

	CAPITAL PROJECTS FUNDS			
	Urban Management Plan Facilities	Capital Projects Deposits	South MacArthur Plan Area	Industrial Specific Plan South
<b>REVENUES</b>				
Taxes				
Licenses, permits and fees				
Fines and penalties				
Use of money and property	\$159,183	\$34,270	\$283,489	\$65,678
Intergovernmental				
Charges for current services	744,099		436,282	351,820
Special assessments				
Contributions	26,366			
Other revenue				
Total Revenues	<u>929,648</u>	<u>34,270</u>	<u>719,771</u>	<u>417,498</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Economic development				
Non-departmental				
Public safety				
Police				
Public ways and facilities/transportation				
Development and engineering	797,251			
Public works				
Capital outlay			2,658	529,167
Debt service:				
Principal payments				
Interest and fiscal charges				
Total Expenditures	<u>797,251</u>	<u></u>	<u>2,658</u>	<u>529,167</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>132,397</u>	<u>34,270</u>	<u>717,113</u>	<u>(111,669)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)	<u></u>	<u></u>	<u></u>	<u></u>
<b>NET CHANGE IN FUND BALANCES</b>	132,397	34,270	717,113	(111,669)
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<u>4,609,490</u>	<u>3,474</u>	<u>11,021,398</u>	<u>2,602,577</u>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<u>\$4,741,887</u>	<u>\$37,744</u>	<u>\$11,738,511</u>	<u>\$2,490,908</u>

CAPITAL PROJECTS FUNDS

Presidio Plan Area	Redevelopment Obligations	Tracy Gateway Area	Plan "C"	Residential Specific Plan Project	Ellis Area	Total Nonmajor Governmental Funds
						\$1,685,306
						163,319
						449,376
\$154,549	\$48,969	\$51,510	\$598,308	\$126,710	\$181,583	2,884,806
			235,923		1,372,980	6,360,757
						5,403,819
						3,607,461
						3,288,737
				50,000		51,700
<u>154,549</u>	<u>48,969</u>	<u>51,510</u>	<u>834,231</u>	<u>176,710</u>	<u>1,554,563</u>	<u>23,895,281</u>
				56,296		463,537
						384,180
						804,985
						805,689
2,790	241,738	14,307	1,773,402	212,752	24,793	4,503,272
						17,885,613
						3,420,000
						158,729
<u>2,790</u>	<u>241,738</u>	<u>14,307</u>	<u>1,773,402</u>	<u>269,048</u>	<u>24,793</u>	<u>28,426,005</u>
<u>151,759</u>	<u>(192,769)</u>	<u>37,203</u>	<u>(939,171)</u>	<u>(92,338)</u>	<u>1,529,770</u>	<u>(4,530,724)</u>
						3,419,239
					(138,198)	(391,744)
					(138,198)	3,027,495
151,759	(192,769)	37,203	(939,171)	(92,338)	1,391,572	(1,503,229)
<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>\$5,604,012</u>	<u>\$2,008,654</u>	<u>\$2,142,764</u>	<u>\$24,477,184</u>	<u>\$2,907,335</u>	<u>\$7,084,893</u>	<u>\$111,192,919</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, 2020

	BUSINESS IMPROVEMENT DISTRICT			ASSET FORFEITURE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses, permits and fees						
Fines and penalties				\$421,890	\$449,376	\$27,486
Use of money and property				(11,775)	25,986	37,761
Intergovernmental						
Charges for current services	\$122,680	\$122,680				
Special assessments						
Contributions						
Other revenue						
Total Revenues	<u>122,680</u>	<u>122,680</u>		<u>410,115</u>	<u>475,362</u>	<u>65,247</u>
EXPENDITURES						
Current:						
General government						
Economic development	125,647	122,261	\$3,386			
General government						
Non-departmental						
Public safety						
Police				616,129	584,285	31,844
Public works						
Development and engineering						
Public works						
Capital outlay						
Debt service:						
Principal payments						
Interest and fiscal charges						
Total Expenditures	<u>125,647</u>	<u>122,261</u>	<u>3,386</u>	<u>616,129</u>	<u>584,285</u>	<u>31,844</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,967)</u>	<u>419</u>	<u>3,386</u>	<u>(206,014)</u>	<u>(108,923)</u>	<u>97,091</u>
OTHER FINANCING SOURCES (USES)						
Issuance of debt						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u>(\$2,967)</u>	<u>419</u>	<u>\$3,386</u>	<u>(\$206,014)</u>	<u>(108,923)</u>	<u>\$97,091</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>1,264</u>			<u>1,117,563</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$1,683</u>			<u>\$1,008,640</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)
\$75,000	\$75,000		\$1,280,028	\$1,610,306	\$330,278			
(27,615)	29,189	\$56,804	(8,312)	58,241	66,553	(\$36,578)	\$150,266	\$186,844
			645,812	2,315,927	1,670,115	2,917,547	3,577,185	659,638
						47,395	47,395	
<u>47,385</u>	<u>104,189</u>	<u>56,804</u>	<u>1,917,528</u>	<u>3,984,474</u>	<u>2,066,946</u>	<u>2,928,364</u>	<u>3,774,846</u>	<u>846,482</u>
119	119					97,771	97,771	
7,152	8,438	(1,286)						
2,195,886	2,243,981	(48,095)	2,567,315	2,441,058	126,257	1,358,040	1,315,462	42,578
						622,418	715,346	(92,928)
<u>2,203,157</u>	<u>2,252,538</u>	<u>(49,381)</u>	<u>2,567,315</u>	<u>2,441,058</u>	<u>126,257</u>	<u>2,078,229</u>	<u>2,128,579</u>	<u>(50,350)</u>
<u>(2,155,772)</u>	<u>(2,148,349)</u>	<u>7,423</u>	<u>(649,787)</u>	<u>1,543,416</u>	<u>2,193,203</u>	<u>850,135</u>	<u>1,646,267</u>	<u>796,132</u>
						39,436	109,839	70,403
						39,436	109,839	70,403
<u>(\$2,155,772)</u>	<u>(2,148,349)</u>	<u>\$7,423</u>	<u>(\$649,787)</u>	<u>1,543,416</u>	<u>\$2,193,203</u>	<u>\$889,571</u>	<u>1,756,106</u>	<u>\$866,535</u>
	<u>2,823,453</u>			<u>1,473,177</u>			<u>4,167,964</u>	
	<u>\$675,104</u>			<u>\$3,016,593</u>			<u>\$5,924,070</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, 2020

	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				(\$60,580)	\$140,715	\$201,295
Intergovernmental	\$225,186	\$300,579	\$75,393			
Charges for current services				3,225,084	3,225,084	
Special assessments						
Contributions						
Other revenue				1,700	1,700	
Total Revenues	<u>225,186</u>	<u>300,579</u>	<u>75,393</u>	<u>3,166,204</u>	<u>3,367,499</u>	<u>201,295</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Economic development	690,504	284,980	405,524			
General government						
Non-departmental				272,183	272,183	
Public safety						
Police						
Public works						
Development and engineering						
Public works				3,292,626	3,064,028	228,598
Capital outlay	1,650		1,650	26,545	175,602	(149,057)
Debt service:						
Principal payments						
Interest and fiscal charges						
Total Expenditures	<u>692,154</u>	<u>284,980</u>	<u>407,174</u>	<u>3,591,354</u>	<u>3,511,813</u>	<u>79,541</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(466,968)</u>	<u>15,599</u>	<u>482,567</u>	<u>(425,150)</u>	<u>(144,314)</u>	<u>280,836</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt						
Transfers in				93,744	93,744	
Transfers out						
Total Other Financing Sources (Uses)				<u>93,744</u>	<u>93,744</u>	
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>(\$466,968)</u></u>	<u>15,599</u>	<u><u>\$482,567</u></u>	<u><u>(\$331,406)</u></u>	<u>(50,570)</u>	<u><u>\$280,836</u></u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>(15,599)</u>			<u>5,940,591</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u><u>          </u></u>			<u><u>\$5,890,021</u></u>	

COMMUNITY ACCESS CTV			COPS GRANT			FEMA GRANT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$87,453	\$163,319	\$75,866						
(5,777)	10,362	16,139	(\$5,830)	\$14,301	\$20,131		\$10	\$10
145	145		161,607	167,066	5,459			
<u>81,821</u>	<u>173,826</u>	<u>92,005</u>	<u>155,777</u>	<u>181,367</u>	<u>25,590</u>		<u>10</u>	<u>10</u>
			14,107	14,107				
			221,014	220,700	314			
586,374	459,323	127,051						
<u>586,374</u>	<u>459,323</u>	<u>127,051</u>	<u>235,121</u>	<u>234,807</u>	<u>314</u>			
<u>(504,553)</u>	<u>(285,497)</u>	<u>219,056</u>	<u>(79,344)</u>	<u>(53,440)</u>	<u>25,904</u>		<u>10</u>	<u>10</u>
<u>(\$504,553)</u>	<u>(285,497)</u>	<u>\$219,056</u>	<u>(\$79,344)</u>	<u>(53,440)</u>	<u>\$25,904</u>		<u>10</u>	<u>\$10</u>
	<u>632,783</u>			<u>636,726</u>			<u>2,857</u>	
	<u>\$347,286</u>			<u>\$583,286</u>			<u>\$2,867</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, 2020

	CFD Services 2016-2			CFD Services 2018-1		
	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	(\$5,456)	\$16,157	\$21,613	(\$5,503)	\$16,321	\$21,824
Intergovernmental						
Charges for current services						
Special assessments	220,873	90,375	(130,498)	154,761	292,002	137,241
Contributions						
Other revenue						
<b>Total Revenues</b>	<u>215,417</u>	<u>106,532</u>	<u>(108,885)</u>	<u>149,258</u>	<u>308,323</u>	<u>159,065</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Economic development						
General government						
Non-departmental						
Public safety						
Police						
Public works						
Development and engineering						
Public works	82,300	115,985	(33,685)	5,768	7,797	(2,029)
Capital outlay						
Debt service:						
Principal payments						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>82,300</u>	<u>115,985</u>	<u>(33,685)</u>	<u>5,768</u>	<u>7,797</u>	<u>(2,029)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>133,117</u>	<u>(9,453)</u>	<u>(142,570)</u>	<u>143,490</u>	<u>300,526</u>	<u>157,036</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt						
Transfers in						
Transfers out					(26,876)	(26,876)
<b>Total Other Financing Sources (Uses)</b>					<u>(26,876)</u>	<u>(26,876)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$133,117</u>	<u>(9,453)</u>	<u>(\$142,570)</u>	<u>\$143,490</u>	<u>273,650</u>	<u>\$130,160</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>246,622</u>			<u>448,847</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u>\$237,169</u>			<u>\$722,497</u>	



NORTH EAST INDUSTRIAL PLAN AREA STORM DRAIN			2007 LEASE REVENUE BONDS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
(\$72,164)	(\$5,558)	\$66,606	\$1,959	\$7,481	\$5,522
	3,214,976	3,214,976			
<u>(72,164)</u>	<u>3,209,418</u>	<u>3,281,582</u>	<u>1,959</u>	<u>7,481</u>	<u>5,522</u>
7,994,287	7,994,287				
			115,000	3,420,000	(3,305,000)
			164,780	158,729	6,051
<u>7,994,287</u>	<u>7,994,287</u>		<u>279,780</u>	<u>3,578,729</u>	<u>(3,298,949)</u>
<u>(8,066,451)</u>	<u>(4,784,869)</u>	<u>3,281,582</u>	<u>(277,821)</u>	<u>(3,571,248)</u>	<u>(3,293,427)</u>
3,214,976		(3,214,976)			
			280,100	3,215,656	2,935,556
<u>3,214,976</u>		<u>(3,214,976)</u>	<u>280,100</u>	<u>3,215,656</u>	<u>2,935,556</u>
<u>(\$4,851,475)</u>	<u>(4,784,869)</u>	<u>\$66,606</u>	<u>\$2,279</u>	<u>(355,592)</u>	<u>(\$357,871)</u>
	7,197,683			355,592	
	<u>\$2,412,814</u>				

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## **INTERNAL SERVICE FUNDS**

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

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, 2020

	Central Garage	Central Services	Equipment Acquisition	Building Maintenance	Insurance	Total
<b>ASSETS</b>						
Current Assets:						
Cash and investments	\$408,353	\$856,095	\$9,654,786	\$2,777,883	\$2,510,474	\$16,207,591
Accounts receivable			32,756			32,756
Interest receivable	1,451	2,300	33,524	9,265	8,490	55,030
Prepaid expenses			1,391,575			1,391,575
Total Current Assets	<u>409,804</u>	<u>858,395</u>	<u>11,112,641</u>	<u>2,787,148</u>	<u>2,518,964</u>	<u>17,686,952</u>
Depreciables:						
Capital assets (net of accumulated depreciation)	7,860		10,150,075	3,853		10,161,788
Total capital assets	<u>7,860</u>		<u>10,150,075</u>	<u>3,853</u>		<u>10,161,788</u>
Total Assets	<u>417,664</u>	<u>858,395</u>	<u>21,262,716</u>	<u>2,791,001</u>	<u>2,518,964</u>	<u>27,848,740</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to pensions	109,131	273,922		137,383	80,404	600,840
Related to OPEB	3,350	7,648		3,474	2,423	16,895
Total Deferred Outflows of Resources	<u>112,481</u>	<u>281,570</u>		<u>140,857</u>	<u>82,827</u>	<u>617,735</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	73,159	23,812	184,526	50,839	53,245	385,581
Salaries and benefits payable	25,417	38,915		25,435	19,662	109,429
Deposits payable				6,758		6,758
Compensated absences	20,059	32,167		13,859	12,842	78,927
Total Current Liabilities	<u>118,635</u>	<u>94,894</u>	<u>184,526</u>	<u>96,891</u>	<u>85,749</u>	<u>580,695</u>
Long-term Liabilities:						
Compensated absences	49,282	106,411		27,819	42,002	225,514
Net pension liabilities	460,659	1,079,912		568,720	399,670	2,508,961
Net OPEB liability	48,220	93,874		50,306	31,337	223,737
Total Long-Term Liabilities	<u>558,161</u>	<u>1,280,197</u>		<u>646,845</u>	<u>473,009</u>	<u>2,958,212</u>
Total Liabilities	<u>676,796</u>	<u>1,375,091</u>	<u>184,526</u>	<u>743,736</u>	<u>558,758</u>	<u>3,538,907</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to pensions	887	22,109		3,024	16,981	43,001
Related to OPEB	3,725	7,144		4,922	2,104	17,895
Total Deferred Inflows of Resources	<u>4,612</u>	<u>29,253</u>		<u>7,946</u>	<u>19,085</u>	<u>60,896</u>
<b>NET POSITION</b>						
Net investment in capital assets	7,860		10,150,075	3,853		10,161,788
Unrestricted	(159,123)	(264,379)	10,928,115	2,176,323	2,023,948	14,704,884
Total Net Position	<u>(\$151,263)</u>	<u>(\$264,379)</u>	<u>\$21,078,190</u>	<u>\$2,180,176</u>	<u>\$2,023,948</u>	<u>\$24,866,672</u>

CITY OF TRACY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020

	Central Garage	Central Services	Equipment Acquisition	Building Maintenance	Insurance	Total
<b>REVENUES</b>						
Charges for services	\$1,930,543	\$1,988,343	\$2,228,276	\$1,954,810	\$4,534,733	\$12,636,705
Other revenues	2,669				484,449	487,118
<b>Total Operating Revenues</b>	<b>1,933,212</b>	<b>1,988,343</b>	<b>2,228,276</b>	<b>1,954,810</b>	<b>5,019,182</b>	<b>13,123,823</b>
<b>EXPENSES</b>						
Maintenance and operation	1,974,302	2,058,988	701,631	1,508,423	900,052	7,143,396
Administration	197,198	244,664	4,362	196,591	408,708	1,051,523
Insurance costs and claims					3,580,659	3,580,659
Depreciation	499		1,796,940	261		1,797,700
<b>Total Expenses</b>	<b>2,171,999</b>	<b>2,303,652</b>	<b>2,502,933</b>	<b>1,705,275</b>	<b>4,889,419</b>	<b>13,573,278</b>
<b>Operating Income (Loss)</b>	<b>(238,787)</b>	<b>(315,309)</b>	<b>(274,657)</b>	<b>249,535</b>	<b>129,763</b>	<b>(449,455)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest income	5,150	15,023	226,057	62,835	48,231	357,296
Gain/loss on disposal			183,760			183,760
<b>Total Nonoperating Revenues (Expenses)</b>	<b>5,150</b>	<b>15,023</b>	<b>409,817</b>	<b>62,835</b>	<b>48,231</b>	<b>541,056</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>(233,637)</b>	<b>(300,286)</b>	<b>135,160</b>	<b>312,370</b>	<b>177,994</b>	<b>91,601</b>
<b>Capital Contributions</b>			<b>191,696</b>			<b>191,696</b>
<b>Change in Net Position</b>	<b>(233,637)</b>	<b>(300,286)</b>	<b>326,856</b>	<b>312,370</b>	<b>177,994</b>	<b>283,297</b>
<b>BEGINNING 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>
<b>ENDING NET POSITION</b>	<b>(\$151,263)</b>	<b>(\$264,379)</b>	<b>\$21,078,190</b>	<b>\$2,180,176</b>	<b>\$2,023,948</b>	<b>\$24,866,672</b>

CITY OF TRACY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020

	Central Garage	Central Services	Equipment Acquisition	Building Maintenance	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers/interfund charges	\$1,933,212	\$1,988,343	\$2,195,520	\$1,981,836	\$5,019,182	\$13,118,093
Payments to suppliers and users	(1,945,160)	(2,055,551)	(2,121,841)	(1,481,271)	(4,442,060)	(12,045,883)
Payments to employees	(136,792)	(140,676)	(4,398)	(151,003)	(351,548)	(784,417)
Net cash provided (used by) Operating Activities	<u>(148,740)</u>	<u>(207,884)</u>	<u>69,281</u>	<u>349,562</u>	<u>225,574</u>	<u>287,793</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets			(899,804)			(899,804)
Proceeds from sale of capital assets			191,298			191,298
Net cash used by Capital and Related Financing Activities			<u>(708,506)</u>			<u>(708,506)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	6,812	18,766	251,515	67,471	52,599	397,163
Net cash provided (used) by Investing Activities	<u>6,812</u>	<u>18,766</u>	<u>251,515</u>	<u>67,471</u>	<u>52,599</u>	<u>397,163</u>
Net increase (decrease) in cash and cash equivalents	(141,928)	(189,118)	(387,710)	417,033	278,173	(23,550)
Cash and cash equivalents, July 1, 2019	550,281	1,045,213	10,042,496	2,360,850	2,232,301	16,231,141
Cash and cash equivalents, June 30, 2020	<u>\$408,353</u>	<u>\$856,095</u>	<u>\$9,654,786</u>	<u>\$2,777,883</u>	<u>\$2,510,474</u>	<u>\$16,207,591</u>
Reconciliation of cash and cash equivalents to statement of net position						
Cash and investments	\$408,353	\$856,095	\$9,654,786	\$2,777,883	\$2,510,474	\$16,207,591
Total cash and investments	<u>\$408,353</u>	<u>\$856,095</u>	<u>\$9,654,786</u>	<u>\$2,777,883</u>	<u>\$2,510,474</u>	<u>\$16,207,591</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	(\$238,787)	(\$315,309)	(\$274,657)	\$249,535	\$129,763	(\$449,455)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	499		1,796,940	261		1,797,700
Change in assets, deferred inflows, liabilities and deferred outflows:						
Accounts receivable			(32,756)	27,026		(5,730)
Prepaid expenses			(1,391,575)			(1,391,575)
Accounts payable	29,142	3,437	(28,635)	27,152	38,651	69,747
Salaries and benefits payable	8,700	13,085	(36)	7,848	5,904	35,501
Compensated absences	(3,505)	17,163		(8,952)	18,500	23,206
Deposits payable						
Net pension liability and deferred outflows/inflows	53,058	66,499		46,692	30,066	196,315
Total OPEB liability and deferred outflows/inflows	2,153	7,241			2,690	12,084
Net cash provided (used) by Operating Activities	<u>(\$148,740)</u>	<u>(\$207,884)</u>	<u>\$69,281</u>	<u>\$349,562</u>	<u>\$225,574</u>	<u>\$287,793</u>
<b>NONCASH TRANSACTIONS:</b>						
Contributions of capital assets			\$191,696			\$191,696
Retirement of capital assets			(\$7,538)			(\$7,538)

## AGENCY FUNDS

**Agency funds** are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the 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>
---------------------

**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, 2020

<b>89-1 Community Facilities District</b>	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Assets</b>				
Cash and investments	\$973,708	\$783,408	\$445,632	\$1,311,484
Cash and investments with fiscal agents	1,567,533		896,906	670,627
Accounts receivable	685,414		685,414	
Interest receivable	5,792	4,436	5,792	4,436
<b>Total Assets</b>	<b>\$3,232,447</b>	<b>\$787,844</b>	<b>\$2,033,744</b>	<b>\$1,986,547</b>
<b>Liabilities</b>				
Accounts payable	\$343,529		\$343,529	
Due to assessment district bond holders	2,888,918	\$787,844	1,690,215	\$1,986,547
<b>Total Liabilities</b>	<b>\$3,232,447</b>	<b>\$787,844</b>	<b>\$2,033,744</b>	<b>\$1,986,547</b>
<b>94-1 Assessment District</b>				
<b>Assets</b>				
Cash and investments	\$114,350	\$314,476	\$186,185	\$242,641
Cash and investments with fiscal agents	1,397,247		120,452	1,276,795
Accounts receivable				
Interest receivable	678	434	678	434
<b>Total Assets</b>	<b>\$1,512,275</b>	<b>\$314,910</b>	<b>\$307,315</b>	<b>\$1,519,870</b>
<b>Liabilities</b>				
Accounts payable	\$243		\$243	
Due to assessment district bondholders	1,512,032	\$314,910	307,072	\$1,519,870
<b>Total Liabilities</b>	<b>\$1,512,275</b>	<b>\$314,910</b>	<b>\$307,315</b>	<b>\$1,519,870</b>
<b>93-1 Community Facilities District</b>				
<b>Assets</b>				
Cash and investments	\$3,525,640	\$372,353	\$271,500	\$3,626,493
Cash and investments with fiscal agents	903,769	4,845		908,614
Interest receivable	20,993	12,853	20,993	12,853
<b>Total Assets</b>	<b>\$4,450,402</b>	<b>\$390,051</b>	<b>\$292,493</b>	<b>\$4,547,960</b>
<b>Liabilities</b>				
Accounts payable	\$801		\$801	
Due to assessment district bond holders	4,449,601	\$390,051	291,692	\$4,547,960
<b>Total Liabilities</b>	<b>\$4,450,402</b>	<b>\$390,051</b>	<b>\$292,493</b>	<b>\$4,547,960</b>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2020

<u>98-1 Community Facilities District</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<b>Assets</b>				
Cash and investments	\$144,555	\$5,701,927	\$5,209,531	\$636,951
Cash and investments with fiscal agents	5,445,561		235,287	5,210,274
Accounts receivable	632		632	
Interest receivable	856	527	856	527
<b>Total Assets</b>	<u>\$5,591,604</u>	<u>\$5,702,454</u>	<u>\$5,446,306</u>	<u>\$5,847,752</u>
<b>Liabilities</b>				
Accounts payable	\$2,115	\$1,731	\$2,115	\$1,731
Due to assessment district bondholders	5,589,489	5,700,723	5,444,191	5,846,021
<b>Total Liabilities</b>	<u>\$5,591,604</u>	<u>\$5,702,454</u>	<u>\$5,446,306</u>	<u>\$5,847,752</u>
 <b><u>98-3 Community Facilities District</u></b>				
<b>Assets</b>				
Cash and investments	\$266,261	\$69,207	\$331,848	\$3,620
Cash and investments with fiscal agents	594,680	257,274		851,954
Interest receivable	1,585		1,585	
<b>Total Assets</b>	<u>\$862,526</u>	<u>\$326,481</u>	<u>\$333,433</u>	<u>\$855,574</u>
<b>Liabilities</b>				
Accounts payable	\$978		\$978	
Due to assessment district bond holders	861,548	\$326,481	332,455	\$855,574
<b>Total Liabilities</b>	<u>\$862,526</u>	<u>\$326,481</u>	<u>\$333,433</u>	<u>\$855,574</u>
 <b><u>99-1 Community Facilities District</u></b>				
<b>Assets</b>				
Cash and investments	\$166,396	\$517,889	\$650,037	\$34,248
Cash and investments with fiscal agents	832,338	154,731		987,069
Interest receivable	991	230	991	230
<b>Total Assets</b>	<u>\$999,725</u>	<u>\$672,850</u>	<u>\$651,028</u>	<u>\$1,021,547</u>
<b>Liabilities</b>				
Accounts payable	\$799		\$799	
Due to assessment district bond holders	998,926	\$672,850	650,229	\$1,021,547
<b>Total Liabilities</b>	<u>\$999,725</u>	<u>\$672,850</u>	<u>\$651,028</u>	<u>\$1,021,547</u>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2020

<u>2000-01 Assessment District</u>	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Assets</b>				
Cash and investments	\$236,889	\$910,311	\$1,049,466	\$97,734
Cash and investments with fiscal agents	798,521	187,192		985,713
Interest receivable	1,410	528	1,410	528
<b>Total Assets</b>	<u>\$1,036,820</u>	<u>\$1,098,031</u>	<u>\$1,050,876</u>	<u>\$1,083,975</u>
<b>Liabilities</b>				
Accounts payable	\$1,057		\$1,057	
Due to assessment district bond holders	1,035,763	\$1,098,031	1,049,819	\$1,083,975
<b>Total Liabilities</b>	<u>\$1,036,820</u>	<u>\$1,098,031</u>	<u>\$1,050,876</u>	<u>\$1,083,975</u>
 <u>2006-01 NE Industrial # 2</u>				
<b>Assets</b>				
Cash and investments	\$1,181,055	\$1,629,793	\$1,573,401	\$1,237,447
Cash and investments with fiscal agents	4,788,328		2,212,176	2,576,152
Interest receivable	7,031	3,297	7,031	3,297
<b>Total Assets</b>	<u>\$5,976,414</u>	<u>\$1,633,090</u>	<u>\$3,792,608</u>	<u>\$3,816,896</u>
<b>Liabilities</b>				
Accounts payable	\$1,313		\$1,313	
Due to assessment district bond holders	5,975,101	\$1,633,090	3,791,295	\$3,816,896
<b>Total Liabilities</b>	<u>\$5,976,414</u>	<u>\$1,633,090</u>	<u>\$3,792,608</u>	<u>\$3,816,896</u>
 <u>1999 I205 Residential Reassessment District</u>				
<b>Assets</b>				
Cash and investments		\$419,082	\$419,082	
Cash and investments with fiscal agents	\$2,579,490		400,370	\$2,179,120
<b>Total Assets</b>	<u>\$2,579,490</u>	<u>\$419,082</u>	<u>\$819,452</u>	<u>\$2,179,120</u>
<b>Liabilities</b>				
Accounts payable	\$120,692		\$120,692	
Due to assessment district bondholders	2,458,798	\$419,082	698,760	\$2,179,120
<b>Total Liabilities</b>	<u>\$2,579,490</u>	<u>\$419,082</u>	<u>\$819,452</u>	<u>\$2,179,120</u>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2020

<u>2000-03 Assessment District</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<b>Assets</b>				
Cash and investments	\$17,132	\$527	\$17,659	
Interest receivable	102		102	
<b>Total Assets</b>	<u>\$17,234</u>	<u>\$527</u>	<u>\$17,761</u>	
<b>Liabilities</b>				
Due to assessment district bond holders	\$17,234	\$527	\$17,761	
<b>Total Liabilities</b>	<u>\$17,234</u>	<u>\$527</u>	<u>\$17,761</u>	
 <b>2003-01 Assessment District</b>				
<b>Assets</b>				
Cash and investments	\$14,985	\$386,430	\$92,448	\$308,967
Cash and investments with fiscal agents	132,744		4,576	128,168
Interest receivable	89	1,080	89	1,080
<b>Total Assets</b>	<u>\$147,818</u>	<u>\$387,510</u>	<u>\$97,113</u>	<u>\$438,215</u>
<b>Liabilities</b>				
Accounts payable	\$267		\$267	
Deposits payable	14,729	\$298,184	14,729	\$298,184
Due to assessment district bondholders	132,822	89,326	82,117	140,031
<b>Total Liabilities</b>	<u>\$147,818</u>	<u>\$387,510</u>	<u>\$97,113</u>	<u>\$438,215</u>
 <b>Cultural Arts</b>				
<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, 2020

<u>Regional Transportation Impact</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<b>Assets</b>				
Cash and investments	\$10,092,067	\$787,279	\$64,020	\$10,815,326
<b>Total Assets</b>	<u>\$10,092,067</u>	<u>\$787,279</u>	<u>\$64,020</u>	<u>\$10,815,326</u>
<b>Liabilities</b>				
Accounts payable	\$64,020	\$305,646	\$64,020	\$305,646
Deposits payable	10,028,047	481,633		10,509,680
<b>Total Liabilities</b>	<u>\$10,092,067</u>	<u>\$787,279</u>	<u>\$64,020</u>	<u>\$10,815,326</u>
<b>Medical Leave Bank</b>				
<b>Assets</b>				
Cash and investments	\$1,594,943	\$178,463		\$1,773,406
<b>Total Assets</b>	<u>\$1,594,943</u>	<u>\$178,463</u>		<u>\$1,773,406</u>
<b>Liabilities</b>				
Deposits payable	\$1,594,943	\$178,463		\$1,773,406
<b>Total Liabilities</b>	<u>\$1,594,943</u>	<u>\$178,463</u>		<u>\$1,773,406</u>
<b>Post Employment Benefit Trust</b>				
<b>Assets</b>				
Cash and investments	\$2,949	\$894,781	\$892,225	\$5,505
Accounts receivable	393	1,638	393	1,638
<b>Total Assets</b>	<u>\$3,342</u>	<u>\$896,419</u>	<u>\$892,618</u>	<u>\$7,143</u>
<b>Liabilities</b>				
Accounts payable	\$3,342	\$896,419	\$892,618	\$7,143
<b>Total Liabilities</b>	<u>\$3,342</u>	<u>\$896,419</u>	<u>\$892,618</u>	<u>\$7,143</u>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2020

<u>2011 TOP JPA Revenue Bonds</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<b>Assets</b>				
Cash and investments	\$18	\$1,339,017	\$1,339,035	
Cash and investments with fiscal agents	3,482,811		196,277	\$3,286,534
<b>Total Assets</b>	<u>\$3,482,829</u>	<u>\$1,339,017</u>	<u>\$1,535,312</u>	<u>\$3,286,534</u>
<b>Liabilities</b>				
Accounts payable	\$225,354		\$225,354	
Due to assessment district bondholders	3,257,475	\$1,339,017	1,309,958	\$3,286,534
<b>Total Liabilities</b>	<u>\$3,482,829</u>	<u>\$1,339,017</u>	<u>\$1,535,312</u>	<u>\$3,286,534</u>
 <b>2011-01 CFD Tracy 580 Business Park</b>				
<b>Assets</b>				
Cash and investments	\$73,905	\$2,405		\$76,310
Cash and investments with fiscal agents	20,244		\$20,244	
Interest receivable	440	271	440	271
<b>Total Assets</b>	<u>\$94,589</u>	<u>\$2,676</u>	<u>\$20,684</u>	<u>\$76,581</u>
<b>Liabilities</b>				
Due to assessment district bondholders	\$94,589	\$2,676	\$20,684	\$76,581
<b>Total Liabilities</b>	<u>\$94,589</u>	<u>\$2,676</u>	<u>\$20,684</u>	<u>\$76,581</u>
 <b>Payroll Clearing</b>				
<b>Assets</b>				
Cash and investments	\$2,364,485	\$3,905,836	\$2,364,485	\$3,905,836
Employee loans receivable	79,917	762	79,917	762
<b>Total Assets</b>	<u>\$2,444,402</u>	<u>\$3,906,598</u>	<u>\$2,444,402</u>	<u>\$3,906,598</u>
<b>Liabilities</b>				
Salaries and benefits payable	\$2,444,402	\$3,906,598	\$2,444,402	\$3,906,598
<b>Total Liabilities</b>	<u>\$2,444,402</u>	<u>\$3,906,598</u>	<u>\$2,444,402</u>	<u>\$3,906,598</u>

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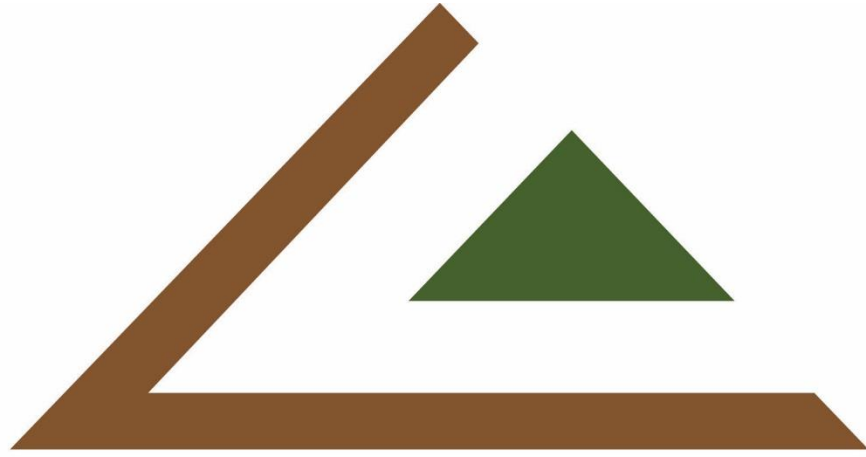
CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2020

<u>2016-02 Community Facilities District</u>	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Assets</b>				
Cash and investments	\$1,147,525	\$866,866	\$1,996,012	\$18,379
Cash and investments with fiscal agents		15,304,280	9,629,917	5,674,363
Interest receivable	6,823	60	6,823	60
<b>Total Assets</b>	<u>\$1,154,348</u>	<u>\$16,171,206</u>	<u>\$11,632,752</u>	<u>\$5,692,802</u>
<b>Liabilities</b>				
Due to assessment district bondholders	<u>\$1,154,348</u>	<u>\$16,171,206</u>	<u>\$11,632,752</u>	<u>\$5,692,802</u>
<b>Total Liabilities</b>	<u>\$1,154,348</u>	<u>\$16,171,206</u>	<u>\$11,632,752</u>	<u>\$5,692,802</u>
 <b><u>2016-01 Tracy Hills Community Facilities District Fund</u></b>				
<b>Assets</b>				
Cash and investments	\$16	\$12,121,046	\$12,116,735	\$4,327
Cash and investments with fiscal agents	19,340,347	508,512	10,274,092	9,574,767
<b>Total Assets</b>	<u>\$19,340,363</u>	<u>\$12,629,558</u>	<u>\$22,390,827</u>	<u>\$9,579,094</u>
<b>Liabilities</b>				
Due to assessment district bondholders	<u>\$19,340,363</u>	<u>\$12,629,558</u>	<u>\$22,390,827</u>	<u>\$9,579,094</u>
<b>Total Liabilities</b>	<u>\$19,340,363</u>	<u>\$12,629,558</u>	<u>\$22,390,827</u>	<u>\$9,579,094</u>
 <b><u>Total - All Agency Funds</u></b>				
Cash and investments	\$21,916,944	\$31,201,096	\$29,019,366	\$24,098,674
Cash and investments with fiscal agents	41,883,613	16,416,834	23,990,297	34,310,150
Accounts receivable	686,439	1,638	686,439	1,638
Interest receivable	46,790	23,716	46,790	23,716
Employee loans receivable	79,917	762	79,917	762
<b>Total Assets</b>	<u>\$64,613,703</u>	<u>\$47,644,046</u>	<u>\$53,822,809</u>	<u>\$58,434,940</u>
<b>Liabilities</b>				
Accounts payable	\$764,510	\$1,203,796	\$1,653,786	\$314,520
Salaries and benefits payable	2,444,402	3,906,598	2,444,402	3,906,598
Deposits payable	11,637,784	958,280	14,794	12,581,270
Due to assessment district bondholders	49,767,007	41,575,372	49,709,827	41,632,552
<b>Total Liabilities</b>	<u>\$64,613,703</u>	<u>\$47,644,046</u>	<u>\$53,822,809</u>	<u>\$58,434,940</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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$ 638,464	\$ 626,220	\$ 609,080	\$ 581,394	\$ 553,914	\$ 526,467	\$ 518,181	\$ 512,728	\$ 510,323	\$ 490,053
Restricted	201,440	199,212	183,594	155,947	145,381	152,380	100,403	111,131	105,425	118,367
Unrestricted	(36,566)	(22,474)	(10,576)	(1,272)	(5,343)	(11,671)	42,063	35,606	32,898	33,347
<b>Total Governmental activities net assets</b>	<b>\$ 803,338</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>
Business-type activities:										
Net investment in capital assets	\$ 397,487	\$ 370,880	\$ 359,213	\$ 357,628	\$ 302,888	\$ 314,492	\$ 327,065	\$ 328,985	\$ 340,536	\$ 345,554
Restricted	518	1	-	350	348	346	247	237	232	227
Unrestricted	62,495	48,068	48,616	41,657	39,357	31,221	31,101	31,283	29,148	40,621
<b>Total business-type activities</b>	<b>\$ 460,500</b>	<b>\$ 418,949</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>
Primary government:										
Net investment in capital assets	\$ 1,035,951	\$ 997,100	\$ 968,293	\$ 939,022	\$ 856,802	\$ 840,959	\$ 845,246	\$ 841,713	\$ 850,859	\$ 835,607
Restricted	201,958	199,213	183,594	156,297	145,729	152,726	100,650	111,368	105,657	118,594
Unrestricted	25,929	26,594	38,040	40,385	34,014	19,550	73,164	66,889	62,046	73,968
<b>Total primary government</b>	<b>\$ 1,263,838</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>

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General Government	\$ 14,661	\$ 14,455	\$ 13,480	\$ 12,412	\$ 13,629	\$ 7,907	\$ 6,412	\$ 6,572	\$ 6,283	\$ 18,296
Public safety	60,125	54,075	52,785	41,326	37,858	37,562	37,974	37,248	37,602	35,509
Public works	34,151	42,693	34,183	26,330	31,874	27,572	32,358	25,954	52,418	24,371
Culture and leisure	4,044	3,920	3,395	2,830	3,134	3,288	4,668	4,709	5,097	5,143
Interest on long-term debt	1,338	1,271	1,288	1,304	1,345	1,337	1,342	1,399	1,925	4,121
Unallocated depreciation	-	-	-	-	-	-	586	520	566	617
<b>Total Governmental Activities Expenses</b>	<b>\$ 114,319</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>Business-type Activities:</b>										
Water	\$ 21,458	\$ 19,941	\$ 19,087	\$ 18,980	\$ 22,659	\$ 23,610	\$ 22,300	\$ 21,765	\$ 22,295	\$ 21,229
Wastewater	18,991	18,961	18,601	15,079	16,522	17,040	16,442	14,970	18,980	17,133
Airport	1,363	1,123	1,475	901	775	703	629	590	686	705
Solid waste	25,275	22,289	20,958	20,541	20,899	19,477	18,923	18,820	18,585	17,473
Transit	5,485	5,017	5,571	3,953	3,169	2,968	2,556	2,404	2,436	2,291
Drainage	2,610	2,558	2,791	3,027	3,485	3,436	3,404	3,232	3,351	3,402
<b>Total Business-Type Activities</b>	<b>\$ 75,182</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>Total Primary Governmental Expenses</b>	<b>\$ 189,501</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>Program revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for Services:</b>										
Development fees	\$ 7,731	\$ 10,068	\$ 8,784	\$ 8,769	\$ 6,816	\$ 6,124	\$ 3,039	\$ 2,460	\$ 1,617	\$ 1,805
Other public works	2,721	2,831	2,722	2,721	3,093	2,968	5,040	5,300	5,204	3,800
Parks and community services	522	666	762	701	1,047	940	838	878	789	757
Other activities	8,165	7,227	7,252	1,805	1,864	1,104	1,879	1,665	2,566	2,634
Operating grants and contributions	14,969	15,142	14,191	12,680	12,811	13,097	10,964	12,723	9,482	10,065
Capital grants and contributions	39,662	36,408	68,535	39,966	37,084	40,451	18,166	22,596	15,527	19,080
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 73,770</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>Business-type Activities:</b>										
<b>Charges for Services:</b>										
Water	\$ 20,328	\$ 16,497	\$ 16,307	\$ 14,935	\$ 13,101	\$ 14,379	\$ 18,700	\$ 15,672	\$ 14,433	\$ 14,641
Wastewater	14,552	14,168	14,836	14,034	13,616	13,086	12,940	11,978	11,480	12,032
Airport	662	658	732	478	403	504	395	272	375	342
Solid waste	23,072	21,550	20,973	23,333	25,156	22,356	21,521	20,352	18,852	16,321
Transit	103	117	117	116	96	109	1,631	818	822	899
Drainage	737	686	691	644	609	603	546	564	564	553
Operating grants and contributions	4,263	3,733	6,397	1,516	2,041	1,608	-	-	-	-
Capital grants and contributions	22,818	20,936	9,181	4,268	3,302	8,652	6,337	2,528	2,801	3,678
<b>Total Business-Types Activities Program Revenues</b>	<b>\$ 86,535</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>Total Primary Government Program Revenues</b>	<b>\$ 160,305</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>

(Continued)

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Net (expense)/revenue										
Governmental activities	\$ (40,549)	\$ (44,072)	\$ (2,885)	\$ (17,560)	\$ (25,125)	\$ (12,982)	\$ (43,414)	\$ (30,780)	\$ (68,706)	\$ (49,916)
Business-type activities	11,353	8,456	751	(3,157)	(9,185)	(5,937)	(2,184)	(9,597)	(17,006)	(13,767)
Total primary government net (expense) revenue	<u>\$ (29,196)</u>	<u>\$ (35,616)</u>	<u>\$ (2,134)</u>	<u>\$ (20,717)</u>	<u>\$ (34,310)</u>	<u>\$ (18,919)</u>	<u>\$ (45,598)</u>	<u>\$ (40,377)</u>	<u>\$ (85,712)</u>	<u>\$ (63,683)</u>
General revenues and other changes in net assets										
Governmental activities:										
Taxes:										
Property taxes	\$ 24,082	\$ 22,723	\$ 20,857	\$ 20,393	\$ 19,638	\$ 17,709	\$ 15,700	\$ 14,946	\$ 18,527	\$ 22,533
Franchise taxes	3,864	3,545	3,558	2,829	2,776	2,728	2,593	2,500	2,443	2,474
Sales and use taxes	37,039	37,083	30,761	23,291	24,371	24,280	22,722	20,553	18,422	11,408
Other taxes	3,692	3,703	3,756	2,719	2,562	2,304	1,952	1,839	1,702	1,621
Unrestricted motor vehicle in lieu	73	44	48	40	34	35	36	43	41	376
Investment earnings	1,543	1,395	545	435	1,000	610	1,129	165	801	1,280
Miscellaneous	87	407	1,926	2,022	3,497	1,311	1,634	1,595	1,760	1,663
Transfers	(27,355)	(2,016)	(8,692)	(4,968)	(5,141)	-	-	(42)	-	(384)
Gain on Transfer of assets'	-	-	-	-	-	-	-	-	31,889	-
Special item - Transfer of assets	(2,098)	-	(3,347)	-	3,162	-	-	-	-	-
Total governmental activities	<u>\$ 40,927</u>	<u>\$ 66,884</u>	<u>\$ 49,412</u>	<u>\$ 46,761</u>	<u>\$ 51,899</u>	<u>\$ 48,977</u>	<u>\$ 45,766</u>	<u>\$ 41,599</u>	<u>\$ 75,585</u>	<u>\$ 40,971</u>
Business-type activities:										
Interest earnings	\$ 1,835	\$ 1,576	\$ 531	\$ 626	\$ 551	\$ 585	\$ 264	\$ 144	\$ 520	\$ 109
Miscellaneous	9	66	84	24	25	42	-	-	-	-
Transfers	27,355	2,016	8,692	4,968	5,141	-	-	42	-	385
Total business-type activities	<u>\$ 29,199</u>	<u>\$ 3,658</u>	<u>\$ 9,307</u>	<u>\$ 5,618</u>	<u>\$ 5,717</u>	<u>\$ 627</u>	<u>\$ 264</u>	<u>\$ 186</u>	<u>\$ 520</u>	<u>\$ 494</u>
Total primary government	<u>\$ 70,126</u>	<u>\$ 70,542</u>	<u>\$ 58,719</u>	<u>\$ 52,379</u>	<u>\$ 57,616</u>	<u>\$ 49,604</u>	<u>\$ 46,030</u>	<u>\$ 41,785</u>	<u>\$ 76,105</u>	<u>\$ 41,465</u>
Change in net position										
Governmental activities	\$ 380	\$ 22,812	\$ 46,527	\$ 29,201	\$ 26,774	\$ 35,995	\$ 2,352	\$ 10,819	\$ 6,879	\$ (8,945)
Business-type activities	40,552	12,114	10,059	2,461	(3,468)	(5,310)	(1,920)	(9,411)	(16,486)	(13,273)
Total primary government	<u>\$ 40,932</u>	<u>\$ 34,926</u>	<u>\$ 56,586</u>	<u>\$ 31,662</u>	<u>\$ 23,306</u>	<u>\$ 30,685</u>	<u>\$ 432</u>	<u>\$ 1,408</u>	<u>\$ (9,607)</u>	<u>\$ (22,218)</u>

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities:										
General Government	\$ 9,126	\$ 8,988	\$ 11,204	\$ 2,700	\$ 3,099	\$ 3,850	\$ 2,892	\$ 1,908	\$ 2,682	\$ 9,871
Police	2,134	2,277	3,085	1,972	2,052	2,847	1,775	2,330	1,390	1,365
Fire	10,339	6,445	7,172	6,556	6,539	6,792	6,980	8,692	4,765	6,302
Development and engineering	7,751	10,585	9,363	9,213	7,209	6,505	3,410	2,871	1,974	2,148
Public works	43,031	43,510	70,310	45,234	42,437	43,198	23,621	28,367	23,224	17,397
Parks, recreation, and community services	1,390	1,000	1,112	967	1,380	1,492	1,248	1,454	1,150	1,058
Interest in long-term debt	-	-	-	-	-	-	-	-	-	-
Subtotal governmental activities	<u>\$ 73,771</u>	<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>
Business-type activities:										
Water	\$ 31,134	\$ 20,307	\$ 21,397	\$ 15,220	\$ 13,801	\$ 17,659	\$ 16,877	\$ 15,672	\$ 14,501	\$ 14,658
Wastewater	22,584	29,337	16,610	14,805	13,849	14,533	13,438	12,131	12,669	14,766
Airport	2,382	1,725	2,906	1,514	2,622	4,060	731	607	417	402
Solid Waste	23,134	21,553	20,973	23,354	25,156	22,356	20,352	20,352	18,858	16,321
Transit	6,543	3,914	6,540	3,787	2,210	2,030	1,171	2,858	2,018	1,677
Drainage	760	1,509	808	644	686	659	3,424	564	864	640
Subtotal business-type activities	<u>\$ 86,537</u>	<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>
Total primary government	<u>\$ 160,308</u>	<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>



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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Nonspendable	\$ 40	\$ 470	\$ 1,525	\$ 5,117	\$ 5,873	\$ 6,640	\$ 782	\$ 781	\$ 791	\$ 820
Restricted	-	-	-	-	-	-	346	333	445	613
Committed	14,479	14,883	14,961	11,716	-	-	-	-	-	-
Assigned	6,112	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
<b>Total General Fund</b>	<b>\$ 20,631</b>	<b>\$ 30,566</b>	<b>\$ 38,325</b>	<b>\$ 40,771</b>	<b>\$ 40,656</b>	<b>\$ 37,653</b>	<b>\$ 35,071</b>	<b>\$ 28,894</b>	<b>\$ 26,934</b>	<b>\$ 26,987</b>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	155,058	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	26,193	12,192	5,909	4,438	-	-	-	-	-	4,131
Unassigned	-	-	-	-	5,588	13,360	-	-	15,339	20,043
Special revenue funds	(5,305)	(6,609)	(8,192)	(517)	-	-	-	-	-	-
Capital projects funds	-	(2,382)	-	-	(4,431)	(610)	(1,278)	(159)	(1,071)	(2,099)
Debt service funds	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 175,946</b>	<b>\$ 167,258</b>	<b>\$ 151,312</b>	<b>\$ 128,853</b>	<b>\$ 111,348</b>	<b>\$ 125,818</b>	<b>\$ 96,181</b>	<b>\$ 108,222</b>	<b>\$ 109,421</b>	<b>\$ 124,817</b>

Source: City of Tracy, Finance Department

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues:</b>										
Taxes	\$ 65,927	\$ 65,931	\$ 59,838	\$ 47,540	\$ 49,118	\$ 46,915	\$ 43,804	\$ 40,503	\$ 41,393	\$ 36,334
Licenses, permits and fees	7,418	8,161	7,792	7,191	5,236	4,706	4,008	3,564	3,174	3,092
Fines and forfeits	630	880	1,559	510	673	972	863	568	1,552	1,570
Use of money and property	5,604	6,003	1,462	1,356	2,936	1,277	1,699	700	1,459	2,792
Intergovernmental	12,770	16,733	21,127	27,127	20,413	16,235	12,928	16,038	11,992	17,758
Charges of services	41,841	34,752	54,269	9,472	9,997	9,165	8,894	9,147	8,388	10,110
Special assessments	4,060	4,646	3,597	24,886	14,977	29,899	7,181	13,406	4,095	4,933
Contributions from assessment districts	3,434	1,697	5,121	3,372	3,574	3,444	4,346	1,887	5,404	4,448
Other	58	147	1,589	3,460	3,501	1,410	1,767	1,124	1,294	1,148
<b>Total revenues</b>	<b>\$ 141,742</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>Expenditures:</b>										
<b>Current:</b>										
General government	\$ 15,136	\$ 14,544	\$ 13,579	\$ 13,763	\$ 14,900	\$ 7,748	\$ 7,050	\$ 6,434	\$ 6,854	\$ 17,599
Police	33,708	30,575	27,078	24,690	23,717	22,012	21,592	21,488	21,902	20,943
Fire	21,909	21,404	22,251	18,483	16,692	16,033	15,869	15,305	15,205	14,027
Community development	11,258	11,327	13,549	8,828	9,042	7,793	6,467	6,449	6,273	6,066
Public works	11,547	13,391	10,156	9,292	9,372	9,093	8,471	8,091	7,530	7,285
Parks and recreation	3,181	3,245	2,683	2,287	3,110	3,019	3,113	3,330	3,599	3,509
Intergovernmental	-	-	-	-	-	-	-	-	-	2,691
<b>Debt Service:</b>										
Debt service-principal	21,315	405	434	398	368	328	245	220	195	1,315
Debt service-interest	1,565	1,276	1,292	1,308	1,322	1,334	1,345	1,352	2,623	3,945
Debt service-issue costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	29,699	28,802	38,631	28,645	41,456	20,582	27,179	23,465	19,829	18,731
<b>Total expenditures</b>	<b>\$ 149,318</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>Excess of revenues over (under) expenditures</b>	<b>\$ (7,576)</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>Other financing sources (uses):</b>										
Issuance of debt (including premium)	21,737	-	-	-	-	248	-	-	-	-
Contributions	3,930	-	-	-	-	-	-	-	-	-
Transfers in	27,601	36,154	13,040	5,226	6,009	11,723	1,214	20,600	2,699	3,836
Transfers out	(46,971)	(40,004)	(16,731)	(5,226)	(8,750)	(11,745)	(1,236)	(20,642)	(2,699)	(4,221)
Proceeds from sale of property	33	8	350	5	829	420	-	-	-	-
<b>Total other financing sources (uses):</b>	<b>\$ 6,330</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>Net change in fund balances</b>	<b>\$ (1,246)</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>Debt service as a percentage of non-capital expenditures</b>	<b>17.41%</b>	<b>1.56%</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>

**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
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	20,848,493	3,508,816	30,760,699	1,597,341	847,027	1,311,406	58,873,782
2019	22,259,306	3,545,578	37,082,569	1,638,102	934,793	1,130,147	66,590,495
2020	24,082,470	3,864,335	37,038,773	1,447,897	850,991	1,392,908	68,677,373

Source: Finance Department, City of Tracy

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

<b>Category</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Residential	\$ 5,316,839,097	\$ 5,014,246,784	\$ 4,941,891,425	\$ 5,483,285,494	\$ 6,338,819,597	\$ 6,659,567,812	\$ 7,068,856,191	\$ 7,507,417,694	\$ 8,039,865,942	\$ 8,555,296,590
Commercial	757,822,180	762,602,990	759,270,908	780,671,922	809,032,343	813,724,348	885,051,665	929,006,663	947,333,003	955,735,852
Industrial	726,397,066	707,411,399	710,743,366	643,307,116	731,830,268	729,448,654	985,768,269	1,096,123,367	1,174,162,150	1,317,064,070
Agricultural	12,051,472	12,121,912	12,310,276	15,845,815	50,838,834	64,987,156	16,157,722	16,512,544	14,680,140	13,112,309
Govt. Owned	51,251	51,637	52,669	53,723	1,213,712	1,096,359	55,884	57,001	58,141	383,006
Institutional	8,421,272	8,854,601	8,457,785	8,872,850	9,692,380	9,515,260	5,720,691	14,530,172	13,108,380	14,022,064
Miscellaneous	35,735,578	34,602,445	34,534,323	31,765,357	31,703,360	32,517,596	904,446	1,000,531	1,020,538	1,040,944
Recreational	15,157,409	14,887,781	14,215,180	16,461,155	16,557,457	16,769,125	12,877,684	13,135,180	13,397,875	13,655,823
Vacant	104,839,707	114,584,285	114,511,579	132,775,224	130,690,678	298,360,191	245,602,494	237,333,513	224,337,103	390,395,541
SBE Nonunitary	11,041,870	11,041,870	11,041,870	12,164,031	12,164,031	12,164,031	11,939,960	11,939,960	11,939,960	11,939,960
Cross Reference	6,276,414	5,062,316	5,128,442	5,285,640	5,447,560	6,166,763	6,326,367	6,436,773	6,538,593	6,625,995
Unsecured	308,076,927	283,655,648	285,483,775	283,642,728	362,915,054	385,687,795	514,650,372	577,931,679	537,094,969	558,315,419
Exempt	(8,220,615)	(9,157,458)	(9,614,948)	(10,494,903)	(11,108,238)	(13,653,324)	(14,691,821)	(14,741,007)	-	-
Unknown	3,726,159	-	-	65,332,242	-	-	-	-	692,500	336,600
<b>TOTALS</b>	<b>\$ 7,306,436,402</b>	<b>\$ 6,969,123,668</b>	<b>\$ 6,897,641,598</b>	<b>\$ 7,479,463,297</b>	<b>\$ 8,500,905,274</b>	<b>\$ 9,030,005,090</b>	<b>\$ 9,753,911,745</b>	<b>\$ 10,411,425,077</b>	<b>\$ 10,984,229,294</b>	<b>\$ 11,837,934,173</b>
Total Direct Rate	0.25010	0.24937	0.25021	0.15266	0.15031	0.14895	0.14564	0.14394	0.14291	0.13869

\*Table updated as of FY19-20

Source: The HdL Company

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

Agency	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Basic Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Banta Elementary	0.00210	0.00270	0.00350	0.00510	0.00700	0.00870	0.00820	0.00890	0.00860	0.00920
Jefferson Elementary	0.02590	0.02730	0.02640	0.02690	0.02710	0.02900	0.02850	0.02410	0.02450	0.00000
Lammersville Joint Usd 2016A	0.04870	0.05500	0.05340	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
San Joaquin Delta College District	0.01990	0.02250	0.01800	0.01800	0.01980	0.02330	0.01940	0.02020	0.02000	0.01940
Tracy Unified School District	0.06470	0.06420	0.03320	0.06690	0.07010	0.02120	0.03270	0.03450	0.03500	0.02390
Tracy-Lammersville School District	0.01510	0.01620	0.01720	0.01850	0.02010	0.02130	0.01480	0.01570	0.01600	0.01480
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>1.17640</b>	<b>1.18790</b>	<b>1.15170</b>	<b>1.13540</b>	<b>1.14410</b>	<b>1.10350</b>	<b>1.10360</b>	<b>1.10340</b>	<b>1.10410</b>	<b>1.06730</b>
City's Share of 1% Levy Per Prop 13 <sup>3</sup>	0.16903	0.16903	0.16903	0.16903	0.16903	0.16903	0.16903	0.16903	0.16903	0.16903
<b>Voter Approved City Debt Rate</b>										
Redevelopment Rate <sup>4</sup>									1.00000	1.00000
Total Direct Rate <sup>5</sup>	0.13869	0.14291	0.14394	0.14564	0.14895	0.15031	0.15266	0.25021	0.24937	0.25010

\*Table updated as of FY19-20

Notes:

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

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

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

<sup>4</sup>Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

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

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

<b>2020</b>				<b>2011</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	\$ 378,320,718	1	3.20%	Leprino Foods Company Corporation	\$ 99,176,714	1	1.36%
Golden State FC LLC	154,854,090	2	1.31%	Tracy Mall Partners LP	97,731,558	2	1.34%
Fedex Ground Package System Inc	127,710,054	3	1.08%	Catellus Corporate Center Tracy LLC	62,491,461	3	0.86%
Lennar Homes of California Inc	101,059,070	4	0.85%	Central Valley LLC	50,776,866	4	0.69%
Leprino Foods Company Corporation	96,065,662	5	0.81%	US industrial Reit III Container	47,541,776	5	0.65%
West Valley Realty LLC	89,370,895	6	0.75%	Prologis Logistics Services Inc.	44,153,559	6	0.60%
Tracy 300 LP	67,624,011	7	0.57%	Inland Container Corporation	36,751,578	7	0.50%
Medline Cordes Ranch Eat LLC	64,419,178	8	0.54%	TCE Tracy LLC	31,207,665	8	0.43%
IPT Tracy DC LP	63,917,312	9	0.54%	US Cold Storage of California	30,763,728	9	0.42%
Pac Corporate Center Tracy Etal	59,233,222	10	0.50%	Car Corral Hollow LLC	29,785,517	10	0.41%
<b>TOP TEN TOTAL</b>	<b>\$ 1,202,574,212</b>		<b>10.16%</b>		<b>\$ 530,380,422</b>		<b>7.26%</b>
<b>TOTAL TAXABLE ASSESSED VALUE</b>	<b>\$ 11,837,934,173</b>		<b>100%</b>		<b>\$ 7,306,436,402</b>		<b>100%</b>

Source: The HdL Company

**CITY OF TRACY  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent of Levy Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Value of City Property Subject to Local Tax Rate
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
2020	15,247,629	15,247,629	100.00%	0.00	15,247,629	100.00%	11,837,934,173

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
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%	5.00%		8.25%
2019	1%		0.50%	0.50%	0.25%	1%	5.00%		8.25%
2020	1%		0.50%	0.50%	0.25%	1%	5.00%		8.25%

(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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Apparel Stores	\$ 45,863	\$ 48,498	\$ 44,760	\$ 42,756	\$ 37,205	\$ 40,152	\$ 40,690	\$ 44,353	\$ 44,201	\$ 43,308
General Merchandise	215,649	212,792	210,820	203,460	194,528	192,657	187,434	181,099	175,484	162,641
Food Stores	44,890	41,342	39,602	39,953	42,526	56,254	53,794	56,881	48,819	46,934
Eating and Drinking Places	176,257	169,434	162,261	155,560	143,887	128,827	116,414	106,888	102,047	96,823
Building Materials	190,441	180,713	159,799	140,715	130,449	71,129	68,049	60,879	53,955	48,572
AutoDealers and Supplies	349,716	369,499	379,058	343,861	321,977	299,869	277,155	215,269	171,430	152,558
Service Stations	178,037	183,856	159,778	144,048	160,104	187,653	193,770	186,978	184,707	152,205
Other Retail Stores	156,467	163,611	155,252	160,573	154,697	75,167	75,202	65,452	57,598	56,267
All Other Outlets	1,807,673	1,344,089	1,091,917	601,684	524,513	198,209	200,048	168,710	112,575	99,552
<b>Total</b>	<b><u>\$ 3,164,993</u></b>	<b><u>\$ 2,713,834</u></b>	<b><u>\$ 2,403,247</u></b>	<b><u>\$ 1,832,610</u></b>	<b><u>\$ 1,709,886</u></b>	<b><u>\$ 1,387,153</u></b>	<b><u>\$ 1,339,394</u></b>	<b><u>\$ 1,199,306</u></b>	<b><u>\$ 1,056,404</u></b>	<b><u>\$ 928,740</u></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%	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**

2020		2011	
Taxpayer Name	Business Type	Taxpayer Name	Business Type
Arco AM PM	Service Stations	American Truck & Trailer Body Co	Trailers/Auto Parts
Barbosa Cabinets	Contractors	Arco AM PM	Service Stations
Best Buy	Electronics/Appliance Store	Best Buy	Electronics/Appliance Stores
Bunzl Distribution California		Chevron	Service Stations
Chevron	Service Stations	Costco	Discount Dept Stores
Costco	Discount Dept Stores	Country Nissan	New Motor Vehicle Dealers
County Nissan	New Motor Vehicle Dealers	Crate & Barrel	Fulfillment Centers
Crate & Barrel	Fulfillment Centers	Home Depot	Building Materials
Fisher Scientific	Medical/Biotech	Macys	Department Stores
Glassfab Tempering Services	Trailers/Auto Parts	Nixon Egli Equipment	Warehse/Farm/Const. Equip.
Home Depot	Building Materials	Safeway	Grocery Stores
Independent Electric Supply	Plumbing/Electrical Supplies	Safeway Fuel	Service Stations
McLane Foodservice	Food Service Equip./Supplies	Save Mart	Grocery Stores
Medline Industries	Medical/Biotech	Shell	Service Stations
Nixon Egli Equipment	Warehse/Farm/Const. Equip.	Target	Discount Dept Stores
Premier Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers	Tracy Chevrolet	New Motor Vehicle Dealers
Safeway Fuel	Service Stations	Tracy Chrysler Jeep Dodge	New Motor Vehicle Dealers
Target	Discount Dept Stores	Tracy Ford	New Motor Vehicle Dealers
Tracy Chevrolet	New Motor Vehicle Dealers	Tracy Honda	New Motor Vehicle Dealers
Tracy Ford	New Motor Vehicle Dealers	Tracy Hyundai	New Motor Vehicle Dealers
Tracy Honda	New Motor Vehicle Dealers	Tracy Mazda	New Motor Vehicle Dealers
Tracy Toyota	New Motor Vehicle Dealers	Tracy Petro	Service Stations
Tracy Truck & Auto Stop	Service Stations	Tracy Toyota	New Motor Vehicle Dealers
Tracy Volkswagon	New Motor Vehicle Dealers	Tracy Truck & Auto Stop	Service Stations
Walmart Supercenter	Discount Dept Stores	Walmart Supercenter	Discount Dept Stores

Sources: The HdL Companies

**CITY OF TRACY  
WATER AND WASTEWATER RATES  
LAST TEN FISCAL YEARS**

Fiscal Year	Water		Wastewater
	Monthly Base Rate	Per 100 cubic feet	Monthly Base Rate
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
2020	30.90	1.00	34.00

Notes:

100 cubic feet = 748 gallons

Rates are based on 1 inch meter-the standard household meter size in Tracy.

Utility charges an excess use rate above normal demand.

Source:

Finance Department-City of Tracy

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

Fiscal Year	Governmental Activities			Business Activity			Total Primary Government	Per Capita (b)	Population (b)
	Lease Revenue Bonds (a)	Capital Leases and Loans (a)	Water Revenue Bonds (a)	Water/Sewer Notes Payable (a)	Sewer Revenue Bonds (a)	Airport Notes Payable (a)			
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
2020	18,190,000	-	-	8,606,933	22,050,000	-	48,846,933	509	95,931

Note: Special Assessment Bonds have no City commitment.

Source:

(a) Finance Department, City of Tracy

(b) The HdL Company

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

<u>Outstanding General Bond Debt</u>					
<u>Fiscal Year</u>	<u>Lease Revenue Bonds (a)</u>	<u>Tax Allocation Bonds</u>	<u>Total</u>	<u>Percent of Assessed Value</u>	<u>Per Capita</u>
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
2020	18,190,000	-	18,190,000	0.17%	190

Source: Finance Department, City of Tracy

**CITY OF TRACY**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
 June 30, 2020

2019-2020 Assessed Valuation: \$ 11,837,934,173

	Total Debt 6/30/20	% Applicable (a)	City's Share of Debt 06/30/2020
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
San Joaquin Delta Community College District	\$ 199,370,000	13.700%	\$ 27,313,690
Lammersville Joint Unified School District	56,000,000	10.768%	6,030,080
Tracy Unified School District	34,620,000	60.988%	21,114,046
Tracy Unified School District School Facilities Improvement District No. 3	106,300,900	91.882%	97,671,393
Banta School District	460,000	16.662%	76,645
Jefferson School District	32,259,515	71.538%	23,077,812
City of Tracy Community Facilities District No. 87-1	290,000	100%	290,000
City of Tracy Community Facilities District No. 89-1	950,000	100%	950,000
City of Tracy Community Facilities District No. 93-1	2,215,000	100%	2,215,000
City of Tracy Community Facilities District No. 98-1	35,155,000	100%	35,155,000
City of Tracy Community Facilities District No. 98-3	1,230,000	100%	1,230,000
City of Tracy Community Facilities District No. 99-1	2,865,000	100%	2,865,000
City of Tracy Community Facilities District No. 99-2	6,710,000	100%	6,710,000
City of Tracy Community Facilities District No. 2000-1	9,870,000	100%	9,870,000
City of Tracy Community Facilities District No. 2006-1	8,230,000	100%	8,230,000
City of Tracy Community Facilities District No. 2016-1 I.A No. 1	47,475,000	100%	47,475,000
City of Tracy Community Facilities District No. 2016-2 I.A No. 1	15,385,000	100%	15,385,000
City of Tracy 1915 Act Bonds	2,875,000	100%	2,875,000
California Statewide Community Development Authority 1915 Act Bonds	6,627,677	100%	6,627,677
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>	<b>\$ 568,888,092</b>		<b>\$ 315,161,343</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
San Joaquin County Certificates of Participation	70,545,000	14.834%	\$ 10,535,190
Lammersville Joint Unified School District General Fund Obligations	31,300,000	10.768%	3,370,385
<b>City of Tracy General Fund Obligations</b>	<b>18,190,000</b>	<b>100%</b>	<b>18,190,000</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			<b>\$ 32,095,574</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>	<b>\$ 29,160,000</b>	<b>100%</b>	<b>\$ 29,160,000</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ 18,190,000</b>
<b>TOTAL OVERLAPPING DEBT:</b>			<b>\$ 358,226,917</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 376,416,917 (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 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.66%
<b>Total Direct Debt (\$18,190,000).....</b>	<b>15.00%</b>
Combined Total Debt.....	3.18%

Ratios to redevelopment Incremental Valuation (\$1,139,185,590)

Total Overlapping Tax Increment Debt.....	2.56%
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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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Assessed Value	\$ 11,837	\$ 10,984	\$ 10,336	\$ 10,495	\$ 8,941	\$ 8,387	\$ 7,341	\$ 6,757	\$ 6,827	\$ 7,307
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,959	2,746	2,584	2,624	2,235	2,097	1,835	1,689	1,707	1,827
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	444	412	388	394	335	315	275	253	256	274
Total net debt applicable to limit	51	54	56	58	60	63	65	69	71	121
Legal debt margin	<u>\$ 393</u>	<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>

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  
PLEGDED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Water revenue bonds/State Loan</b>										
Water revenue	\$ 20,475,353	\$ 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
Less: Operating Expenses	(16,761,871)	(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)
Net available revenue	<u>3,713,482</u>	<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>
Debt service:										
Principal	1,014,385	991,059	968,269	946,003	924,249	902,995	882,230	861,943	4,128,612	1,099,165
Interest	249,059	266,861	289,651	311,917	33,671	354,925	375,690	395,977	531,639	637,999
Total Debt Service	<u>1,263,444</u>	<u>1,257,922</u>	<u>1,257,920</u>	<u>1,257,920</u>	<u>1,132,923</u>	<u>1,390,419</u>	<u>1,257,919</u>	<u>1,347,920</u>	<u>4,660,251</u>	<u>1,737,164</u>
Coverage	2.94	1.27	1.67	1.40	1.82	2.66	4.71	1.89	0.51	1.27
<b>Wastewater revenue bonds:</b>										
Wastewater revenue	23,835,114	24,825,340	15,196,599	14,434,402	14,092,302	14,558,438	13,030,930	12,025,189	11,713,538	12,038,615
Less: Operating expenses	(12,606,279)	(12,340,258)	(12,467,159)	(8,003,091)	(7,449,704)	(7,823,215)	(7,211,266)	(6,378,330)	(7,617,428)	(7,784,380)
Net available revenue	<u>11,228,835</u>	<u>12,485,082</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>
Debt service:										
Principal	840,000	805,000	775,000	745,000	720,000	695,000	1,015,000	985,000	950,000	993,010
Interest	1,050,665	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
Total Debt Service	<u>1,890,665</u>	<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>
Coverage	5.94	6.60 (b)	1.44	3.39	3.49	3.54	2.58	2.49	1.81	1.82
<b>Tax allocation bonds:</b>										
Tax increment	-	-	-	-	-	-	-	-	4,359,166	7,594,352
Debt service:										
Principle	-	-	-	-	-	-	-	-	1,195,000	1,145,000
Interest	-	-	-	-	-	-	-	-	1,262,289	2,576,992
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,457,289</u>	<u>3,721,992</u>
Coverage	-	-	-	-	-	-	-	-	1.77	2.04

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)
2011	82,107	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	84,937	41,200	38,100	7.4%	3,050	0.134182	0.112256	719,511	309,800	282,600	8.80%	27,200
2016	89,208	42,000	38,800	7.5%	3,000	N/A	N/A	733,383	316,900	288,800	8.90%	28,100
2017	90,890	42,100	39,200	6.8%	2,900	N/A	N/A	733,709	318,000	293,700	7.60%	24,168
2018	92,553	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
2020	95,931	43,700	38,800	11.3%	4,900	N/A	N/A	762,148	322,100	283,700	11.90%	38,400

Sources:

1. California Employment Development Department-Labor Market Information
2. Finance Department, City of Tracy
3. The HdL Companies
4. U.S. Census Bureau

**CITY OF TRACY  
PRINCIPAL EMPLOYERS  
CURRENT FISCAL YEAR AND FOURTEEN YEARS AGO**

Taxpayer Name	2020			2007		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
AMAZON.COM	3,950	1	14.67%	-	-	-
AMAZON.COM	901	2	3.35%	-	-	-
FEDEX GROUND PACKAGE SYSTEM, INC	596	3	2.21%	-	-	-
THE HOME DEPOT #5641	484	4	1.80%	-	-	-
WALMART #2025	370	5	1.37%	-	-	-
LEPRINO FOODS	344	6	1.28%	-	-	-
RESTORATION HARDWARE #903	279	7	1.04%	-	-	-
DHL SUPPLY CHAIN	250	8	0.93%	-	-	-
COSTCO WHOLESALE #658	245	9	0.91%	370	1	2.62%
DHL SUPPLY CHAIN	231	10	0.86%	-	-	-
DHL SUPPLY CHAIN	229	11	0.85%	-	-	-
RANDSTAD INHOUSE SERVICES LLC	217	12	0.81%	-	-	-
SELECT STAFFING	212	13	0.79%	-	-	-
PACIFIC MEDICAL INC	211	14	0.78%	136	11	0.96%
RANDSTAD INHOUSE SERVICES LP	208	15	0.77%	-	-	-
Y R C	201	16	0.75%	-	-	-
BMD SERVICES INC	200	17	0.74%	-	-	-
INTERNATIONAL PAPER	191	18	0.71%	-	-	-
RANDSTAD INHOUSE SERVICES LP	185	19	0.69%	231	5	1.63%
OLIVE GARDEN #1582	182	20	0.68%	120	8	0.85%
TEXAS ROADHOUSE	179	21	0.66%	92	14	0.65%
RANDSTAD INHOUSE SERVICES LLC	168	22	0.62%	-	-	-
THE HOME DEPOT #1020	165	23	0.61%	-	-	-
TARGET STORES T738	159	24	0.59%	125	6	0.88%
GLASSFAB TEMPERING	152	25	0.56%	-	-	-
ROSS DRESS FOR LESS INC #1389	-	-	-	-	-	-
PACIFIC MEDICAL INC	-	-	-	136	11	0.96%
WALMART #2025	-	-	-	-	-	-
ORCHARD SUPPLY COMPANY LLC	-	-	-	234	2	1.66%
TAYLOR FARMS PACIFIC INC	-	-	-	-	-	-
SAFEWAY INC #2600	-	-	-	200	6	1.42%
ORCHARD SUPPLY COMPANY	-	-	-	50	25	0.35%
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%
LAP 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%
WE STAFF (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>10,509</b>		<b>39.02%</b>	<b>3,567</b>		<b>25.26%</b>
<b>Total Citywide Employees</b>	<b>26,931</b>		<b>100.00%</b>	<b>14,133</b>		<b>100.00%</b>

Source: The HdL Companies

Note: No information is available for FY2010-11, 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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
City Attorney	4	3	4	4	4	4	4	4	5	4
City Council	5	5	5	5	5	5	5	5	5	5
City Manager's Office	31.5									
City Clerk Office										
Cultural Arts Division										
Economic Development Division		2	3	3	3	3	2	2	4	8
Community Engagement and Public Information Division										
Information Technology										
Development Services	55.5	66	61	61	39	37	40	38	48	41
Finance	25	30	34	32	26	27	24	23	23	23
City Treasurer	1	1	1	1	1	1	1	1	1	1
South County Fire Authority	83	89	82	81	80	79	78	80	82	78
Human Resources	10	9	10	9	6	6	5	5	6	6
Parks and Recreation	15	48	(a) 14	13	23	38	35	41	50	59
Administration										
Parks Planning and Development										
Recreation										
Community Facilities										
Transit		3	3	3	3	2	2	2	2	2
Airport		2	2	2	2	2	2	2	1	2
Police	157	144	143	139	133	136	135	135	134	133
Public Works	96	92	85	84	61	46	46	46	59	59
Administrative Services		9	8	8	7	7	7	7	7	7
Solid Waste and Recycling		4	1	1	1	1	1	1	2	1
Internal										
Aquatics										
Utilities Maintenance										
Water		31	31	30	35	39	39	39	40	40
Wastewater		43	25	25	26	26	27	26	28	28
Street, Community Preservation, Concrete and Traffic Maintenance		5	3	3	3	3	3	3	2	2
<b>Total</b>	<b>483</b>	<b>586</b>	<b>515</b>	<b>504*</b>	<b>458</b>	<b>462</b>	<b>456</b>	<b>460</b>	<b>499</b>	<b>499</b>

Note 1: Table updated as of FY19-20

Note 2: Amounts prior to 2017 do not include vacant positions.

(a) Figure includes all Part-time employees, non-PERS and PERS.

Source: Finance Department, City of Tracy

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Building Permits Issued	3,184	3,050	2,988	2,904	2,736	2,852	1,924	1,435	1,293	915
Building Inspections requested	22,337	20,384	18,028	16,260	17,025	13,824	9,128	6,189	4,568	2,975
Police:										
Arrests	1,859	2,705	2,768	2,894	2,732	2,502	2,541	2,765	2,896	2,941
Parking citations issued	618	1,291	1,022	1,335	1,685	1,160	1,454	1,472	2,196	3,153
Traffic violations	2,524	4,063	3,320	4,630	6,341	5,450	3,798	3,519	5,281	6,668
Fire:										
Number of emergency calls	9,014	9,031	8,811	7,351	6,924	6,811	6,443	6,322	5,951	5,570
Inspections	2,005	3,002	3,374	3,785	5,164	4,071	3,333	3,114	3,416	2,383
Water:										
Water Mains (miles)	465	452	440	431	426	426	420	410	410	402
New connections	383	295	256	1,173	228	74	45	23	20	20
Maximum Daily Capacity (gallons) (millions of gallons)	57	57	57	57	57	57	57	57	57	57
Average daily consumptions (gallons) (millions of gallons)	18	15	17	16	13	14	15	15	15	14
Sewer:										
Sanitary Sewer (miles)	460	450	440	426	421	421	415	410	410	400
New connections	373	285	256	650	227	74	45	22	14	20
Average daily treatment (gallons) (millions of gallons)	10	9	8.88	10	10.0	9.5	9.5	10	9	9
Airport:										
Hangar rentals	69	68	76	76	62	76	76	76	76	76
Solid waste:										
Refuse collected (tons per day)	285	278	266	264	252	221	211	205	198	194
Recyclables collected (tons per day)	86	86	81	86	76	69	66	65	64	66
Transit:										
Average daily passengers	432	552	546	585	505	519	444	418	357	325
Total fixed route miles	272,622	344,724	341,126	302,039	358,405	313,380	228,817	237,089	226,808	152,284

Source: City of Tracy Departments

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Number of stations	6	6	6	6	6	7	7	7	7	7
Public works:										
Number of street lights	6,142	6,141	6,141	6,110	6,110	6,004	5,430	5,430	5,430	5,430
Number of traffic signals	76	75	75	85	85	84	84	78	78	78
Parks and recreation:										
Number of parks	77	77	77	77	77	76	76	76	76	76
Number of community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	465	450	440	431	426	426	420	410	410	395
Wastewater										
Sanitary sewers (miles)	460	452	440	426	421	421	415	410	410	395
Airport:										
Number of hangars	69	68	76	76	62	76	76	76	76	76
Transit:										
Number of vehicles	15	15	15	15	15	15	15	15	15	15

Source: City of Tracy Departments

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