



**City of Manteca
CALIFORNIA**

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

PREPARED BY THE FINANCE DEPARTMENT

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CITY OF MANTECA, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

Prepared by
FINANCE DEPARTMENT

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CITY OF MANTECA
Annual Comprehensive Financial Report
For the Year Ended June 30, 2020

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CITY OF MANTECA
FINANCE DEPARTMENT
Director Bret Harmon, MPA

1001 W. Center St.
Manteca, CA 95337
Office: 209.456.8785

March 10, 2022

Honorable Mayor, Members of the City Council, and Residents of Manteca:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of Manteca, California, for the fiscal year (FY) ended June 30, 2020. The City of Manteca 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 Finance Department has prepared this report. Responsibility for both the accuracy of the data and the completeness and fairness of the information, including all disclosures, rests with the City. To the best of the City staff's knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present the financial position and results of operations of various funds for the City of Manteca. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. GAAP requires that statements include a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A, and it should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors.

Reporting Entity

The financial statements included in this ACFR present the City (the primary government) with the City funds and the Manteca Financing Authority (MFA) as a component unit. This component unit is a separate legal entity; however, the City Council sits as the Board of Commissioners and the MFA is dependent upon the City of Manteca for record keeping and financial report preparation activities.

On June 28, 2011, the State of California adopted ABX1 26, later 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 as of January 31, 2012. Under the provision of ABX1 26, a city that authorized the creation of a redevelopment agency may elect to serve as the successor agency. On September 20, 2011, the City made the election to become the Successor Agency to the Manteca Redevelopment Agency and on February 1, 2012, the Redevelopment Agency's non-housing related assets were distributed to and the liabilities were assumed by the Successor Agency. The activities of the Successor Agency are subject to the review and approval of a County Oversight Board.

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 Redevelopment Agency. The activities and net position information for the Private-Purpose Trust Fund can be found in the Fiduciary Financial Statements section.

Additionally, under the provision of ABX1 26 and pursuant to Health and Safety Code Section 34176(b), the City can elect to become the Housing Successor and retain the housing assets. On February 7, 2012, the City elected to become the Housing Successor and certain housing assets were transferred to the City's Successor Agency Housing Special Revenue Fund pending State approval of the transfer, which occurred in 2012. The activities of the Housing Successor are reported in the Low and Moderate Income Housing Assets Special Revenue Fund as the City has control of the assets. These funds may be used in accordance with the low and moderate income housing provisions of the California Redevelopment Law.

Government Profile

The City of Manteca is located seventy-six (76) miles due east of San Francisco in northern San Joaquin County and is situated along Highway 99 and the Highway 120 bypass that serves as a connector to Interstate 5. The city is uniquely positioned with access not only to three major freeways, but also within close proximity to the Union Pacific Intermodal Yard, the Santa Fe Railroad Intermodal Yard, the Stockton Metro Airport and the Port of Stockton. Manteca's strategic location provides easy commuting to the San Francisco Bay Area, San Jose, and Sacramento. With more than 18 million consumers within 100 miles of Manteca, the city is positioned for future residential growth as well as business expansion through the location and/or relocation of manufacturing, retailing, wholesaling, and service industries.

The City of Manteca is adjacent to extensive green areas and agricultural lands in California's Central Valley. Agriculturally oriented business activities have always been an integral component of our community and continue to be an important part of Manteca's local economy. Strong land use policies lay the foundation for economic development growth and expansion as well as continued residential development. Large-scale opportunity sites that are compatible with a wide range of uses support commercial, industrial, retail and professional growth. These employment bases along with Manteca's access to transportation routes position Manteca to attract employers migrating to the Central Valley from the San Francisco Bay Area and other regions. These new businesses will join Manteca's many large employers including packaging and distribution plants, manufacturers, electronic firms, and two local hospitals – Kaiser Permanente and Doctors Hospital of Manteca. In February 2016, Doctors Hospital opened a \$7 million outpatient surgery center. This recent addition in health care facilities continues the expansion that was started in 2012 with the opening of the Manteca Imaging Center and the Valley Cancer Center.

The City of Manteca is a full-service city providing police protection, fire protection, parks and recreation, planning, building inspection, engineering, fleet maintenance, construction and maintenance of streets, public buildings, and other infrastructure, as well as solid waste, water, and wastewater utility services. The City is a general-law city incorporated under California law on May 28, 1918. The City operates under the City Council/Manager form of government. The Mayor is directly elected by the people and serves as a member of the City Council for a four-year term. Four council members are elected at-large and serve staggered four-year terms. All elections are conducted on a non-partisan basis. The City Council is also financially accountable for the Manteca Financing Authority.

Economic Conditions and Outlook

Even through the uncertainty that the COVID-19 pandemic brought in March of 2020, the City of Manteca continues to grow. The City's recovery from the recession has continued throughout 2019 and 2020 even when taking into account the pandemic. Positive indicators included increased consumer spending and continued growth in new and resale home values. Through strong economic development and bolstered consumer spending, general sales tax was 10% higher than revenues for the same period last year. The total property tax received of \$19.4 million was a 13% increase of taxes received when compared to the prior year.

In FY 2019-20, the Development Services Department issued 522 permits for new residential construction. Despite the restrictions brought on by the COVID-19 pandemic, the pace of housing construction has continued unabated, with 393 permits issued during the first half of the FY 2020-21 from July 1, 2020 to December 31, 2020, with many additional permit applications expected in 2021. The supply of new housing cannot seem to catch up with demand, and the City's housing market continues to boom.

As of June 30, 2020, unemployment rates in California had continued to increase due to protective measures the state issued in response to the COVID-19 pandemic. The U.S. Bureau of Labor Statistics listed the June 2020 statewide unemployment rate at 14.1%, San Joaquin County at 14.5% and 13.6% for Manteca. Unemployment grew significantly in early 2020 as the state and local governments issued shelter in place orders and ordered businesses deemed non-essential to close their doors. Due to these protective actions, Manteca's unemployment rate rose from a rate of 4.6% in February 2020 to a historic high of 17.4% by April 2020. Fortunately, that unprecedented spike in the unemployment rate has subsided as the world is starting to show signs of economic recovery. The unemployment rate in December 2021 fell to 4.8% for Manteca and 6.4% for San Joaquin County.

As the City of Manteca looks to the future, its leadership continues to foster opportunities that will balance the growth of our residential housing supply with commercial and industrial investments and job creation. To this end, in 2018 the City entered into a develop agreement with Great Wolf Lodge to build a 500-room hotel waterpark resort and meeting facility, which was completed in July 2020. The grand opening of the Great Wolf Lodge was delayed due to COVID-19 restrictions but officially opened in June 2021. Additionally, the City continues to promote commercial and industrial development and job creation. New industrial facilities are being developed by CenterPoint Properties, and new commercial investments are being made at Union Crossing adjacent to the Highway 120 interchange. One investment of note at Union Crossing is the 120,000 sq. ft. Living Spaces furniture store, which officially opened in June 2021.

Budgetary Control

The City prepares a budget for each fiscal year on or before June 30. The City maintains budgetary controls to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, and capital projects funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level for the general fund and at the fund level for all other funds. The City also applies and maintains encumbrance accounting as a technique of accomplishing budgetary control. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Long-Term Financial Planning

The past decade has been fiscally challenging for many cities throughout California and the nation. To navigate through the diverse and rapidly changing fiscal climate, Manteca has set the foundation for future stability through annual City Council strategy and goal setting sessions. Through these sessions, the City develops long-term financial planning strategies designed to meet Council's goals and priorities. The City annually adopts a formal 5-year Capital Improvement Plan. Projects are analyzed not only on the merits and benefits of the proposal, but also on the long-term financial impact on City resources resulting from anticipated maintenance.

Single Audit

The City is subject to an annual single audit in compliance with provisions of the Single Audit Act as amended in 1996, the United States Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*, and the Uniform Guidance effective December 26, 2014. Information contained in this separate report related to the single audit includes the Schedule of Expenditures of Federal Awards and the auditor's report on the Schedule along with their reports on internal controls and compliance with applicable laws and regulations.

Internal Controls

City management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP.

The internal control structure is designed to provide reasonable, but not absolute, assurance these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived from the control, and 2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above-stated framework. We believe our internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

Independent Audit

State statutes require an annual audit of the City's accounts by an independent certified public accountant. The City of Manteca selected the accounting firm of Maze and Associates. The auditor's report on the basic financial statements is included in the financial section of this report.

Acknowledgments

Completion of the Annual Comprehensive Financial Report was made possible by the dedicated service of Finance Department staff. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Appreciation is also extended to the City's auditors Maze and Associates for their assistance.

Respectfully submitted,



Bret Harmon
Finance Director

CITY OF MANTECA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2020

CITY COUNCIL
(as of June 30, 2020)

Benjamin J. Cantu, Mayor
Jose Nuno, Vice Mayor
Gary Singh, Councilmember
David Breitenbucher, Councilmember
Debby Moorhead, Councilmember

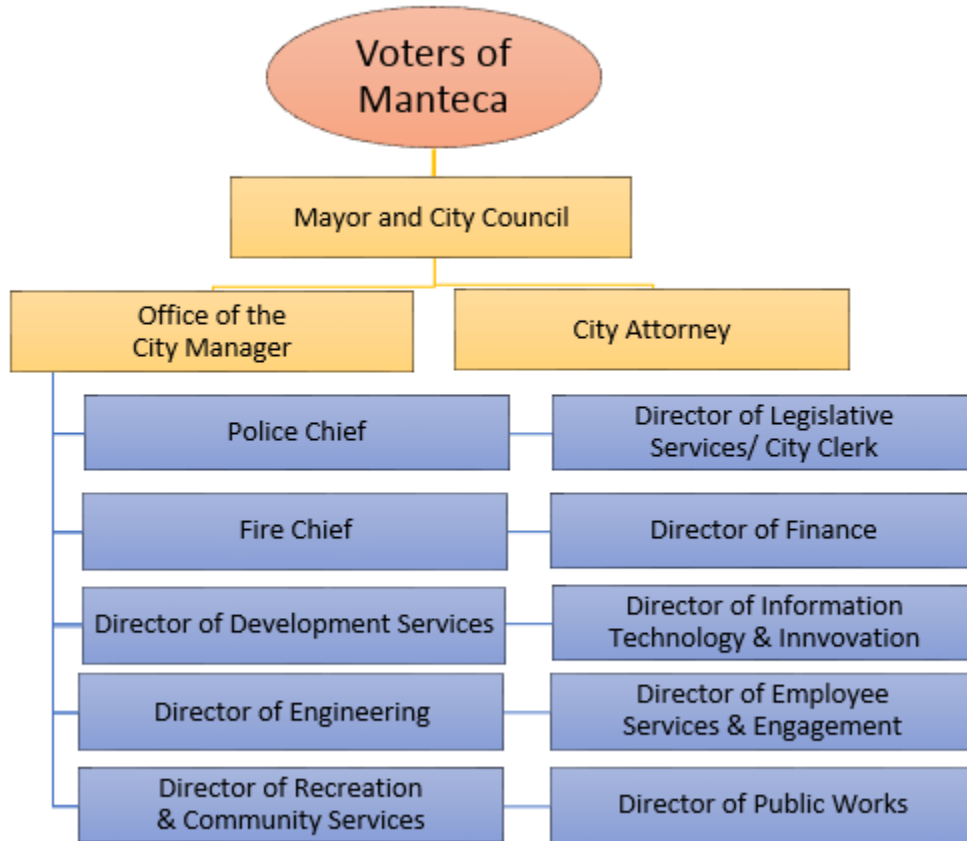
EXECUTIVE TEAM
(as of February 2022)

Toni Lundgren, Acting City Manager
David Nefouse, City Attorney
Cassandra Candini-Tilton, Director of Legislative Services/City Clerk
Dawn Cortesi, Acting Director of Human Resources
Pennie Arounsack-Marques, Director of Information Technology & Innovation
Bret Harmon, Director of Finance
Carl Brown, Director of Public Works
Kevin Jorgensen, Director of Engineering
Chris Erias, Director of Development Services
Mike Aguilar, Chief of Police
Dave Marques, Fire Chief





ORGANIZATIONAL CHART



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Manteca, 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 Manteca, 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 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 and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management early-adopted the provisions of Governmental Accounting Standards Board Statement No. 98 – *The Annual Comprehensive Financial Report* for the year ended June 30, 2020, which establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other required supplementary information as 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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, Supplementary 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 Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary 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 March 10, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maye & Associates

Pleasant Hill, California
March 10, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis provides an overview of the City of Manteca'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 Standard 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 \$719.6 million (Net Position). Of this amount \$(18.0) million (Unrestricted Net Position) is designated to be used to meet ongoing obligations to citizens and creditors; \$149.3 million is restricted for capital projects, debt service and legally segregated taxes, grants, and fees; and \$588.3 million is net investment in capital assets. The Unrestricted Net Position reflects the inclusion of a Net Pension Liability of \$115.6 million and a total Other Post-Employment Benefits (OPEB) Liability of \$35.5 million in accordance with the GAAP.

- As of June 30, 2020, the governmental activities reported a total net position of \$481.7 million including: \$395.2 million net investment in capital assets, \$149.3 million in restricted assets, and a combined unrestricted balance of \$(62.8) million.
- Business-type activities reported a combined net position of \$237.9 million including: \$193.1 million net investment in capital assets and \$44.7 million in unrestricted net position.
- As of June 30, 2020 the fund balance for the General Fund was \$33.9 million including: \$1.1 million for *Non-Spendable* items such as deposits, prepaid assets, advances from other funds, and inventory; \$0.5 million of *Restricted*; \$22.8 million *Assigned* for items such as economic revitalization and public facilities oversizing; and \$9.5 million *Unassigned*.
- Governmental capital assets increased by \$48.9 million in comparison to prior year assets representing additions of land, streets, storm drainage, equipment, and construction in progress. The increase is also reflected in the net investment in capital assets.
- The City's total liabilities decreased by \$2.3 million over the prior year mostly due current year payment of bonds.

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

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

The Basic Financial Statements

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

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, community development, library, public safety, public works, parks and recreation, and streets and highways. These services are supported by general city revenues such as taxes, and by specific program revenues such as developer fees.
- Business-type activities - All of the City's enterprise activities are reported here, including golf, sewer, water, and solid waste. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

The City's business-type activities include not only the City of Manteca but also the activities of a separate legal entity, the Manteca Financing Authority ("MFA"). The City Council serves as the governing body of this component unit and the City is financially accountable for the MFA. The activities of the MFA are reported in the business-type activities of the sewer fund.

Pursuant to ABX1 26, approved by Governor Brown on June 28, 2011 and upheld by the California State Supreme Court on December 29, 2011, the Manteca Redevelopment Agency ("RDA") was dissolved on January 31, 2012. The former RDA is now administered under the name of Successor Agency to the Manteca Redevelopment Agency ("SA"). The activities of the SA can be found in the Fiduciary Fund Section of the Financial Statements.

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 and liabilities, 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 Manteca has 25 governmental funds of which 5 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 equipment/information technology pool, vehicle fleet pool, self-insurance/risk management, and payroll tax benefits. Financial statements for proprietary funds are prepared on the full accrual basis and include all their assets and deferred outflows of resources, and liabilities and deferred inflows of resources, 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 RDA per ABX1 26 and AB 1484, the activities of the SA 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, and internal service funds.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the financial activities of the City.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, combined net position (governmental and business-type activities) totaled \$719.6 million as of June 30, 2020. This is an increase of \$47.5 million from June 30, 2019.

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 as of June 30 (in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Cash and Other Assets	\$ 217,469	\$ 232,381	\$ 107,888	\$ 110,546	\$ 325,357	\$ 342,927
Capital Assets	395,095	346,243	252,956	239,004	648,051	585,247
Total Assets	612,564	578,624	360,844	349,550	973,408	928,174
Deferred Outflows	21,159	21,247	4,961	5,159	26,120	26,406
Current Liabilities	27,571	30,639	24,907	29,817	52,478	60,456
Non-Current Liabilities	6,500	5,813	64,356	67,569	70,856	73,382
Net Pension & OPEB Liability	114,381	108,515	36,750	34,431	151,131	142,946
Total Liabilities	148,452	144,967	126,013	131,817	274,465	276,784
Deferred Inflows	3,530	3,616	1,915	2,079	5,445	5,695
Net Investment in Capital Assets	395,180	346,056	193,144	168,685	588,324	514,741
Restricted Net Position	149,337	159,371	-	-	149,337	159,371
Unrestricted Net Position	(62,776)	(54,139)	44,733	52,128	(18,043)	(2,011)
Total Net Position	\$ 481,741	\$ 451,288	\$ 237,877	\$ 220,813	\$ 719,618	\$ 672,101

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

- Cash and investments comprised \$250.5 million, an increase of \$21.7 million over the prior year. Restricted cash held by fiscal agents totaled \$25.2 million, a decrease of \$43.8 million.
- Total Governmental & Business-type receivables were comprised of \$26.6 million in current receivables and \$23.0 million of long-term receivables. Long-term receivables are related to grants and loans provided by the former RDA designed to encourage the construction of or improvement to low-to-moderate-income housing. The grants and loans have varying repayment terms and interest rates.
- Net investment in capital assets of \$588.3 million include the City's infrastructure in addition to all other City assets net of the debt incurred to construct an/or acquire those assets.
- Restricted Net Position, totaling \$149.3 million, includes \$90.0 million restricted for capital projects, \$33.7 million restricted for redevelopment projects, and \$25.6 million restricted for other projects as specified by funding source restrictions.
- Unrestricted Net Position totals \$(18.0) million and is designated 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 unrestricted balance reflects the inclusion of the Net Pension Liability of \$115.6 million and the Total OPEB Liability of \$35.5 million.

The Change in Net Position as expressed as the change in revenues and expenses through June 30, 2020 is further reflected in the Statement of Activities.

Statement of Activities
Fiscal Year Ended June 30,
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total Government	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Program Revenues:						
Charges for Services	\$ 18,578	\$ 24,711	\$ 55,006	\$ 57,469	\$ 73,584	\$ 82,180
Operating Grants & Contributions	9,952	9,576	-	-	9,952	9,576
Capital Grants & Contributions	38,155	26,346	10,234	3,578	48,389	29,924
General Revenues:						
Property Taxes	19,386	17,158	-	-	19,386	17,158
Sales Taxes	22,293	20,298	-	-	22,293	20,298
Other Taxes	3,435	3,761	-	-	3,435	3,761
Interest Income	4,501	5,026	2,679	3,528	7,180	8,554
Development agreements	1,144	351	-	-	1,144	351
Other Revenue	216	849	207	426	423	1,275
Gain from Sale of Capital Assets	457	1,675	-	-	457	1,675
Total Revenues	118,117	109,751	68,126	65,001	186,243	174,752
Governmental Activities Expenses:						
General Government	7,054	6,053	-	-	7,054	6,053
Community Development	8,242	7,701	-	-	8,242	7,701
Public Safety	42,395	36,204	-	-	42,395	36,204
Library	145	134	-	-	145	134
Public Works	7,137	8,646	-	-	7,137	8,646
Recreation	11,711	10,126	-	-	11,711	10,126
Streets and Highways	10,268	11,514	-	-	10,268	11,514
Interest and fiscal charges	130	80	-	-	130	80
Business-Type Activities:						
Water	-	-	18,968	17,818	18,968	17,818
Sewer	-	-	18,597	17,480	18,597	17,480
Solid Waste	-	-	12,752	12,623	12,752	12,623
Golf	-	-	1,327	1,285	1,327	1,285
Total Expenses	87,082	80,458	51,644	49,206	138,726	129,664
Increase (Decrease) in Net Position Before Transfers	31,035	29,293	16,482	15,795	47,517	45,088
Transfers	(582)	(4,195)	582	4,195	-	-
Change in Net Position	30,453	25,098	17,064	19,990	47,517	45,088
Net Position - Beginning	451,288	426,190	220,813	200,823	672,101	627,013
Net Position - Ending	\$ 481,741	\$ 451,288	\$ 237,877	\$ 220,813	\$ 719,618	\$ 672,101

Revenues

Total government-wide revenues increased by \$11.5 million, or 7% over the prior year to a total of \$186.2 million. Governmental Activities charges for service decreased by \$6.1 million compared to the prior year and capital grants and contributions increased by \$11.8 million. Business-type Activities charges for service decreased by \$2.5 million and capital grants and contributions increased by \$6.7 million compared to the prior year.

General Revenues increased by \$1.2 million including: increase in property taxes of \$2.2 million, increase in sales taxes of \$2.0 million, decrease in interest income of \$1.4 million, and decrease in gain on sale of capital assets of \$1.2 million.

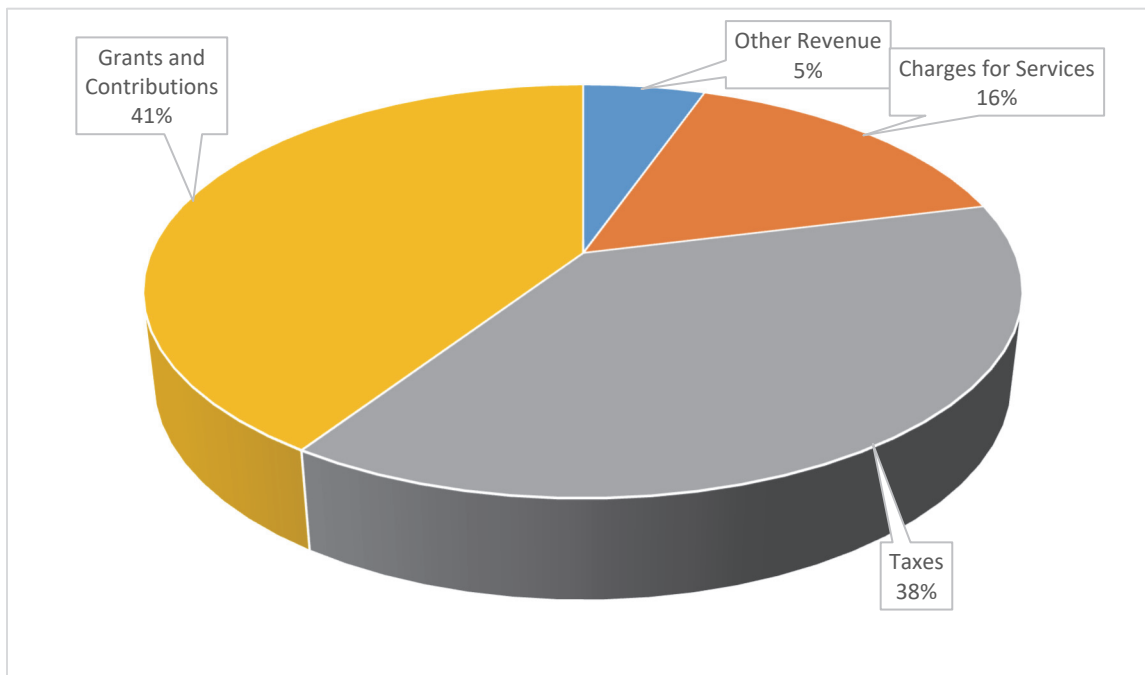
Expenses

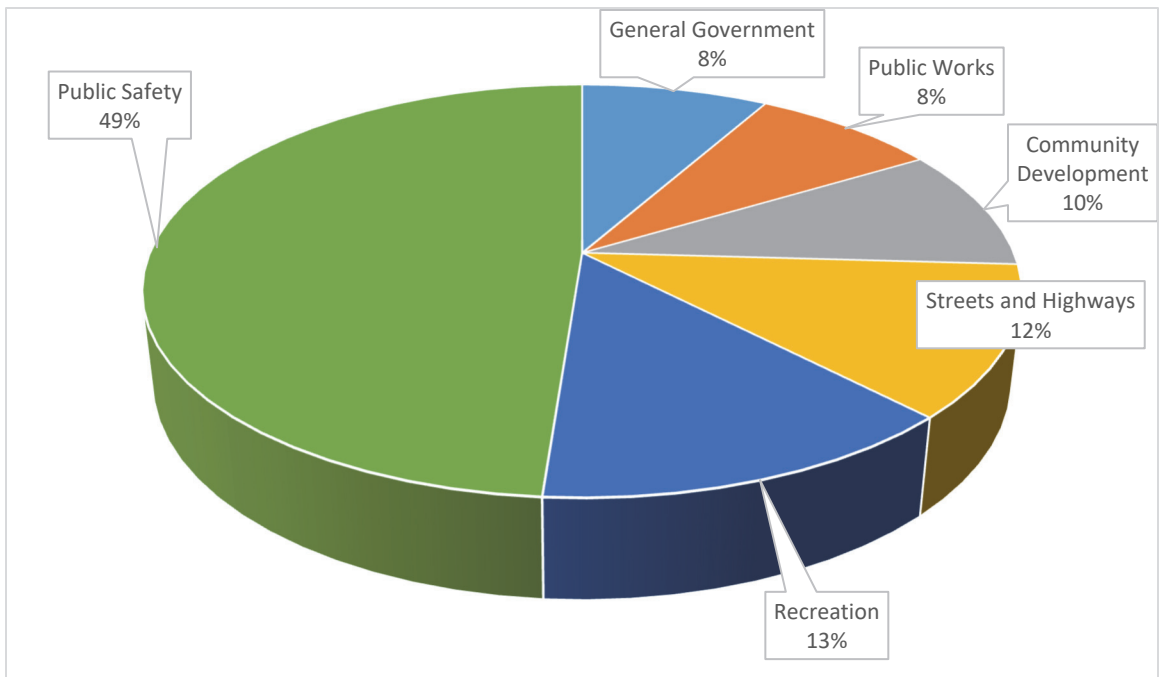
Expenses for the City totaled \$138.7 million for the fiscal year ending June 30, 2020, an increase of \$9.2 million, or 7% over the prior year. Governmental activities incurred \$87.1 million of expenses, increasing 8%, while business-type activities incurred \$51.6 million in expenses, a 5% increase over the prior year. Of the Governmental Activities, the largest expenses by activity were in Public Safety \$42.4 million, Streets and Highways \$10.3 million, and Parks and Recreation \$11.7 million. Business-type activity expenses totaled \$51.6 million, with the two largest activities being Water at \$19.0 million and Sewer totaling \$18.6 million for the year.

Governmental Activities

As presented in the following two graphs, the largest funding sources for governmental activities are grants and contributions (41%), Taxes (38%), and Charges for Services (16%). The largest uses of resources for the governmental activities are Public Safety (49%), Recreation (13%), and Streets and Highways (12%).

**Revenues by Source – Governmental Activities
For the Fiscal Year Ended June 30, 2020**

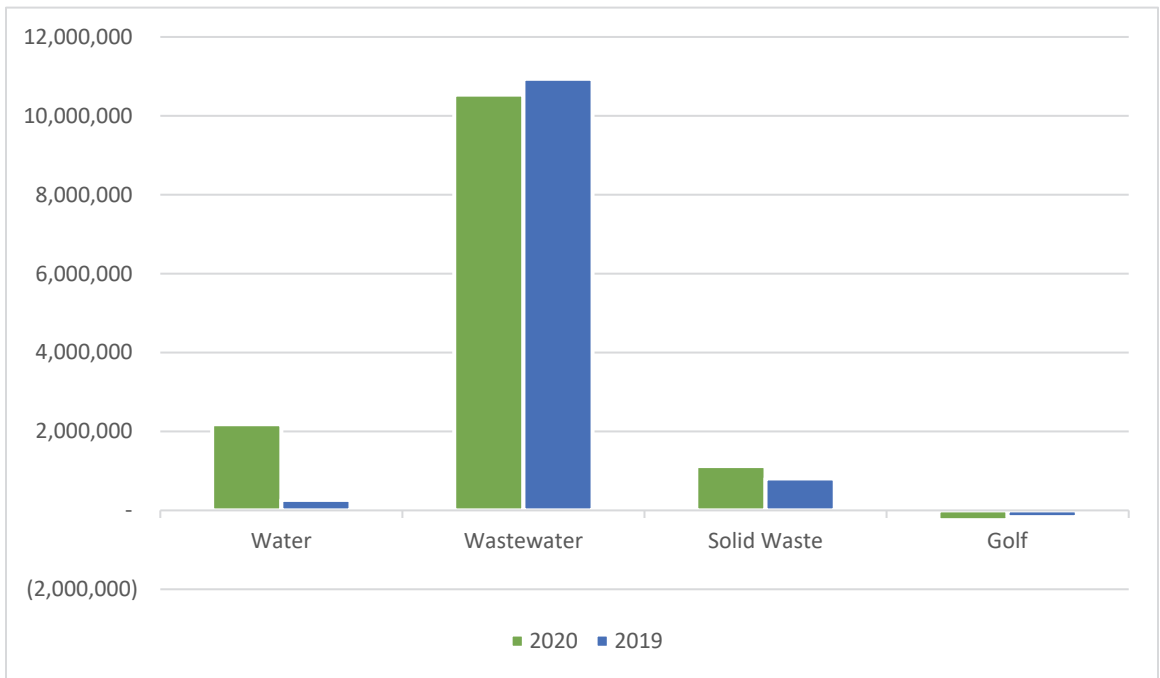




Business-type Activities

Net revenues of Business-type Activities increased by \$1.8 million. Net revenue under expense for water increased by \$1.9 million, sewer decreased by (\$0.4) million.

Net (Expenses) Revenue – Business-Type Activities



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.

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 \$150.1 million, which is a decrease of \$15.4 million or 9% compared with the prior year. Governmental fund revenues were \$94.8 million this year, an increase of \$3.8 million, or 4%. The General Fund accounted for 52% of this total. Expenditures were \$109.8 million this year. Of this total, \$43.8 million was in the General Fund, \$38.1 million was in other major funds and \$27.9 million was in non-major funds.

General Fund

General Fund revenues increased by \$3.0 million or 6% as compared to fiscal year 2018-19 in fiscal year 2019-20 despite economic conditions related to the COVID-19 pandemic. Sales tax increased by 7% and property taxes increased 13%. General Fund expenditures decreased by \$1.8 million or 4% less than the prior year expenditures.

At June 30, 2020, the General Fund balance was comprised of \$1.1 million in non-spendable balances, \$0.5 million in restricted balances, \$22.8 million of assigned balances and \$9.5 million in unassigned balance. Fund balances have been classified in accordance with GAAP. While amounts have been categorized as unassigned, they may be informally earmarked by the City Council for specific purposes.

Public Safety Sales Tax Fund

In November 2006, the voters of the City of Manteca passed the ½ cent Gang and Drug Prevention, 9-1-1 Emergency and Public Safety Improvement Transactions and Use Tax. Revenues generated by this tax are designated solely for public safety services. In fiscal year 2019-20 this fund provided for 30 police and fire personnel. Revenues in the Public Safety Sales Tax Fund increased by \$1.1 million or 16% more compared to the prior year, for a total of \$8.1 million for fiscal year 2019-20. Sales tax continued to increase mostly due to the move to online shopping due to the pandemic along with the infusion of spending cash from government stimulus payments which increased consumer spending. The net change to fund balance was \$(0.02) million.

Low and Moderate Income Housing Assets 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 RDA were transferred as prescribed by law to either the Housing Successor or to the Successor Agency.

The City of Manteca elected to become the Housing Successor and established the Low and Moderate Income Housing Assets Special Revenue Fund to account for the housing assets and activities formally provided by the Manteca Redevelopment Agency. As of June 30, 2020, the net position of the Low and Moderate Income Housing Assets Special Revenue Fund was comprised of \$0.4 million in restricted fund balance.

Public Facilities Implementation Plan

Development fees are collected in the areas designated by the Public Facilities Implementation Plan (PFIP) to finance the construction of future transportation and storm drainage infrastructure. The PFIP was updated in fiscal year 2012-13 except for the transportation element which was completed in fiscal year 2018-19. Total fund balance was \$26.9 million at year end a decrease of 15% over the prior year. Revenues totaled \$6.4 million for the year and expenditures were \$11.0 million. Capital Improvements totaling \$10.6 million were constructed in Fiscal Year 2019-20.

Redevelopment Bonds Projects Fund

At the time of the dissolution of the former RDA, the agency had approximately \$43.7 million in unspent bond proceeds. By law, these bond proceeds were transferred to the SA. In September and December 2013 the City and the SA, with the approval of the State Department of Finance, entered into Bond Funding Agreements. These agreements provide the mechanism by which bond proceeds can be transferred from the SA to the City for uses as designated in the bond indentures and tax certificates. This fund accounts for the bond proceeds that have been authorized for the design and construction of these designated projects. In February 2015, the Oversight Board approved a Consolidated Non-Housing Bond Proceeds Funding Agreement between the SA and the City. This final agreement approved the transfer of all remaining bond proceeds to the City for use on bond qualified expenditures. The City continues to spend down the bond proceeds on the projects included in the City's Capital Improvement Plan. Fund balance totaled \$9.2 million at the close of fiscal year 2019-20.

Proprietary Funds

The City's Proprietary Funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail. The City's Proprietary Funds are comprised of the Water Fund, the Sewer Fund, the Solid Waste Fund, and the Golf Fund. Proprietary Fund net position totaled \$237.9 million at June 30, 2020. Proprietary operating revenues were \$55.1 million and operating expenses were \$48.8 million in fiscal year 2019-20.

Water Fund

The net position of the Water Fund is \$73.7 million. Approximately \$19.7 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$54.0 million.

Activities for the year were comprised of \$17.5 million in operating revenues for the current year and \$17.8 million in operating expenses. Charges for services showed an increase of 5% as compared to the prior year. Operating expenses increased by 8% from fiscal year 2019. The largest operational increase year over year was personnel services, which increased by 15%.

Sewer Fund

The net position of the Sewer Fund is \$165.5 million for the current year. Operating revenues for the year were \$22.6 million, a decrease of 14% from fiscal year 2018-19. Operating expenditures increased by \$1.2 million or 7% over the prior year. Personnel services experienced the biggest change year over year with a 15% increase in costs. A total of \$134.0 million of the fund's net position is invested in capital assets with \$31.5 million unrestricted.

Solid Waste Fund

Operating revenues for fiscal year 2019-20 totaled \$13.9 million, an increase of 1% over the prior fiscal year. Operating expenses were \$12.8 million a slight increase of 1% from FY 2018-19, leaving the fund with operating income of \$1.1 million for the year. Net position increased by \$1.2 million to \$(2.0) million, of which \$3.3 million is invested in capital assets, and \$(5.3) million is unrestricted. Long-term liabilities total \$12.6 million with \$9.0 million for net pension liability and \$3.5 million for total OPEB liability. These long-term liabilities are the cause of the negative net position.

Golf Fund

The operating revenue for this fund totaled \$1.1 million as of June 30, 2020. Operating expenses increased by 3% from the prior year. The General Fund continues to contribute to the Golf Fund to compensate for the reduced rate for youth and senior programs with the amount of the transfer this year of \$150,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the General Fund totaled \$46.9 million in revenues, \$43.1 million in expenditures, and revenues exceeding expenditures by \$3.8 million. The difference in appropriations between the original budget and the final amended budget was \$2.7 million.

With consumer confidence and housing starts remaining strong and with the local economy showing continued growth despite the setbacks of the COVID-19 pandemic, General Fund revenues exceeded their budgeted forecasts. Property Taxes for the City surpassed projections by \$1.6 million. Total revenues exceeded budget by \$2.8 million for the year.

At the end of the fiscal year, the total actual expenses of the General Fund totaled \$43.8 million which was \$0.8 million more than the total amended budget. Public Safety exceeded the amended budget by \$3.0 million mostly due to the rise in pension cost and retirement payouts.

CAPITAL ASSETS

At the end of FY 2019-20, the City had \$648.1 million, net of depreciation, invested in a broad range of capital assets used in governmental and business type activities as outlined in Note 7.

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

	Governmental Activities		Business-Type Activities		Total Government	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Land	\$ 61,306	\$ 61,117	\$ 4,394	\$ 4,394	\$ 65,700	\$ 65,511
Construction in Progress	67,933	34,658	27,743	48,870	95,676	83,528
Buildings & Improvements	38,101	37,758	9,199	8,678	47,300	46,436
Machinery & Equipment	23,690	21,284	22,945	21,460	46,635	42,744
Storm Drain	59,112	56,620	-	-	59,112	56,620
Streets	236,483	214,421	-	-	236,483	214,421
Parks	70,690	67,457	-	-	70,690	67,457
Sewer lines and improvements	-	-	70,430	66,914	70,430	66,914
Sewer plant expansion	-	-	122,718	96,465	122,718	96,465
Water wells and pipelines	-	-	130,439	118,903	130,439	118,903
Other Infrastructure	-	-	165	165	165	165
Less accumulated depreciation	(162,220)	(147,072)	(135,077)	(126,845)	(297,297)	(273,917)
Total	\$ 395,095	\$ 346,243	\$ 252,956	\$ 239,004	\$ 648,051	\$ 585,247

DEBT SERVICE ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 8. At the end of the year, the City had total long-term debt outstanding of \$0.1 million in debt associated with Governmental Activities and \$67.3 million in debt associated with Business-type Activities. Debt in Governmental Activities are related to capital lease direct borrowing for the chipper truck, IT equipment, and a fire engine. Debt in the Business-type Activities are related to the Sewer and Water Revenue bonds.

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

	Governmental Activities		Business-Type Activities		Total Government	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Capital Lease	\$ 116	\$ 388	\$ -	\$ -	\$ 116	\$ 388
Revenue Bonds	-	-	67,291	70,319	67,291	70,319
Total	\$ 116	\$ 388	\$ 67,291	\$ 70,319	\$ 67,407	\$ 70,707

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the Finance Department, at 1001 W Center, Manteca, CA 95337 or mantecafinance@mantecagov.com.

CITY OF MANTECA

**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 and the Manteca Financing Authority, which is legally separate but is a component unit of the City because it is controlled by the City, which is financially accountable for the activities of this entity.

CITY OF MANTECA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$153,875,482	\$96,647,445	\$250,522,927
Restricted cash and investments (Note 3)	10,827,841	14,359,994	25,187,835
Accounts receivable, net	15,318,530	6,599,983	21,918,513
Taxes receivable	4,416,096		4,416,096
Interest receivable	280,349		280,349
Internal balances (Note 4D)	9,718,505	(9,718,505)	
Prepaid items and deposits	2,416		2,416
Long-term notes receivable (Notes 5 and 14F)	22,971,440		22,971,440
Employee notes receivable (Note 6)	58,335		58,335
Capital assets, not being depreciated (Note 7)	129,239,114	32,137,651	161,376,765
Capital assets, being depreciated (net) (Note 7)	265,856,094	220,817,851	486,673,945
Total Assets	612,564,202	360,844,419	973,408,621
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Note 10)	18,777,170	4,194,961	22,972,131
Deferred outflows related to OPEB (Note 11)	2,381,547	765,799	3,147,346
Total Deferred Outflows of Resources	21,158,717	4,960,760	26,119,477
LIABILITIES			
Accounts payable	8,810,083	3,457,675	12,267,758
Contracts payable	9,057,257	16,561,940	25,619,197
Refundable deposits	3,920,411	1,124,596	5,045,007
Accrued liabilities	2,910,283	827,797	3,738,080
Unearned revenue	1,433,633		1,433,633
Compensated absences (Note 1G):			
Due within one year	709,334		709,334
Due in more than one year	6,384,006		6,384,006
Estimated claims liability (Note 13):			
Due within one year	673,042		673,042
Due in more than one year	57,192		57,192
Long-term debt (Note 8):			
Due within one year	57,470	2,935,000	2,992,470
Due in more than one year	58,491	64,356,313	64,414,804
Net pension liability (Note 10):			
Due in more than one year	89,287,145	26,346,495	115,633,640
Total OPEB liability (Note 11):			
Due in more than one year	25,093,692	10,403,653	35,497,345
Total Liabilities	148,452,039	126,013,469	274,465,508
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Note 10)	3,325,073	926,973	4,252,046
Deferred inflows related to OPEB (Note 11)	204,667	987,618	1,192,285
Total Deferred Inflows of Resources	3,529,740	1,914,591	5,444,331
NET POSITION (Note 9):			
Net investment in capital assets	395,180,359	193,144,500	588,324,859
Restricted for:			
Capital projects	90,018,726		90,018,726
Redevelopment projects	33,735,840		33,735,840
Special revenue projects:			
Development mitigation	8,807,616		8,807,616
Landscaping and lighting	1,308,257		1,308,257
Public safety	5,680,646		5,680,646
Other special revenue projects	9,785,902		9,785,902
Total Restricted Net Position	149,336,987		149,336,987
Unrestricted	(62,776,206)	44,732,619	(18,043,587)
Total Net Position	\$481,741,140	\$237,877,119	\$719,618,259

See accompanying notes to basic financial statements

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$7,054,126	\$6,038,904			(\$1,015,222)		(\$1,015,222)
Community development	8,242,158	6,545,381	\$292,291	\$19,925,351	18,520,865		18,520,865
Public safety	42,395,447	1,580,738	647,527	1,179,710	(38,987,472)		(38,987,472)
Library	145,310				(145,310)		(145,310)
Public works	7,137,403	239,053	2,576,020	4,273,892	(48,438)		(48,438)
Parks and recreation	11,710,512	4,173,698	74	2,084,268	(5,452,472)		(5,452,472)
Streets and highways	10,268,116		6,436,649	10,691,581	6,860,114		6,860,114
Interest and fiscal charges	129,403				(129,403)		(129,403)
Total Governmental Activities	87,082,475	18,577,774	9,952,561	38,154,802	(20,397,338)		(20,397,338)
Business-type Activities:							
Water	18,967,868	17,576,060		3,573,897		\$2,182,089	2,182,089
Sewer	18,596,722	22,510,081		6,624,673		10,538,032	10,538,032
Solid waste	12,752,503	13,875,762				1,123,259	1,123,259
Golf	1,327,641	1,044,323		35,130		(248,188)	(248,188)
Total Business-type Activities	51,644,734	55,006,226		10,233,700		13,595,192	13,595,192
Total	\$138,727,209	\$73,584,000	\$9,952,561	\$48,388,502	(20,397,338)	13,595,192	(6,802,146)
General revenues:							
Taxes:							
Property taxes					19,385,771		19,385,771
Sales taxes					22,292,924		22,292,924
Other taxes					3,434,933		3,434,933
Interest income					4,501,680	2,679,191	7,180,871
Development agreements, unrestricted					1,144,141		1,144,141
Other revenue					215,694	207,254	422,948
Gain from sale of capital assets					457,360		457,360
Transfers, net (Note 4A)					(581,885)	581,885	
Total general revenues and transfers					50,850,618	3,468,330	54,318,948
Change in Net Position					30,453,280	17,063,522	47,516,802
Net Position-Beginning					451,287,860	220,813,597	672,101,457
Net Position-Ending					\$481,741,140	\$237,877,119	\$719,618,259

See accompanying notes to basic financial statements

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FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

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.

PUBLIC SAFETY SALES TAX

Established to account for all proceeds collected from the levying of the Gang and Drug Prevention, 9-1-1 Emergency and Public Safety Improvement Transactions and Use Tax. Taxes received are to be used solely for the public safety services set forth in the Program Guidelines and Public Safety Expenditure Plan. The Public Safety Expenditure Plan may be amended from time to time by a majority vote of the City Council, so long as the funds are utilized for public safety, police and fire protection services.

LOW AND MODERATE INCOME HOUSING ASSETS FUND

Established to account for revenues and expenditures as a result of the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

PUBLIC FACILITIES IMPLEMENTATION PLAN FUND

This fund was initially established to account for the costs incurred for the development of a Public Facilities Implementation Plan. Now that the Plan is functional, this fund accounts for the developer impact fees collected and expended in the construction of the drainage and transportation elements of the Plan. The sewer and water developer impact fees collected and expended in connection with the Plan are accounted for in their respective Enterprise Funds.

REDEVELOPMENT BONDS PROJECTS FUND

This fund was established to account for the financing and construction activities funded with the tax-exempt proceeds from the issuance of the former Manteca Redevelopment Agency's long-term debt.

CITY OF MANTECA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	General	Public Safety Sales Tax	Low and Moderate Income Housing Assets	Public Facilities Implementation Plan
ASSETS				
Cash and investments (Note 3)	\$30,195,899	\$3,499,497	\$440,678	\$20,119,100
Restricted cash and investments (Note 3)	468,942			1,560,959
Accounts receivables (net of allowance for estimated uncollectible accounts)	1,820,224	2,592		3,135,314
Taxes receivable	2,999,324	1,416,772		
Interest receivable	280,349			
Due from other funds (Note 4B)	121,144			
Advances to other funds (Note 4C)	1,081,780			10,158,391
Long-term notes receivable (Notes 5 and 14F)	675,000		23,080,648	
Total Assets	\$37,642,662	\$4,918,861	\$23,521,326	\$34,973,764
LIABILITIES				
Accounts payable	\$1,299,713	\$3,702		\$84,814
Contracts payable	5			721,140
Refundable deposits	1,045,733			2,674,628
Accrued liabilities	26,854			
Due to other funds (Note 4B)				
Advances from other funds (Note 4C)				1,521,666
Unearned revenue				
Total Liabilities	2,372,305	3,702		5,002,248
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - accounts receivable	700,710			3,106,707
Unavailable revenue - notes receivable (Notes 5 and 14F)	675,000		\$23,080,648	
Total Deferred Inflows of Resources	1,375,710		23,080,648	3,106,707
FUND BALANCES				
Fund balance (Note 9):				
Nonspendable	1,081,780			
Restricted	468,942	4,915,159	440,678	26,864,809
Committed				
Assigned	22,845,194			
Unassigned	9,498,731			
Total Fund Balances	33,894,647	4,915,159	440,678	26,864,809
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$37,642,662	\$4,918,861	\$23,521,326	\$34,973,764

See accompanying notes to basic financial statements

<u>Redevelopment Bonds Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$5,418,009	\$77,000,538	\$136,673,721
8,134,606	462,222	10,626,729
	10,624,055	15,582,185
		4,416,096
		280,349
		121,144
	742,077	11,982,248
		23,755,648
<u>\$13,552,615</u>	<u>\$88,828,892</u>	<u>\$203,438,120</u>
\$4,371,688	\$2,216,464	\$7,976,381
	28,406	749,551
	199,242	3,919,603
		26,854
	121,144	121,144
	742,077	2,263,743
	1,433,633	1,433,633
<u>4,371,688</u>	<u>4,740,966</u>	<u>16,490,909</u>
	8,500,364	12,307,781
		23,755,648
	<u>8,500,364</u>	<u>36,063,429</u>
9,180,927	73,188,321	1,081,780
	151,617	115,058,836
	2,464,870	151,617
	(217,246)	25,310,064
		9,281,485
<u>9,180,927</u>	<u>75,587,562</u>	<u>150,883,782</u>
<u>\$13,552,615</u>	<u>\$88,828,892</u>	<u>\$203,438,120</u>

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CITY OF MANTECA
Reconciliation of the
GOVERNMENTAL FUNDS-BALANCE SHEET
with the
GOVERNMENTAL ACTIVITIES NET POSITION
JUNE 30, 2020

Total fund balances reported on the Governmental Funds Balance Sheet \$150,883,782

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.

393,457,146

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	17,201,761
Restricted cash and investments	201,112
Accounts receivable	36,345
Prepaid items	2,416
Employee notes receivable	58,335
Capital assets, not being depreciated	205,642
Capital assets (net of accumulated depreciation)	1,432,420
Contracts and accounts payable	(363,133)
Accrued liabilities	(2,883,429)
Refundable deposits	(808)
Compensated absences	(7,093,340)
Estimated claims liability	(730,234)
Net pension liability and deferred outflows/inflows related to pensions	(2,310,210)
Total OPEB liability and deferred outflows/inflows related to OPEB	(1,002,191)

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.

35,292,860

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	(115,961)
Net pension liability and deferred outflows/inflows related to pensions	(71,524,838)
Total OPEB liability and deferred outflows/inflows related to OPEB	(21,914,621)
Contracts payable	(8,307,706)
Allowance for conditional grants	(784,208)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$481,741,140

See accompanying notes to basic financial statements

CITY OF MANTECA
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2020

	General	Public Safety Sales Tax	Low and Moderate Income Housing Assets	Public Facilities Implementation Plan
REVENUES				
Property taxes	\$19,385,771			
Sales taxes	14,339,976	\$7,952,948		
Other taxes	4,417,088			
Licenses and permits	851,054			
Fines and forfeitures	592,613			
Use of money and property	1,519,099	104,248	\$61,648	\$742,772
Revenue from other agencies	497,663			
Charges for current services	7,743,399			5,654,336
Other revenue	352,159		156,800	
Total Revenues	49,698,822	8,057,196	218,448	6,397,108
EXPENDITURES				
Current:				
General government	4,812,186			
Community development				
Public safety	27,644,709	8,081,865		
Library	130,899			
Public works	2,424,253			284,506
Parks and recreation	4,690,747			
Streets and highways				
Nondepartmental	2,624,979			
Capital outlay	1,490,479			10,623,255
Debt service:				
Principal				
Interest and fiscal charges				67,165
Total Expenditures	43,818,252	8,081,865		10,974,926
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,880,570	(24,669)	218,448	(4,577,818)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	72,953			
Transfers in (Note 4A)				
Transfers (out) (Note 4A)	(1,324,375)			
Total Other Financing Sources (Uses)	(1,251,422)			
NET CHANGE IN FUND BALANCES	4,629,148	(24,669)	218,448	(4,577,818)
BEGINNING FUND BALANCES	29,265,499	4,939,828	222,230	31,442,627
ENDING FUND BALANCES	\$33,894,647	\$4,915,159	\$440,678	\$26,864,809

See accompanying notes to basic financial statements

Redevelopment Bonds Projects	Other Governmental Funds	Total Governmental Funds
		\$19,385,771
		22,292,924
		4,417,088
	\$7,583,372	8,434,426
		592,613
\$535,686	1,359,096	4,322,549
	8,974,733	9,472,396
	11,926,096	25,323,831
	38,660	547,619
<u>535,686</u>	<u>29,881,957</u>	<u>94,789,217</u>
	445,229	5,257,415
82	5,057,325	5,057,407
	1,127,141	36,853,715
		130,899
	2,385,038	5,093,797
	3,451,327	8,142,074
	4,553,139	4,553,139
		2,624,979
19,010,828	10,730,206	41,854,768
	144,002	144,002
	62,238	129,403
<u>19,010,910</u>	<u>27,955,645</u>	<u>109,841,598</u>
<u>(18,475,224)</u>	<u>1,926,312</u>	<u>(15,052,381)</u>
468,457		541,410
	540,000	540,000
	(127,500)	(1,451,875)
<u>468,457</u>	<u>412,500</u>	<u>(370,465)</u>
(18,006,767)	2,338,812	(15,422,846)
<u>27,187,694</u>	<u>73,248,750</u>	<u>166,306,628</u>
<u>\$9,180,927</u>	<u>\$75,587,562</u>	<u>\$150,883,782</u>

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CITY OF MANTECA
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 (\$15,422,846)

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.

Capitalized expenditures are therefore added back to fund balance	44,159,183
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$1,546,274 which has already been allocated to serviced funds)	(13,600,927)
Contributions of infrastructure and improvements by developers are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands.	19,925,351
Assets transferred from enterprise funds are added to fund balance	155,377
Retirements of capital assets are deducted from fund balance	(112,560)
Assets transferred to enterprise funds are deducted from fund balance	(258,887)
Assets transferred to internal service funds are deducted from fund balance	(362,997)

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	144,002
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ACCRUAL OF NON-CURRENT ITEMS

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

Unavailable revenue	4,391,824
Contracts and accounts payable	(192,054)
Allowance for conditional grants	(6,647)
Net pension liability and deferred outflows/inflows related to pensions	(5,674,350)
Total OPEB liability and deferred outflows/inflows related to OPEB	(18,583)

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	(2,672,606)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$30,453,280
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See accompanying notes to basic financial statements

CITY OF MANTECA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$17,828,585	\$17,828,585	\$19,385,771	\$1,557,186
Sales taxes	14,186,876	14,186,876	14,339,976	153,100
Other taxes	4,972,800	4,972,800	4,417,088	(555,712)
Licenses and permits	897,635	897,635	851,054	(46,581)
Fines and forfeitures	301,000	301,000	592,613	291,613
Use of money and property	450,000	450,000	1,519,099	1,069,099
Revenue from other agencies	349,455	349,455	497,663	148,208
Charges for current services	7,412,075	7,412,075	7,743,399	331,324
Other revenue	527,650	527,650	352,159	(175,491)
Total Revenues	46,926,076	46,926,076	49,698,822	2,772,746
EXPENDITURES:				
Current:				
General government:				
Legislative	796,025	973,564	895,167	78,397
City Attorney	314,500	314,500	342,997	(28,497)
Administration	1,053,050	1,481,312	1,605,761	(124,449)
Human resources	621,540	643,003	777,380	(134,377)
Financial services	1,225,155	1,272,901	1,190,881	82,020
Total general government	4,010,270	4,685,280	4,812,186	(126,906)
Public safety:				
Police	15,849,297	16,459,351	18,027,361	(1,568,010)
Fire	7,468,975	7,718,609	9,158,856	(1,440,247)
Animal control	400,200	431,005	458,492	(27,487)
Total public safety	23,718,472	24,608,965	27,644,709	(3,035,744)
Library	133,160	133,160	130,899	2,261
Public works:				
Engineering	346,315	354,208	283,451	70,757
Street maintenance	125,170	178,962	103,412	75,550
Storm drain maintenance and operation	577,960	605,638	323,051	282,587
Vehicle maintenance	447,275	482,035	708,969	(226,934)
Building maintenance	1,061,575	1,075,513	1,005,370	70,143
Total public works	2,558,295	2,696,356	2,424,253	272,103

(Continued)

CITY OF MANTECA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks and recreation:				
Park facility maintenance	4,850,800	4,939,850	4,324,980	614,870
Senior center	371,255	416,213	365,767	50,446
Total parks and recreation	<u>5,222,055</u>	<u>5,356,063</u>	<u>4,690,747</u>	<u>665,316</u>
Nondepartmental charges	<u>3,232,940</u>	<u>3,345,465</u>	<u>2,624,979</u>	<u>720,486</u>
Capital outlay	<u>1,452,840</u>	<u>2,232,202</u>	<u>1,490,479</u>	<u>741,723</u>
Total Expenditures	<u>40,328,032</u>	<u>43,057,491</u>	<u>43,818,252</u>	<u>(760,761)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,598,044</u>	<u>3,868,585</u>	<u>5,880,570</u>	<u>2,011,985</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property			72,953	72,953
Transfers (out)	(531,000)	(1,221,000)	(1,324,375)	(103,375)
Total Other Financing Sources (Uses)	<u>(531,000)</u>	<u>(1,221,000)</u>	<u>(1,251,422)</u>	<u>(30,422)</u>
NET CHANGE IN FUND BALANCE	<u>\$6,067,044</u>	<u>\$2,647,585</u>	4,629,148	<u>\$1,981,563</u>
BEGINNING FUND BALANCE			<u>29,265,499</u>	
ENDING FUND BALANCE			<u>\$33,894,647</u>	

See accompanying notes to basic financial statements

CITY OF MANTECA
PUBLIC SAFETY SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE 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:				
Sales taxes	\$7,292,942	\$7,292,942	\$7,952,948	\$660,006
Use of money and property	12,500	12,500	104,248	91,748
Total Revenues	<u>7,305,442</u>	<u>7,305,442</u>	<u>8,057,196</u>	<u>751,754</u>
EXPENDITURES:				
Current:				
Public safety	6,247,550	6,373,063	8,081,865	(1,708,802)
Capital outlay		39,000		39,000
Total Expenditures	<u>6,247,550</u>	<u>6,412,063</u>	<u>8,081,865</u>	<u>(1,669,802)</u>
NET CHANGE IN FUND BALANCE	<u>\$1,057,892</u>	<u>\$893,379</u>	(24,669)	<u>(\$918,048)</u>
BEGINNING FUND BALANCE			<u>4,939,828</u>	
ENDING FUND BALANCE			<u>\$4,915,159</u>	

See accompanying notes to basic financial statements

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges. The City has determined all of its enterprise funds to be major funds in fiscal 2020, as identified below.

WATER 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, but not limited to, administration, operations, capital improvements, maintenance and billing and collection.

SEWER FUND

Accounts for the provision of sewer services to residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.

SOLID WASTE FUND

Accounts for the provision of solid waste collection services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.

GOLF FUND

Accounts for the operations of the City's municipal golf course. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.

CITY OF MANTECA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Total	
ASSETS						
Current assets						
Cash and investments (Note 3)	\$35,244,120	\$56,061,633	\$5,243,180	\$98,512	\$96,647,445	\$17,201,761
Accounts receivables (net of allowance for estimated uncollectible accounts)	582,265	4,637,643	1,331,751	48,324	6,599,983	36,345
Prepaid items						2,416
Total current assets	<u>35,826,385</u>	<u>60,699,276</u>	<u>6,574,931</u>	<u>146,836</u>	<u>103,247,428</u>	<u>17,240,522</u>
Non-current assets						
Restricted cash and investments (Note 3)	3,141,169	11,218,825			14,359,994	201,112
Advances to other funds (Note 4C)	453,082	346,567			799,649	
Employee notes receivable (Note 6)						58,335
Capital assets not being depreciated (Note 7)	10,910,248	20,088,492	116,508	1,022,403	32,137,651	205,642
Capital assets (net of accumulated depreciation) (Note 7)	<u>75,061,985</u>	<u>141,783,660</u>	<u>3,155,606</u>	<u>816,600</u>	<u>220,817,851</u>	<u>1,432,420</u>
Total non-current assets	<u>89,566,484</u>	<u>173,437,544</u>	<u>3,272,114</u>	<u>1,839,003</u>	<u>268,115,145</u>	<u>1,897,509</u>
Total Assets	<u>125,392,869</u>	<u>234,136,820</u>	<u>9,847,045</u>	<u>1,985,839</u>	<u>371,362,573</u>	<u>19,138,031</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions (Note 10)	1,140,785	1,397,938	1,500,415	155,823	4,194,961	428,965
Deferred outflows related to OPEB (Note 11)	211,509	247,303	236,050	70,937	765,799	22,831
Total deferred outflows of resources	<u>1,352,294</u>	<u>1,645,241</u>	<u>1,736,465</u>	<u>226,760</u>	<u>4,960,760</u>	<u>451,796</u>
LIABILITIES						
Current liabilities						
Accounts payable	2,381,196	659,092	405,982	11,405	3,457,675	363,133
Contracts payable	3,102,698	13,459,242			16,561,940	
Accrued liabilities						2,883,429
Refundable deposits	933,986	169,632	20,978		1,124,596	808
Interest payable	690,126	137,671			827,797	
Compensated absences (Note 1G)						709,334
Estimated claims liability (Note 13)						673,042
Revenue bonds (Note 8)	<u>1,410,000</u>	<u>1,525,000</u>			<u>2,935,000</u>	
Total current liabilities	<u>8,518,006</u>	<u>15,950,637</u>	<u>426,960</u>	<u>11,405</u>	<u>24,907,008</u>	<u>4,629,746</u>
Long-term liabilities						
Advances from other funds (Note 4C)	3,184,456	7,333,698			10,518,154	
Compensated absences (Note 1G)						6,384,006
Estimated claims liability (Note 13)						57,192
Revenue bonds (Note 8)	30,544,201	33,812,112			64,356,313	
Net pension liability (Note 10)	7,379,589	8,982,004	9,009,332	975,570	26,346,495	2,644,648
Total OPEB liability (Note 11)	<u>2,895,426</u>	<u>3,530,421</u>	<u>3,544,290</u>	<u>433,516</u>	<u>10,403,653</u>	<u>995,580</u>
Total long-term liabilities	<u>44,003,672</u>	<u>53,658,235</u>	<u>12,553,622</u>	<u>1,409,086</u>	<u>111,624,615</u>	<u>10,081,426</u>
Total Liabilities	<u>52,521,678</u>	<u>69,608,872</u>	<u>12,980,582</u>	<u>1,420,491</u>	<u>136,531,623</u>	<u>14,711,172</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions (Note 10)	266,706	319,677	302,942	37,648	926,973	94,527
Deferred inflows related to OPEB (Note 11)	272,773	318,936	304,424	91,485	987,618	29,442
Total deferred inflows of resources	<u>539,479</u>	<u>638,613</u>	<u>607,366</u>	<u>129,133</u>	<u>1,914,591</u>	<u>123,969</u>
NET POSITION (Note 9):						
Net investment in capital assets	54,018,032	134,015,351	3,272,114	1,839,003	193,144,500	1,839,174
Unrestricted	19,665,974	31,519,225	(5,276,552)	(1,176,028)	44,732,619	2,915,512
Total Net Position	<u>\$73,684,006</u>	<u>\$165,534,576</u>	<u>(\$2,004,438)</u>	<u>\$662,975</u>	<u>\$237,877,119</u>	<u>\$4,754,686</u>

See accompanying notes to basic financial statements

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

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Total	
OPERATING REVENUES						
Charges for services	\$17,426,555	\$22,506,837	\$13,873,134	\$1,044,323	\$54,850,849	\$2,799,628
Insurance premium contribution from other funds						3,293,951
Miscellaneous	34,253	125,848	18,810	28,343	207,254	186,793
Total Operating Revenues	17,460,808	22,632,685	13,891,944	1,072,666	55,058,103	6,280,372
OPERATING EXPENSES						
Personnel services	5,544,111	6,645,852	5,737,255	844,443	18,771,661	2,980,915
Contractual services	321,335	911,993	3,577,671	109,806	4,920,805	221,987
Supplies	5,528,048	1,241,101	582,017	100,499	7,451,665	331,707
Utilities	571,976	1,571,852	12,533	91,072	2,247,433	88,226
Repairs and maintenance	155,449	605,127	119,535	66,453	946,564	886,188
Vehicle maintenance and operations	20,063	26,742	425,472		472,277	
Interdepartmental	1,541,630	1,698,480	1,544,435	27,490	4,812,035	385,848
Insurance	164,610	303,940	186,050	25,160	679,760	2,756,639
Claims						372,402
Depreciation (Note 7)	3,839,476	3,772,092	560,569	60,498	8,232,635	1,546,274
Miscellaneous	94,319	133,681	6,966	2,220	237,186	120,168
Total Operating Expenses	17,781,017	16,910,860	12,752,503	1,327,641	48,772,021	9,690,354
Operating Income (Loss)	(320,209)	5,721,825	1,139,441	(254,975)	6,286,082	(3,409,982)
NONOPERATING REVENUES (EXPENSES)						
Interest income	1,078,729	1,542,338	58,124		2,679,191	179,131
Interest (expense) and fiscal charges	(1,186,851)	(1,685,862)			(2,872,713)	(3,270)
Intergovernmental grants						
Net Nonoperating Revenues (Expenses)	(108,122)	(143,524)	58,124		(193,522)	175,861
Income (Loss) Before Contributions and Transfers	(428,331)	5,578,301	1,197,565	(254,975)	6,092,560	(3,234,121)
Capital grants		3,340,150			3,340,150	
Contributions	3,573,897	3,284,523		294,017	7,152,437	128,015
Transfers in (Note 4A)		328,375		150,000	478,375	433,500
Net Contributions and Transfers	3,573,897	6,953,048		444,017	10,970,962	561,515
Change in net position	3,145,566	12,531,349	1,197,565	189,042	17,063,522	(2,672,606)
BEGINNING NET POSITION (DEFICIT)	70,538,440	153,003,227	(3,202,003)	473,933	220,813,597	7,427,292
ENDING NET POSITION (DEFICIT)	\$73,684,006	\$165,534,576	(\$2,004,438)	\$662,975	\$237,877,119	\$4,754,686

See accompanying notes to basic financial statements

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

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$16,411,052	\$20,965,404	\$13,906,152	\$1,055,110	\$52,337,718	\$7,984,663
Payments to suppliers	(5,577,044)	(7,563,369)	(5,133,374)	(423,556)	(18,697,343)	(4,828,746)
Payments to or on behalf of employees	(4,846,319)	(5,808,866)	(5,032,396)	(731,916)	(16,419,497)	(1,515,302)
Internal activity - payments to other funds	(1,541,630)	(1,698,480)	(1,544,435)	(27,490)	(4,812,035)	
Receipts from employee notes receivable						2,701
Claims paid						(546,952)
Cash Flows from Operating Activities	4,446,059	5,894,689	2,195,947	(127,852)	12,408,843	1,096,364
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental grants						
Interfund receipts	22,910	85,414			108,324	
Transfers in from other funds		328,375		150,000	478,375	433,500
Cash Flows from Noncapital Financing Activities	22,910	413,789		150,000	586,699	433,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets, net	(10,826,608)	(3,241,180)	(963,867)		(15,031,655)	(366,146)
Capital grants		3,340,150			3,340,150	
Long-term debt payment - principal	(1,340,000)	(1,410,000)			(2,750,000)	(128,202)
Long-term debt payment - interest and fiscal charges	(1,413,703)	(1,775,831)			(3,189,534)	(3,270)
Cash Flows from Capital and Related Financing Activities	(13,580,311)	(3,086,861)	(963,867)		(17,631,039)	(497,618)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	1,482,497	1,931,855	75,320		3,489,672	231,299
Cash Flows from Investing Activities	1,482,497	1,931,855	75,320		3,489,672	231,299
Net Cash Flows	(7,628,845)	5,153,472	1,307,400	22,148	(1,145,825)	1,263,545
Cash and investments at beginning of period	46,014,134	62,126,986	3,935,780	76,364	112,153,264	16,139,328
Cash and investments at end of period	\$38,385,289	\$67,280,458	\$5,243,180	\$98,512	\$111,007,439	\$17,402,873

(Continued)

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

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Totals	
Reconciliation of Operating Income (Loss) to Cash Flows						
from Operating Activities:						
Operating income (loss)	(\$320,209)	\$5,721,825	\$1,139,441	(\$254,975)	\$6,286,082	(\$3,409,982)
Adjustments to reconcile operating income (loss) to cash flows						
from operating activities:						
Depreciation	3,839,476	3,772,092	560,569	60,498	8,232,635	1,546,274
Change in assets and liabilities:						
Accounts receivables (net of allowance for estimated uncollectible accounts)	330,834	275,493	4,519	(17,556)	593,290	(8,934)
Related party notes receivable						2,701
Prepaid items						(1,723)
Accounts payable and other accrued expenses	(229,087)	(4,616,561)	(213,441)	(28,346)	(5,087,435)	44,772
Contracts payable	127,253	(95,146)			32,107	
Accrued liabilities						1,560,943
Compensated absences						1,361,374
Claims liability						(174,550)
Net pension liability, deferred outflows and inflows	527,287	637,625	514,569	55,341	1,734,822	157,085
Total OPEB liability, deferred outflows and inflows	170,505	199,361	190,290	57,186	617,342	18,404
Cash Flows from Operating Activities	<u>\$4,446,059</u>	<u>\$5,894,689</u>	<u>\$2,195,947</u>	<u>(\$127,852)</u>	<u>\$12,408,843</u>	<u>\$1,096,364</u>
NONCASH TRANSACTIONS:						
Contributions of capital assets, net	<u>\$3,573,897</u>	<u>\$3,284,523</u>		<u>\$294,017</u>	<u>\$7,152,437</u>	<u>\$128,015</u>
Amortization of bond premium	<u>\$193,315</u>	<u>\$84,094</u>			<u>\$277,409</u>	

See accompanying notes to basic financial statements

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FIDUCIARY FUNDS

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.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

The Fund is used to account for the activities of the Successor Agency to the former Manteca Redevelopment Agency.

CITY OF MANTECA
 FIDUCIARY FUNDS
 STATEMENTS OF FIDUCIARY NET POSITION
 JUNE 30, 2020

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ASSETS	
Cash and investments (Note 3)	\$6,900,819
Restricted cash and investments (Note 3)	82,327
Capital assets, not being depreciated (Note 16C)	3,333,997
Capital assets, being depreciated (net) (Note 16C)	<u>1,991,564</u>
Total Assets	<u>12,308,707</u>
LIABILITIES	
Accounts payable	29,799
Refundable deposits	5,000
Interest payable	966,497
Long-term obligations (Note 16D):	
Due in one year	1,985,000
Due in more than one year	<u>101,237,252</u>
Total Liabilities	<u>104,223,548</u>
NET POSITION (DEFICIT)	
Held in trust for other purposes	<u><u>(\$91,914,841)</u></u>

See accompanying notes to basic financial statements

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

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS	
Property taxes	\$8,463,615
Net investment income	282,708
Gain on sale of property	<u>1,082,894</u>
Total additions	<u>9,829,217</u>
DEDUCTIONS	
Community development	294,481
Depreciation (Note 16C)	125,980
Interest and fiscal charges	6,036,046
Transfer of land sale proceeds to County	2,890,617
Swap termination payment	<u>12,005,000</u>
Total deductions	<u>21,352,124</u>
CHANGE IN NET POSITION	(11,522,907)
NET POSITION HELD IN TRUST FOR OTHER PURPOSES	
Beginning of year	<u>(80,391,934)</u>
End of year	<u><u>(\$91,914,841)</u></u>

See accompanying notes to basic financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Manteca was incorporated as a general law city on May 28, 1918. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, water, solid waste, culture-recreation, public improvements, planning and zoning, general administration services, and redevelopment.

A. Reporting Entity

The accompanying basic financial statements of the City of Manteca include the financial activities of the City as well as the Manteca Financing Authority, which is controlled by and dependent on the City. While this is a separate legal entity, City Council serves in separate session as its governing body and its financial activities are integral to those of the City. The financial activities have been aggregated and merged (termed “blended”) with those of the City in the accompanying financial statements.

The **Manteca Financing Authority** is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority 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 Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Sewer Enterprise Fund. Financial statements for the Manteca Financing Authority component unit may be obtained from the City of Manteca at 1001 West Center Street, Manteca, California, 95337.

The **City of Manteca Housing Authority**, formed in February 2011, is a separate government entity whose purpose is to assist with the housing for the City’s low and moderate income residents. The Housing Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Housing Authority. The Housing Authority did not undertake any transactions during fiscal year 2020. Separate financial statements are not issued for the City of Manteca Housing Authority.

The financial statements of the City of Manteca Recreational Facilities, Inc. are excluded from the City’s basic financial statements because the City does not control the Corporation’s daily operations or operating budgets and because the Corporation has provided its own capital.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, except for interfund services provided and used. Interfund services provided and used are not eliminated in the process of consolidation. 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.

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.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PUBLIC SAFETY SALES TAX – Established to account for all proceeds collected from the levying of the Gang and Drug Prevention, 9-1-1 Emergency and Public Safety Improvement Transactions and Use Tax. Taxes received are to be used solely for the public safety services set forth in the Program Guidelines and Public Safety Expenditure Plan. The Public Safety Expenditure Plan may be amended from time to time by a majority vote of the City Council, so long as the funds are utilized for public safety, police and fire protection services.

LOW AND MODERATE INCOME HOUSING ASSETS FUND – Established to account for revenues and expenditures as a result of the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency and the revenues and expenditures related to the low and moderate income housing program. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

PUBLIC FACILITIES IMPLEMENTATION PLAN FUND - Established to account for the costs incurred for the development of a Public Facilities Implementation Plan. Now that the Plan is functional, this fund accounts for the developer impact fees collected and expended in the construction of the drainage and transportation elements of the Plan. The sewer and water developer impact fees collected and expended in connection with the Plan are accounted for in their respective Enterprise Funds.

REDEVELOPMENT BONDS PROJECTS FUND - Established to account for the financing and construction activities funded with the tax-exempt proceeds from the issuance of the former Manteca Redevelopment Agency's long-term debt.

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

WATER 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, but not limited to, administration, operations, capital improvements, maintenance, billing and collection.

SEWER FUND - Accounts for the provision of sewer services to residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, billing and collection.

SOLID WASTE FUND - Accounts for the provision of solid waste collection services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, billing and collection.

GOLF FUND - Accounts for the operations of the City's municipal golf course. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, billing and collection.

The City also reports the following fund types:

Internal Service Funds. The funds account for vehicle, equipment, payroll tax benefits and insurance; all of which are provided to other departments on a cost-reimbursement basis.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Successor Agency to the Manteca Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. 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.

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 and fines and penalties. Sales taxes collected and held by the State at year-end on behalf of the City also are recognized as revenue.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All Proprietary Funds and Fiduciary Funds are accounted for using the *accrual basis* of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

E. Revenue Recognition for Water, Sewer and Solid Waste

Revenues are recognized based on cycle billings rendered to customers. Revenues for services provided but not billed at the end of a fiscal period are not material and are not accrued.

F. Property Tax

San Joaquin County assesses properties, and it bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the county, which retains all penalties collected.

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

G. Compensated Absences

The liability for compensated absences includes the vested portions of vacation, sick leave and compensated time off, administrative leave and furlough for Safety. 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:

Beginning Balance	\$5,731,966
Additions	5,197,467
Payments	<u>(3,836,093)</u>
Ending Balance	<u>\$7,093,340</u>
Current Portion	<u>\$709,334</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The City has deferred outflows of resources related to pensions and Other Post-Employment Benefits (OPEB) as discussed in Notes 10 and 11.

In addition to liabilities, the statement of net position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets 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. The City has one item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: accounts receivable and notes receivable. The City also has deferred inflows of resources which arise under the full accrual basis of accounting related to pensions and OPEB as discussed in Notes 10 and 11. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

I. *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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. *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.

K. *Reopened Fund*

The Fire Grants Special Revenue Fund was closed during the fiscal year ended June 30, 2019 and reopened during the fiscal year ended June 30, 2020 due to award of a federal public safety grant.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgeting Procedures*

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through the adoption of a resolution.
4. All budget adjustments are approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the department level for the General Fund and at the Fund level for all other funds.
5. Budgets are adopted for all funds, except the Low and Moderate Income Housing Assets Special Revenue Fund, Street Improvements Special Revenue Fund and the Flood Protection Capital Improvement Fund.
6. Formal budgetary integration is employed as a management control device during the year in all funds.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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 MANTECA
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 incurred expenditures in excess of appropriations. Sufficient resources were available within each fund to finance these excesses:

Fund	Excess of Expenditures Over Appropriations
General Fund:	
City Attorney	\$28,497
Administration	124,499
Human resources	134,377
Public Safety:	
Police	1,568,010
Fire	1,440,247
Animal control	27,487
Vehicle maintenance	226,934
Special Revenue Funds:	
Public Safety Sales Tax	1,669,802
Police Grants	39,218
Fire Grants	87,907

The expenditures in the police and fire departments of the General Fund and in the Public Safety Sales Tax Special Revenue Fund were in excess of appropriations primarily due to expenditures related to the CalPERS unfunded accrued liability payments discussed in Note 10 that were not included in appropriations.

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. Investments are carried at fair value.

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 MANTECA
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	\$250,522,927
Restricted cash and investments	<u>25,187,835</u>
Total City cash and investments of primary government	275,710,762
Cash and investments in Fiduciary Funds	6,900,819
Restricted cash and investments in Fiduciary Funds	<u>82,327</u>
Total cash and investments	<u><u>\$282,693,908</u></u>

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

Cash on hand	\$3,575
Deposits with financial institutions	25,123,805
Investments	<u>257,566,528</u>
Total cash and investments	<u><u>\$282,693,908</u></u>

Cash and investments are used in preparing Proprietary Fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

CITY OF MANTECA
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 and Notes	5 years	None	100%	No Limit
Federal Agency or United States Government-Sponsored Enterprise Obligations	5 years	None	100%	No Limit
Mortgage Pass Through Federal Agency Securities	5 years	None	20%	No Limit
California State and Local Agency Obligations	5 years	A	(1)	No Limit
Other State Obligations	5 years	A	(1)	No Limit
Bankers' Acceptances	180 days	Highest Category	40%	15% (2)
Commercial Paper	270 days	Highest Category	25%	15% (3)
Negotiable Certificates of Deposit	5 years	A	30%	15% (2)
Repurchase Agreements	90 days	None	100%	15% (2)
Local Agency Investment Fund	n/a	None	\$75 million/account	\$75 million/account
Time Certificates of Deposit	5 years	None	25%	15% (2)
Medium-Term Corporation Notes	5 years	A	30%	15% (2)
Money Market Funds	n/a	Highest Category	100%	15% (2)
Local Government Investment Pools	n/a	None	50%	No Limit
Supranationals	5 years	AA	30%	No Limit
Asset-Backed Securities	5 years	AA (4)	20%	No Limit

- (1)** Total investments in California State and Local Agency Obligations and Other State Obligations may not exceed 30% of the City's total portfolio.
- (2)** Total value invested in any one issuer may not exceed 5% of the issuer's net worth.
- (3)** Total value invested in any one issuer may not exceed 10% of the outstanding commercial paper of the issuer.
- (4)** Securities eligible for investment shall be issued by an issuer having an "A" or higher rating for the issuers debt.

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

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.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
United States Treasury Bill, Bonds, Notes	5 years	N/A
United States Government Agency Obligations	5 years	N/A
Federal Securities	5 years	N/A
Bankers' Acceptances	30 days to 1 year	A-1
Commercial Paper	270 days to 1 year	A-1
Certificates of Deposit	30 days to 5 years	None to A
Repurchase Agreements	None to 30 days	A-1
Local Agency Investment Fund	n/a	Not rated
Money Market Funds	n/a	AA-m
Investment Agreements	None	None to AA
State and Municipal Bonds, Notes	None	Two Highest Categories
Pre-refunded Municipal Obligations	None	None to AAA
State Obligations	None	A
State Obligations - Direct Short-Term	None	A-1
State Obligations - Special Revenue Bonds	None	AA

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. The City generally manages its interest rate risk by holding investments to maturity.

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

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	36 to 60 Months	Total
<i>Held by City:</i>					
U.S. Treasury Notes		\$28,595,061	\$29,855,173		\$58,450,234
U.S. Government Agency Obligations					
Non-Callable		6,345,628	12,866,852		19,212,480
Mortgage Pass Through Federal Agency Securities		3,004,032	4,161,439	\$1,530,971	8,696,442
Medium Term Corporate Notes					
Callable	\$697,217	3,424,917	714,474		4,836,608
Non-Callable	9,221,008	8,135,919	11,556,426	1,146,960	30,060,313
Negotiable Certificates of Deposit	6,215,581	3,094,354	4,726,239		14,036,174
California Local Agency Investment Fund	40,699,248				40,699,248
Money Market Mutual Funds (U.S. Securities)	13,620				13,620
Supranationals		1,106,469			1,106,469
Asset-Backed Securities		4,002,493	5,869,521	11,933,501	21,805,515
Municipal Bonds		169,915			169,915
California Asset Management Program	8,134,607				8,134,607
<i>Held by Trustees:</i>					
Money Market Mutual Funds (U.S. Securities)	50,344,903				50,344,903
Total Investments	<u>\$115,326,184</u>	<u>\$57,878,788</u>	<u>\$69,750,124</u>	<u>\$14,611,432</u>	<u>\$257,566,528</u>

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. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$75 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule. 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.

CITY OF MANTECA
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 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.

Money market funds are available for withdrawal on demand and at June 30, 2020 and have a weighted average maturity of 41 days.

CITY OF MANTECA
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, except as noted.

Investment Type	AAAm/AAA	AA+/AA/AA-	A+/A/A-	Moody's A3/A2/Baa2	Total
<i>Held by City:</i>					
U.S. Government Agency Obligations					
Non-Callable		\$19,212,480			\$19,212,480
Mortgage Pass Through Federal Agency Securities		8,696,442			8,696,442
Medium Term Corporate Notes					
Callable		1,108,336	\$3,058,830	\$669,442	4,836,608
Non-Callable		4,040,422	21,579,545	4,440,346	30,060,313
Money Market Mutual Funds (U.S. Securities)	\$13,620				13,620
Supranationals	1,106,469				1,106,469
Asset-Backed Securities	21,805,515				21,805,515
Municipal Bonds			169,915		169,915
California Asset Management Program	8,134,607				8,134,607
<i>Held by Trustees:</i>					
Money Market Mutual Funds (U.S. Securities)	50,344,903				50,344,903
Totals	\$81,405,114	\$33,057,680	\$24,808,290	\$5,109,788	144,380,872
<i>Not rated:</i>					
Negotiable Certificates of Deposit					14,036,174
California Local Agency Investment Fund					40,699,248
<i>Exempt from credit rating disclosure:</i>					
U.S. Treasury Notes					58,450,234
Total Investments					\$257,566,528

CITY OF MANTECA
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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments by Fair Value Level:			
U.S. Government Agency Obligations		\$19,212,480	\$19,212,480
Mortgage Pass Through Federal Agency Securities		8,696,442	8,696,442
U.S. Treasury Notes	\$58,450,234		58,450,234
Medium Term Corporate Notes		34,896,921	34,896,921
Negotiable Certificates of Deposit		14,036,174	14,036,174
Supranationals		1,106,469	1,106,469
Asset-Backed Securities		21,805,515	21,805,515
Municipal Bonds		169,915	169,915
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$58,450,234</u>	<u>\$99,923,916</u>	158,374,150
Investments Measured at Net Asset Value Per Share:			
Held by City:			
California Asset Management Program			8,134,607
Investments Measured at Amortized Cost:			
Money Market Mutual Funds (U.S. Securities)			13,620
Held by Trustees:			
Money Market Mutual Funds (U.S. Securities)			50,344,903
Investments Exempt from Fair Value Hierarchy:			
California Local Agency Investment Fund			<u>40,699,248</u>
Total Investments			<u>\$257,566,528</u>

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments classified in Level 1 of the fair value hierarchy were valued using quoted prices in active markets. All investments classified in Level 2 of the fair value hierarchy were valued using matrix pricing techniques maintained by various pricing vendors. These prices were obtained from various pricing sources from our custodian bank. The California Local Agency Investment Fund is exempt from classification in the fair value hierarchy. 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, California Asset Management Program and mutual funds, are set forth below:

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity Wide	Federal Home Loan Mortgage Corporation	U.S. Government Agency Obligations	\$17,020,557

NOTE 4 - INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. During the fiscal year ended June 30, 2020 the transfers were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred	Purpose
Sewer Enterprise Fund	General Fund	\$328,375	A, B
Golf Enterprise Fund	General Fund	150,000	C
Non-Major Governmental Funds	General Fund	540,000	B
Internal Service Funds	General Fund	306,000	D
Internal Service Funds	Non-Major Governmental Funds	127,500	D
		\$1,451,875	

- A Transfer 50% of the business license tax collections to lower the PFIP Sewer Fee, in accordance with the 2013 Public Facilities Implementation Plan Update
- B To fund capital projects or operations
- C To fund operations
- D To fund information technology, vehicles and equipment

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

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

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. At June 30, 2020, interfund balances were as follows:

Due From Funds	Due To Funds	Amount
General Fund	Non-Major Governmental Funds	\$121,144

C. Long-Term Interfund Advances

At June 30, 2020, the funds below had made advances that are not expected to be repaid within the next year. These long-term interfund advances are expected to be repaid out of future developer fees.

(Asset) Fund Making Advance	(Liability) Fund Receiving Advance	Amount of Advance
General Fund	Public Facilities Implementation Plan Fund	\$1,081,780
Public Facilities Implementation Plan Fund	Water Enterprise Fund	3,097,495
	Sewer Enterprise Fund	7,060,896
Water Enterprise Fund	Public Facilities Implementation Plan Fund	180,280
	Sewer Enterprise Fund	272,802
Sewer Enterprise Fund	Public Facilities Implementation Plan Fund	259,606
	Water Enterprise Fund	86,961
Non-Major Governmental Funds	Non-Major Governmental Funds	742,077
	Total Advances	\$12,781,897

Public Facilities Implementation Plan

Advances above in the amount of \$12,039,820 have been made between the Public Facilities Improvement Plan, General Fund, Water, and Sewer Funds in coordination with the City's adopted Public Facilities Implementation Plan. The long-term interfund advances to and from these funds were made in accordance with this Plan and are expected to be repaid out of future developer fees over the next fifteen years.

During the fiscal year 2011 the Public Facilities Implementation Plan Fund made an additional advance to the Sewer Enterprise Fund in the amount of \$5,000,000 which is included in the balance above. The advance bears interest at an annual rate of 2%.

Fire Station #5 Advance

During fiscal year 2019 the Development Mitigation Special Revenue Fund made an advance to the Government Building Facilities Capital Projects Fund in the amount of \$1,850,000 for the construction of Fire Station #5. Interest on the advance will be calculated on the outstanding balance (principal and unpaid interest) each June 30, beginning on June 30, 2020, based on the LAIF interest rate plus 1%. Loan repayments began July 1, 2019, and will be complete once principal and interest are paid in full. A portion of the loan (\$300,000) is expected to be repaid from proceeds from a developer's future sale of land that had previously been earmarked for the location of Fire Station #5.

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

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

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.

NOTE 5 - REDEVELOPMENT AGREEMENTS AND NOTES RECEIVABLE

The former Redevelopment 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 Redevelopment Agency's housing activities and as a result the Low and Moderate Income Housing Asset Fund assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund. The balances of the notes receivable in the Low and Moderate Income Housing Asset Fund at June 30, 2020 are set forth below:

A. Summary of Notes Receivable and Deferred Revenue

The City has deferred the recognition of revenues from the proceeds of the Notes. At June 30, 2020, these Notes totaled:

HOPE Shelter	\$1,206,037
Habitat for Humanity	10,000
Down Payment Assistance Program	1,430,545
Residential Rehabilitation	86,274
First-Time Homebuyer Program	60,000
Mid-Peninsula Housing Coalition	2,500,000
Eden Housing Inc. - Union Court Apartments	2,593,742
Eden Housing Inc. - Senior Housing	1,680,932
Manteca Senior Housing, LLC - Affirmed Housing	750,000
Senior Rehabilitation Loans	13,118
Manteca Atherton Associates - Juniper Apartments	12,750,000
Total notes receivable	<u>23,080,648</u>
Less: Allowance for conditional grants	<u>(784,208)</u>
Net long-term notes receivable	<u><u>\$22,296,440</u></u>

Unavailable revenue at June 30, 2020 consisted of the outstanding balances of the above notes.

B. HOPE Shelter

In fiscal year 1998, the Agency loaned \$14,842 to the Helping Others Provide Encouragement (HOPE) Shelter for the replacement of windows at a facility for rent to very-low-income tenants and \$150,000 was loaned for the rehabilitation of a different property leased by HOPE. If the facility is used for the stated purpose for fifteen years, the Agency will forgive the Loans and the due date or potential forgiveness date was June 1, 2013. The loans were forgiven during fiscal year 2014.

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

NOTE 5 - REDEVELOPMENT AGREEMENTS AND NOTES RECEIVABLE (Continued)

On August 3, 2010, the Agency entered into a Predevelopment Loan Agreement with HOPE in the amount of \$188,750, secured by a promissory note, to fund the design phase of the rehabilitation of the Shelter and to create seven new units with thirty-five beds. On November 16, 2010, the Agency entered into an Owner Participation and Loan Agreement with HOPE to loan an additional \$1,243,440 to fund the construction phase of the rehabilitation of the Shelter. This loan is secured by a deed of trust and bears simple interest of one percent from the date of each disbursement of loan funds, if the new rental units are used for affordable housing for low and moderate income households for fifty-five years after completion of construction. The Agency agreed to forgive the loan after fifty-five years if the facility is used for the stated purpose. During the fiscal year ended June 30, 2013 the City forgave the predevelopment loan in the amount of \$188,750.

As of June 30, 2020, HOPE had drawn down \$1,206,037 of the available loans and no further drawdowns are expected.

C. *Habitat for Humanity*

In March 1998 the Agency loaned \$10,000 to the Habitat for Humanity, to be used toward the purchase of property to construct an affordable housing unit. Habitat has signed a promissory note secured by a deed of trust. The loan only becomes due if the property is not maintained as affordable housing. If the property is used for the stated purpose for thirty years, the City will forgive the loan.

D. *Down Payment Assistance Program*

The Moderate Income Housing Down Payment Assistance Program was established in 2004 to provide financing for homebuyers with moderate income who are unable to qualify for a home purchase without down payment assistance. At June 30, 2020, loans related to this Program in the amount of \$1,430,545 had been extended. These loans are secured by second deeds of trust, and bear no interest. These promissory notes are due if the home is sold, equity is removed, home is non-owner occupied, or after 40 years.

E. *Residential Rehabilitation Loans*

During fiscal year 2003 the Redevelopment Agency began the Residential Rehabilitation Matching Grant Program under which it made loans to real property owners in the Redevelopment Area for the purpose of making property improvements. The Agency agreed to forgive the loans after five years based on program provisions; the loans bear eight percent interest due from date of closing applicable only in case of default. At June 30, 2020, loans receivable under this program totaled \$86,274.

F. *First-Time Homebuyer Loan Program*

In January 2002 the Agency engaged in a First-Time Homebuyer Down Payment Assistance Program designed to encourage home ownership among low-and-moderate-income households. Under this program, an interest free loan up to \$60,000 is provided to eligible households to be used as part of the down payment for the purchase of home in the City of Manteca. These promissory notes are secured by second deeds of trust and due forty years from the date the property was purchased. The balance of the notes receivable arising from this program at June 30, 2020 was \$60,000.

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

NOTE 5 - REDEVELOPMENT AGREEMENTS AND NOTES RECEIVABLE (Continued)

G. *Mid-Peninsula Housing Coalition*

In March 2006, the Manteca Redevelopment Agency entered into a loan agreement with the Mid-Peninsula Housing Coalition for affordable housing. Under the terms of the agreement, the Agency loaned \$2,500,000 to partially fund the acquisition of the property to be used for the construction of affordable rental housing. The note bears interest of 3% interest. Repayment of the loan will commence on April 30 of the year after the completion of construction of the project. Principal and interest payments will be due annually and equal to 50% of residual receipts, if any, as defined in the loan agreement. The loan is due in full no later than December 31, 2065. The agreement is secured by a deed of trust. Mid-Peninsula Housing Coalition is in default on the loan. The City is in negotiations to resolve the issue.

H. *Eden Housing Inc. – Union Court Apartments*

On September 1, 2000, the Agency agreed to loan \$2,593,742 to Eden Housing Inc., for the acquisition and rehabilitation of the Union Court Apartments. The loan is secured by a second deed of trust, bears interest at one percent and is due in 2055.

I. *Eden Housing Inc. – Senior Housing (Almond Terrace)*

On June 5, 2000, the Agency agreed to loan Eden Housing Inc. up to \$900,000 at three percent interest to assist with the acquisition of two parcels and construction of fifty units of affordable rental housing for very-low-income seniors. On April 17, 2002, the Agency loaned an additional \$781,000 to increase the total amount of loan to \$1,681,000 in order to help Eden Housing Inc. complete the construction. The loan is secured by a deed of trust. If Eden Housing sells or transfers any of the parcels prior to the June 5, 2030 due date, the unpaid principal and interest on those parcels become due. As of June 30, 2020, Eden Housing had drawn down the loan in the amount of \$1,680,932.

J. *Manteca Senior Housing Inc. – Affirmed Housing*

On March 22, 2007, the Agency agreed to loan Manteca Senior Housing Inc. \$750,000 along with a grant of \$2,000,000 to be used for the acquisition and development costs for the fifty-two-unit apartment complex available for low income households. The Agency agreed to forgive the loan after fifty-five years based on program provisions; the loan bears a three percent interest due from date of closing applicable only in case of default. If there are residual receipts, the developer must pay to the City fifty percent of the receipts. At June 30, 2020, \$750,000 has been drawn down from the loan, and all \$2,000,000 of the grant has been drawn down.

K. *Senior Rehabilitation Loans*

During fiscal year 2010, the Agency began the Senior Rehabilitation Loan Program under which it made loans up to \$7,500 to senior citizens in the Redevelopment Area for the purpose of making property improvements. The terms and conditions of the loans are dependent upon the income of the applicants. At June 30, 2020, loans receivable under this program totaled \$13,118.

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

NOTE 5 – REDEVELOPMENT AGREEMENTS AND NOTES RECEIVABLE (Continued)

L. *Manteca Atherton Associates – Juniper Apartments*

On December 21, 2010, the Agency entered into an Owner Participation and Loan Agreement under which it agreed to loan \$12,250,000 to Manteca Atherton Associates to finance the construction of the Juniper Apartments, a 153-unit affordable housing complex. The Agreement was amended in March 2011 to increase the loan to \$12,750,000, payable as follows: \$4,530,644 of the loan is to pay the cost of the City development fees, \$4,301,069 is to pay for the cost of acquiring the land and construction costs, and \$3,918,287 is to be disbursed upon completion of the project to repay other sources of construction financing. The loan is secured by a deed of trust and bears simple interest of one percent from the date of each disbursement of loan funds. The loan is repayable from residual receipts, as defined in the agreement, beginning twelve months after the issuance of the certificate of occupancy, which was issued on October 10, 2012, and all unpaid principal and interest on the loan is due fifty-five years after the issuance of the certificate of occupancy.

The Agency disbursed the loan to an escrow account from which the developer drew the funds as eligible costs were incurred. The balance of the loan receivable as of June 30, 2020 is \$12,750,000.

M. *Conditional Grants*

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

NOTE 6 – EMPLOYEE NOTES RECEIVABLE

All full-time City employees who have completed their probationary period are eligible to obtain an interest free loan of up to \$3,000 to purchase a computer. All requests for loans are subject to review by the employee's department manager and must be approved by the Finance Director. Repayment of these loans is handled through payroll deductions which are spread out equally over a three-year period. Employees must repay the outstanding balance of their loans upon ending their employment with the City. As of June 30, 2020, 52 employees had notes totaling \$58,335 due to the City.

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

NOTE 7 – CAPITAL ASSETS

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. The City’s practice is to capitalize all assets with costs exceeding the \$5,000 threshold.

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 listed below to capital assets:

Buildings and Improvements	30 years
Machinery and Equipment	5-15 years
Storm Drain	50 years
Streets	30 years
Parks	15-30 years
Sewer Lines and Improvements	50 years
Water Wells and Lines	50 years
Sewer Plant Expansion	10-20 years
Water Rights	25 years

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

NOTE 7 – 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 and improvements	\$61,117,509	\$286,470	(\$104,050)	\$6,250	\$61,306,179
Construction in progress	34,657,943	43,238,029	(8,510)	(9,954,527)	67,932,935
Total capital assets not being depreciated	<u>95,775,452</u>	<u>43,524,499</u>	<u>(112,560)</u>	<u>(9,948,277)</u>	<u>129,239,114</u>
Capital assets being depreciated:					
Buildings and improvements	37,757,950	31,183		311,975	38,101,108
Machinery and equipment	21,284,439	1,050,051		1,355,495	23,689,985
Storm drain	56,619,486	2,341,065		151,169	59,111,720
Streets	214,420,929	14,207,002		7,855,104	236,483,035
Parks	67,457,236	3,061,898		171,024	70,690,158
Total capital assets being depreciated	<u>397,540,040</u>	<u>20,691,199</u>		<u>9,844,767</u>	<u>428,076,006</u>
Less accumulated depreciation for:					
Buildings and improvements	(13,236,106)	(1,017,108)			(14,253,214)
Machinery and equipment	(15,003,292)	(2,745,560)			(17,748,852)
Storm drain	(14,360,991)	(1,164,072)			(15,525,063)
Streets	(79,132,848)	(7,500,772)			(86,633,620)
Parks	(25,339,474)	(2,719,689)			(28,059,163)
Total accumulated depreciation	<u>(147,072,711)</u>	<u>(15,147,201)</u>			<u>(162,219,912)</u>
Net capital assets being depreciated	<u>250,467,329</u>	<u>5,543,998</u>		<u>9,844,767</u>	<u>265,856,094</u>
Governmental activity capital assets, net	<u>\$346,242,781</u>	<u>\$49,068,497</u>	<u>(\$112,560)</u>	<u>(\$103,510)</u>	<u>\$395,095,208</u>

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

NOTE 7 – CAPITAL ASSETS (Continued)

<i>Business-type activities</i>	Balance at June 30, 2019	Additions	Transfers	Balance at June 30, 2020
Capital assets not being depreciated:				
Land and improvements	\$4,394,232			\$4,394,232
Construction in progress	48,869,823	\$13,855,816	(\$34,982,220)	27,743,419
Total capital assets not being depreciated	<u>53,264,055</u>	<u>13,855,816</u>	<u>(34,982,220)</u>	<u>32,137,651</u>
Capital assets being depreciated:				
Sewer lines and improvements	66,914,288	3,450,976	64,392	70,429,656
Water wells, pipelines and water rights	118,903,280	3,573,897	7,961,887	130,439,064
Buildings and improvements	8,678,080		520,993	9,199,073
Machinery and equipment	21,459,329	1,199,893	285,857	22,945,079
Infrastructure	165,424			165,424
Sewer plant expansion	96,464,981		26,252,601	122,717,582
	<u>312,585,382</u>	<u>8,224,766</u>	<u>35,085,730</u>	<u>355,895,878</u>
Less accumulated depreciation for:				
Sewer lines and improvements	(21,225,082)	(1,373,980)		(22,599,062)
Water wells, pipelines and water rights	(53,257,391)	(3,444,561)		(56,701,952)
Buildings and improvements	(5,257,370)	(209,087)		(5,466,457)
Machinery and equipment	(15,524,690)	(1,453,861)		(16,978,551)
Infrastructure	(54,661)	(6,568)		(61,229)
Sewer plant expansion	(31,526,198)	(1,744,578)		(33,270,776)
	<u>(126,845,392)</u>	<u>(8,232,635)</u>		<u>(135,078,027)</u>
Net capital assets being depreciated	<u>185,739,990</u>	<u>(7,869)</u>	<u>35,085,730</u>	<u>220,817,851</u>
Total Business-type activity capital assets, net	<u>\$239,004,045</u>	<u>\$13,847,947</u>	<u>\$103,510</u>	<u>\$252,955,502</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 MANTECA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 7 – 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:

Governmental Activities	
General government	\$156,807
Community development	46,179
Public safety	781,899
Public works	2,193,328
Parks and recreation	3,049,170
Streets and highways	7,373,544
Internal Service Funds	1,546,274
Total Governmental Activities	\$15,147,201
Business-Type Activities	
Water	\$3,839,476
Sewer	3,772,092
Solid waste	560,569
Golf	60,498
Total Business-Type Activities	\$8,232,635

NOTE 8 – 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	Retirements	Balance June 30, 2020	Current Portion
Governmental Activity Debt:					
Capital Leases - Direct Borrowing					
Chipper Truck, 3.39%	\$150,000	\$32,051	\$32,051		
IT Equipment (Internal Service), 3.39%	600,000	128,202	128,202		
Fire Engine, 3.55%	580,000	227,912	111,951	\$115,961	\$57,470
Total Governmental Activity Debt	\$1,330,000	\$388,165	\$272,204	\$115,961	\$57,470
Business-type Activity Debt:					
Sewer Revenue Bonds					
Series 2009 Bonds, 4.875-5.75%	\$19,000,000	\$19,000,000		\$19,000,000	
Series 2012 Refunding Bonds, 2.00 - 4.00%	22,690,000	15,855,000	\$1,410,000	14,445,000	\$1,525,000
Net premium		1,976,206	84,094	1,892,112	
Water Revenue Bonds					
Series 2012 Refunding Bonds, 2.00 - 5.00%	35,840,000	28,945,000	1,340,000	27,605,000	1,410,000
Net premium		4,542,516	193,315	4,349,201	
Total Business - Type Activity Debt	\$77,530,000	\$70,318,722	\$3,027,409	\$67,291,313	\$2,935,000

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

NOTE 8 – LONG TERM DEBT (Continued)

B. Capital Lease Obligations

On May 25, 2015, the City entered into a direct borrowing lease agreement in the amount of \$750,000 with HSE Leasing, LLC for the purchase of information technology equipment and a Chipper Truck. The lease interest and principal payments begin on November 25, 2015 and are due every six months on the 25th with a final payment on May 25, 2020. The lease contains a provision that in an event of default, the lessor may declare all contract payments and other amounts outstanding immediately due and payable, and the lessor may require the City to return the equipment at the City's expense or exercise any and all rights and remedies available to it under applicable law, in which the City will pay all reasonable fees and expenses incurred by the lessor and those of its attorneys. The final lease payment was made during the fiscal year ended June 30, 2020.

On July 1, 2015, the City entered into a \$580,000 direct borrowing lease agreement with HSE Leasing LLC for the purchase of a fire engine. The lease interest and principal payments are due semi-annually on each June 23 and December 23 with a final payment on December 23, 2021. The lease contains a provision that in an event of default, the lessor may declare all contract payments and other amounts outstanding immediately due and payable, and the lessor may require the City to return the equipment at the City's expense or exercise any and all rights and remedies available to it under applicable law in which the City will pay all reasonable fees and expenses incurred by the lessor and those of its attorneys.

C. Sewer Revenue Bonds

On May 27, 2009 the Manteca Financing Authority issued the 2009 Sewer Revenue Bonds Series 2009 in the amount of \$19,000,000 to finance the City's expansion and upgrade of its Wastewater Quality Control Facility. The 2009 Revenue Bonds are secured on parity with the 2003 Sewer Revenue Bonds Series 2003A and 2003B, by installment payments payable by the City of Manteca under the Installment Sales Agreement dated December 1, 2003 as amended by Amendment 1 dated June 1, 2009. The installment payments are special limited obligations of the City and are secured by a pledge of and lien on the net revenues of the City's sewer system.

On December 11, 2012, the City issued Sewer Revenue Refunding Bonds, Series 2012 in the original principal amount of \$22,690,000 at interest rates that range from 2.00-4.00% to provide for a refunding of the Manteca Financing Authority's outstanding 2003A and 2003B Sewer Revenue Bonds. During fiscal year 2014, the 2003A and 2003B bonds were called and fully retired. Principal payments are due annually on December 1, with interest payments payable semi-annually on December 1 and June 1 through December 1, 2033. Repayment of these bonds is from a pledge of revenue from the Sewer Enterprise Fund.

The City has pledged future sewer revenues, net of specified operating expenses, to repay the 2009 and 2012 Sewer Revenue Bonds through 2036. Projected net customer revenues are expected to provide coverage over debt service of at least 125% over the life of the bonds. The Sewer Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$50,474,105. The Sewer Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$3,097,291 and \$11,036,255, respectively.

The 2009 and 2012 Bonds contain a provision that in an event of default, the Trustee may declare the principal of the bonds, together with all accrued interest at the date of default, immediately due and payable, or exercise any and all rights and remedies available to it under applicable law, including the right to enforce from the City all payments due on the 2009 and 2012 Bonds, and the City will pay all reasonable fees and expenses incurred by the Trustee and those of its attorneys.

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

NOTE 8 – LONG TERM DEBT (Continued)

D. Water Revenue Bonds

On December 11, 2012, the City issued Water Revenue Refunding Bonds, Series 2012 in the original principal amount of \$35,840,000 at interest rates that range from 2.00-5.00% to provide for a refunding of the Manteca Financing Authority's outstanding 2003A Water Revenue Bonds. During fiscal year 2014, the 2003 Water Revenue Bonds were called and fully retired. Principal payments are due annually on July 1, with interest payments payable semi-annually on July 1 and January 1 through July 1, 2033. Repayment of these bonds is from a pledge of revenue from the Water Enterprise Fund.

The City has pledged future water customer revenues, net of specified operating expenses, to repay the Water Revenue Bonds through 2033. Annual principal and interest payments on the bonds are expected to require less than 125% of net water revenues. The Water Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$38,351,625. The Water Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$2,753,750 and \$4,597,996, respectively.

The 2012 Bonds contain a provision that in an event of default, the Trustee may declare the principal of the bonds, together with all accrued interest at the date of default, immediately due and payable, or exercise any and all rights and remedies available to it under applicable law, including the right to enforce from the City all payments due on the 2012 Bonds, and the City will pay all reasonable fees and expenses incurred by the Trustee and those of its attorneys.

E. 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	
	Direct Borrowing		Principal	Interest
	Principal	Interest		
2021	\$57,470	\$2,059	\$2,935,000	\$2,958,916
2022	58,491	1,038	3,135,000	2,823,716
2023			3,310,000	2,679,141
2024			3,525,000	2,508,266
2025			2,910,000	2,347,740
2026-2030			17,545,000	9,456,303
2031-2035			20,815,000	4,600,731
2036-2037			6,875,000	400,917
Total	<u>\$115,961</u>	<u>\$3,097</u>	61,050,000	<u>\$27,775,730</u>
Plus: Bond Premiums			6,241,313	
Gross Long Term Debt			<u>\$67,291,313</u>	

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

For 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 proprietary refunded debt and the debt issued to refund it is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter.

CITY OF MANTECA
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, and redevelopment funds restricted to low-and-moderate-income purposes.

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. 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 MANTECA
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	Special Revenue			Capital Projects		Other Governmental Funds	Total
	General Fund	Public Safety Sales Tax	Low and Moderate Income Housing Assets	Public Facilities Implementation Plan	Redevelopment Bonds Projects		
Nonspendable:							
Items not in spendable form:							
Advance	\$1,081,780						\$1,081,780
Total Nonspendable Fund Balances	1,081,780						1,081,780
Restricted for:							
Health Reimbursement Arrangement	468,942						468,942
Low and Moderate Income Housing Projects			\$440,678				440,678
Transportation Projects						\$25,976,507	25,976,507
Development Services Projects						17,073,468	17,073,468
Public Safety Projects		\$4,915,159				765,487	5,680,646
Parks Projects						7,153,962	7,153,962
Major Equipment Purchases						854,482	854,482
Landscaping and Lighting Projects						1,308,257	1,308,257
City and Public Facilities Projects				\$26,864,809	\$9,180,927	20,055,526	56,101,262
Flood protection						632	632
Total Restricted Fund Balances	468,942	4,915,159	440,678	26,864,809	9,180,927	73,188,321	115,058,836
Committed to:							
Recreation Programs						151,617	151,617
Total Committed Fund Balances						151,617	151,617
Assigned to:							
Capital Projects						2,464,870	2,464,870
Fiscal Stability	13,728,815						13,728,815
Pension	2,288,136						2,288,136
Economic Development	2,500,000						2,500,000
Public Facilities Oversizing	1,582,481						1,582,481
Capital Facilities	1,372,881						1,372,881
Technology	1,372,881						1,372,881
Total Assigned Fund Balances	22,845,194					2,464,870	25,310,064
Unassigned:							
General Fund	9,498,731						9,498,731
Fund balance deficits						(217,246)	(217,246)
Total Unassigned Fund Balances	9,498,731					(217,246)	9,281,485
Total Fund Balances	\$33,894,647	\$4,915,159	\$440,678	\$26,864,809	\$9,180,927	\$75,587,562	\$150,883,782

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

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

C. *Minimum Fund Balance Policies and Stabilization and Contingency Arrangements*

The objective of the City’s Fund Balance Reserve Policy (Resolution 2020-111, adopted by Council action on June 16, 2020) is to establish adequate levels of fund balance reserve that will provide the City the resources necessary for financial stabilization, particularly during times of unforeseen emergencies and economic downturns. Industry best practices were used in establishing fund balance reserve levels including a target range for General Fund Operating Reserves and Emergency Reserves (Unassigned Fund Balance) of a combined total of no less than 17% of expenditures and up to 25%, depending upon identified risk factors. The fund balance reserve level should be set such that the fund balance reserve can withstand at least two negative budgetary events. The goal of the Policy is to maintain reserves at or near the 25% reserve. A planned draw down of the unassigned fund balance should not exceed 3% of the budgeted revenues unless determined necessary by the City Manager and approved by a vote of the Council. Fund balance reserves should be funded at 100% at June 30th each year if sufficient funds are available. If sufficient funds are not available, a plan to replenish the reserves back to the minimum required amount within five years, shall be presented to the City Council, by the following year’s budget adoption.

For Enterprise Funds, the target for working capital was established at baseline of 90 days working capital or 25% of operating expenses.

The Reserve Policy created six types of General Fund reserves in order of priority as follows:

Fiscal Stability Reserve: The City will strive to maintain an unrestricted fund balance of at least 25% of operating expenditures in the General Fund based upon the annual adopted budget.

This fund balance reserve is set up to provide for adequately addressing:

- Revenue source stability, local disasters and other financial hardships or downturns in the local or national economy.
- Contingencies for unseen operating or capital needs.
- Dependency of other funds on the General Fund.
- Cash flow requirements.

The target of at least 25% of operating expenses will be determined in conjunction with the City’s budget process and will be established based on the annual adopted budget.

This committed fund balance reserve is limited for use under currently budgeted operations and should not be used to fund new programs or new positions added outside of the current fiscal year budget.

Circumstances where taking reserves below policy levels would be appropriate include responding to the risks that reserves are intended to mitigate, such as:

- One-time uses in meeting cash-flow needs; closing a projected *short-term* revenue-expenditure gap; responding to unexpected expenditure requirements or revenue shortfalls; natural disasters and liability reductions, revenue base improvements, productivity improvements and other strategies that will strengthen City revenues or reduce future costs.

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

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

However, reserves should not be used to fund ongoing costs or projected systemic “gaps.” Stated simply, reserves should only be used once, so the use should be restricted to one-time (or short-term) uses.

In accordance with generally accepted accounting principles, when the unrestricted balance at fiscal year-end meets or is less than this target, the amount will be shown as “assigned” in the City’s audited financial statements.

Pension Stabilization Reserve: The purpose of this reserve is to mitigate the operational impact of employer contribution rate volatility, as well as to set aside funding for strategic opportunities to reduce the City’s pension liability. The City will strive to maintain an assigned fund balance of at least 5% of operating expenditures in the General Fund. This assigned fund balance shall serve as a source of funding for situations included but not limited to:

- Mitigating the impact of a significant year-over-year increase in employer contribution rates due to actions outside of the City’s control, such as low investment returns in the CalPERS portfolio and or changes to actuarial assumptions.
- Take advantage of opportunities to make non-recurring payments to CalPERS that will reduce the City’s Pension liabilities, such as paying down or paying off unfunded liabilities earlier than scheduled.

In addition to the Pension Stabilization Reserve, any un-used pension benefits, as a result of vacant positions, budgeted for each fiscal year, will be used to make a one-time payment to pay down the City’s unfunded liability.

Economic Development Reserve: Due to the dissolution of redevelopment agencies, enterprise zones and other incentives in the state, locally designated funds for economic development purposes are needed to promote the development job creation, downtown revitalization, city-wide marketing and other strategies to stimulate the local economy.

The funds for this reserve assignment will come from a pro-rata portion of residual property tax generated from the former redevelopment project areas in excess of State-approved Enforceable Obligations.

At June 30th each year any Economic Development Reserve balance in excess of \$2,500,000 will be transferred to the General Fund Unassigned Reserve.

Public Facilities Oversizing Reserve: In June 1994, the City Council adopted Ordinance No. 998, imposing a Business License Tax on the Business of Constructing Residential Dwelling Units in the City. While the revenues generate from this tax are general in nature, the tax was adopted in conjunction with the City’s Public Facilities Implementation Plan (PFIP) to fund required public facilities oversizing in the central and “core” areas of the City.

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

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

In February 2013, Council approved the updated PFIP. Per Section 2 (H)(3) of the adopted plan, 50% of the revenue received from this tax is to be transferred to the PFIP Sewer Fund to help lower the PFIP Sewer Fee. The remaining 50% of the revenue received will be assigned to Public Facilities Oversizing Reserve. The use of these funds shall be restricted to projects identified in the City’s adopted Capital Improvement Plan.

Capital Facilities Reserve: The City will pre-fund anticipated capital needs for General Fund Departments by establishing a dedicated assigned fund balance for major capital improvements for City-owned or operated buildings such as roofs, HVAC, parks, irrigation wells and improvements needed to comply with the Americans with Disabilities Act (ADA). This policy is primarily intended for facility capital repairs. Planning for new City facilities shall be governed by the policies set forth in the City's Government Building Facilities Fee study.

The City will establish an amount of 3% of General Fund operating expenditures based on the subsequent year’s budget to be used exclusively for capital items described within this Article, with a maximum reserve of \$1,500,000.

Technology Reserve: The City will pre-fund major anticipated capital needs for Technology replacement and upgrade needs by establishing a dedicated assigned fund balance reserve to be funded through annual budget appropriations. Major capital needs may include, but are not limited to, Enterprise Resource Planning (ERP) software replacement, Virtual Storage Upgrades/Replacement and Fiber Optic deployment.

The City will establish an amount of 3% of General Fund operating expenditures based upon the subsequent year’s budget to be used exclusively for major hardware and software items described within this Article, with a maximum reserve of \$1,500,000.

The reserve target and the actual balance of each reserve for the year ended June 30, 2020, which are reported within the assigned fund balance of the General Fund follows:

	Minimum or Maximum Reserve	Reserve as of June 30, 2020
General Fund:		
Assigned Fund Balance:		
Fiscal Stability	\$13,728,815	\$13,728,815
Pension Stabilization	2,288,136	2,288,136
Economic Development	2,500,000	2,500,000
Public Facilities Oversizing	1,582,481	1,582,481
Capital Facilities	1,500,000	1,372,881
Technology	1,500,000	1,372,881
Total Assigned Fund Balance		\$22,845,194

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

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

In addition to the General Fund Reserves, the Reserve Policy also established the following:

Public Safety Sales Tax Fund - The City will strive to maintain a fund balance of at least 50% of operating expenditures in the Public Safety Sales Tax Fund consistent with the risk assessment methodology for setting reserve levels developed by the Government Finance Officers Association inadequately addressing:

- a) Higher levels of fund balance may be needed if significant revenue sources are subject to instability and downturns in the local or national economy.
- b) Dependency of the Public Safety Sales Tax Fund on the General Fund.

This committed fund balance reserve is limited for use under currently budgeted operations and should not be used to fund new programs or new positions added outside of the current fiscal year budget.

Circumstances where taking reserves below policy levels would be appropriate include responding to the risks that reserves are intended to mitigate, such as one-time uses in meeting cash-flow needs; closing a projected short-term revenue-expenditure gap; responding to unexpected revenue shortfalls.

Self Insurance Fund - The City will strive to maintain a fund balance of at least 50% of operating expenditures in the Self Insurance Fund consistent with the risk assessment methodology for setting reserve levels developed by the Government Finance Officers Association in adequately addressing:

- a) Higher levels of fund balance may be needed if significant operating expenditures are highly volatile or have unpredictable fluctuations.
- b) Dependency of the Self Insurance Fund on the General Fund.

This committed fund balance reserve is limited for use under currently budgeted operations and should not be used to fund new programs or new positions added outside of the current fiscal year budget.

Circumstances where taking reserves below policy levels would be appropriate include mitigating the impact of a significant year-over-year increase in insurance premiums, unanticipated legal expenses due to negotiated settlements, and short-term revenue-expenditure gaps.

D. Deficit Fund Balances and Accumulated Deficits

At June 30 2020, the Fire Grants Special Revenue Fund had deficit fund balance of \$87,907 and the Solid Waste Enterprise Fund, Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund and Equipment Internal Service Fund had deficit net position of \$2,004,438, \$91,914,841 and \$593,820, respectively.

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

NOTE 10 – PENSION PLANS

A. Plan Descriptions and Summary of Balances by Plan

The City has three defined benefit pension plans, a Miscellaneous Plan, a Safety (Police and Fire) Plan, and a Retirement Enhancement Plan. The Miscellaneous Plan is an Agent-Multiple Employer Plan and the Safety Plan is a Cost-Sharing Multiple Employer Plan, both of which are administered by the California Public Employees’ Retirement System (CalPERS). The Retirement Enhancement Plan is an Agent-Multiple Employer Plan administered by the Public Agency Retirement System (PARS). Benefit provisions under the Plans are established by State statute and City Ordinance. The PARS Plan is closed to new participants.

All qualified permanent and probationary employees are eligible to participate in the separate Safety (police and fire) Plan, a cost-sharing multiple employer defined benefit pension plan administered by CalPERS and Miscellaneous (all other) Plan, an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. 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. PARS issues publicly available reports that may be requested from PARS via email at info@pars.org.

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 Miscellaneous and Safety 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 or PARS. 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.

For the year ended June 30, 2020, total pension expense for the Miscellaneous, Safety and PARS Retirement Enhancement plans amounted to \$20,615,274.

Below is a summary of the deferred outflows of resources, net pension liabilities and deferred inflows of resources by Plan:

Plan	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
CalPERS Plans:			
Miscellaneous	\$9,369,848	\$55,164,138	\$2,042,827
Safety - Police and Fire	13,587,872	59,669,242	2,209,219
PARS Retirement Enhancement Plan	14,411	800,260	
Total	\$22,972,131	\$115,633,640	\$4,252,046

Pension liabilities are liquidated by the funds that have recorded the liability. The long-term portion of the governmental activities pension liabilities are liquidated primarily by the General Fund.

Each Plan is discussed in detail below.

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

NOTE 10 – PENSION PLANS (Continued)

B. CalPERS Miscellaneous Plan

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 Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous		
	Tier I	Tier II	PEPRA
Hire date	Prior to April 3, 2012	After April 3, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of 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% - 2.7%	1.092% - 2.418%	1.0% - 2.5%
Required employee contribution rates	8.00%	7.00%	6.75%
Required employer contribution rates	11.298%	11.298%	11.298%
Required UAL Contribution		\$4,135,568	

Beginning in fiscal year 2017, CalPERS collects employer contributions for the Plan 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 liability. The City’s required contribution for the unfunded liability was \$4,135,568 in fiscal year 2020.

Employees Covered – The following employees were covered by the benefit terms for each Plan as of the most recent actuarial valuation date of June 30, 2018 and as of the measurement date of June 30, 2019:

	Miscellaneous	
	June 30, 2018	June 30, 2019
Inactive employees or beneficiaries currently receiving benefits	262	278
Inactive employees entitled to but not yet receiving benefits	220	232
Active employees	278	282
Total	760	792

As of June 30, 2020, the City had 279 active employees in the Miscellaneous Plan.

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

NOTE 10 – PENSION PLANS (Continued)

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.

Net Pension Liability - The City’s net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 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.

Changes in the Net Pension Liability - The changes in the Net Pension Liability for the Miscellaneous Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$169,123,205	\$116,570,324	\$52,552,881
Changes in the year:			
Service cost	3,662,753		3,662,753
Interest on the total pension liability	12,088,271		12,088,271
Differences between actual and expected experience	2,008,072		2,008,072
Changes in assumptions			
Changes in benefit terms			
Net Plan to Plan Resource Movement		(218)	218
Contribution - employer		5,845,005	(5,845,005)
Contribution - employee (paid by employer)		1,613,156	(1,613,156)
Contribution - employee			
Net investment income		7,772,814	(7,772,814)
Administrative expenses			
Benefit payments, including refunds of employee contributions	(7,791,837)	(83,187)	83,187
Other Miscellaneous Income/ (Expense)		269	(269)
Net changes	<u>9,967,259</u>	<u>7,356,002</u>	<u>2,611,257</u>
Balance at June 30, 2019	<u>\$179,090,464</u>	<u>\$123,926,326</u>	<u>\$55,164,138</u>

CITY OF MANTECA
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 the Plan, calculated using the discount rate for the 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
1% Decrease	6.15%
Net Pension Liability	\$79,883,196
Current Discount Rate	7.15%
Net Pension Liability	\$55,164,138
1% Increase	8.15%
Net Pension Liability	\$34,851,993

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - For the year ended June 30, 2020, the City recognized pension expense of \$9,995,590. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$6,477,118	
Differences between actual and expected experience	1,519,745	(\$795,043)
Changes in assumptions	1,372,985	(631,197)
Net differences between projected and actual earnings on plan investments		(616,587)
Total	\$9,369,848	(\$2,042,827)

\$6,477,118 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 June 30	Annual Amortization
2021	\$1,516,831
2022	(1,022,915)
2023	249,208
2024	106,779

Actuarial assumptions and information regarding the discount rate are discussed in Note 10D below.

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

NOTE 10 – PENSION PLANS (Continued)

C. CalPERS Safety Plan

The City’s Safety Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by CalPERS. PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors five rate plans (two fire and three police) within the safety risk pool.

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 Safety Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Safety		
	Police		
	First Tier	Second Tier	PEPRA
Hire date	Prior to April 3, 2012	After April 3, 2012	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of 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%	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9%	9%	12.75%
Required employer contribution rates	23.654%	20.603%	13.786%
Required UAL Contribution	\$2,239,274	\$2,031	\$2,279
	Fire		
	First Tier	PEPRA	
Hire date	Prior to /After April 3, 2012	On or after January 1, 2013	
Benefit formula	3% @ 55	2.7% @ 57	
Benefit vesting schedule	5 years of service	5 years of service	
Public	Monthly for life	Monthly for life	
Retirement age	50 - 55	50 - 57	
Monthly benefits, as a % of eligible compensation	2.4% - 3.0%	2.0% - 2.7%	
Required employee contribution rates	9%	12.75%	
Required employer contribution rates	21.748%	13.786%	
Required UAL Contribution	\$1,527,486	\$2,897	

Beginning in fiscal year 2017, CalPERS collects employer contributions for the cost-sharing plan as a percentage of payroll for the normal cost portion and as a dollar amount for contributions toward the unfunded liability as noted in the table above.

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

NOTE 10 – PENSION PLANS (Continued)

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 the Plan 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.

For the year ended June 30, 2020, the contributions to the Safety Plan were as follows:

Contributions - employer	\$6,571,899
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Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions - 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.

As of June 30, 2020, the City reported a net pension liability for its proportionate shares of the net pension liability of the Plan in the amount of \$59,669,242.

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

	<u>Total</u>
Proportion - June 30, 2018	0.95843%
Proportion - June 30, 2019	<u>0.95585%</u>
Change - Increase (Decrease)	<u><u>-0.00258%</u></u>

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

NOTE 10 – PENSION PLANS (Continued)

For the year ended June 30, 2020, the City recognized pension expense of \$10,627,077 for the Safety Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the Safety Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$6,571,899	
Differences between actual and expected experience	3,895,863	
Changes in assumptions	2,445,738	(\$477,284)
Net differences between projected and actual earnings on plan investments		(820,852)
Change in proportion and differences between actual contributions and proportionate share of contributions	674,372	(911,083)
Total	<u>\$13,587,872</u>	<u>(\$2,209,219)</u>

\$6,571,899 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 June 30	Annual Amortization
2021	\$4,258,112
2022	(373,037)
2023	761,968
2024	159,711

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability for each Plan as of the measurement date, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the 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:

	Total
1% decrease	6.15%
Net Pension Liability	\$84,192,360
Current Discount Rate	7.15%
Net Pension Liability	\$59,669,242
1% Increase	8.15%
Net Pension Liability	\$39,564,128

Actuarial assumptions and information regarding the discount rate are discussed in Note 10D below.

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

NOTE 10 – PENSION PLANS (Continued)

D. Information Common to the Miscellaneous and Safety Plans

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, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous and Safety (Fire and Police)
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	Varies by Entry Age and Service (1)
Investment Rate of Return	7.15% (2)
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

(1) Depending on age, service, and type of employment

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) 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 December 2017 experience study report based on CalPERS demographic data from 1997 to 2015 that can be found on the CALPERS Website.

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 under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the 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, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

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

NOTE 10 – PENSION PLANS (Continued)

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. 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rates of return by asset class.

Asset Class (a)	Current Target 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>100.0%</u>		

(a) In the CalPERS Comprehensive Annual Financial Report, 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.

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

Subsequent Event - CalPERS Pension Contribution Rates – The CalPERS Board of Administration 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, 2022 are expected to increase over the fiscal year 2020 contribution rates.

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

NOTE 10 – PENSION PLANS (Continued)

Subsequent Event - Reduction of CalPERS Discount Rate

In July 2021, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2021. Under the Funding Risk Mitigation Policy, approved by the CalPERS Board of Administration in 2015, the 21.3% net return will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall Public Employees Retirement Fund (PERF) is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year.

CalPERS' final fiscal year 2021 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

E. *PARS Supplemental Retirement Plan*

Benefits Provided - Effective October 1, 2001, the City contracted with the Public Agency Retirement System (PARS), to sponsor a supplemental Retirement Enhancement Plan created in accordance with IRC Section 401(a), which is a qualified agent multiple-employer defined benefit pension plan covering all eligible employees of the City. All eligible employees covered by this plan are fully vested. The Plan is closed to new participants. Eligibility requirements are shown in the table below:

Eligibility	Tier I	Tier II	Tier III	Tier IV
City Manager prior to December 31, 2004	X			
Department Head prior to December 31, 2004		X		
City Manager on or after December 31, 2004			X	
Department Head on or after December 31, 2004				X
At least 55 years of age	X	X	X	X
5 years of continuous service	X		X	
10 years of continuous service		X		X
Terminated with City and concurrently retired under CalPERS under a regular service retirement on or after October 1, 2002	X	X	X	X

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

NOTE 10 – PENSION PLANS (Continued)

The retirement benefit for each Tier is as follows:

Retirement Benefit	Tier I	Tier II	Tier III	Tier IV
Full-time City service: 3%@55 less CalPERS 2.7%@55	X	X		
Full-time non-City service: 3%@55 less CalPERS 2%@55	X	X		
3%@55 less CalPERS 2.7%@55			X	X
Full-time City service			X	X

Also, effective October 1, 2001, the City contracted with PARS to sponsor an Excess Benefit Plan, created in accordance with the IRC Section 415(m), which is a qualified governmental excess benefit arrangement covering all employees participating in the Retirement Enhancement Plan. Benefits are paid in the same form, time, and periods as under the Retirement Enhancement Plan. All eligible employees covered by this plan are fully vested. The Plan is also closed to new participants.

The Plan provides a monthly benefit equal to one-twelfth of the difference between the number of credited service years multiplied by the PARS Benefit Factor and the number of credited service years multiplied by the PERS Benefit Factor. The PARS Benefit Factor is dependent upon the retirement age as shown in the chart below. The PERS Benefit Factor also depends upon the retirement age as discussed in Notes 10B and 10C above. The monthly benefits are also subject to a 2% annual cost of living increase.

PARS Benefit Factor	
Age at Retirement	Age Factor
52	2.640%
53	2.760%
54	2.880%
55+	3.000%

These Plan assets are held by a Trust for the exclusive benefits of plan participants as their beneficiaries. Assets held under this plan are not the City's property and are not subject to claims by general creditors of the City.

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

	PARS
Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	0
Active employees	0
Total	8

All Plan participants were retired as of June 30, 2020.

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

NOTE 10 – PENSION PLANS (Continued)

Contributions – The City makes all contributions necessary to fund the benefits available under the Plan. Employees are not permitted to make any contributions.

The City did not make contributions to the Plan during the fiscal year ended June 30, 2020.

Net Pension Liability - The City’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – For the measurement period ended June 30, 2019, the total pension liability was determined using an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019 using standard update procedures. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

	PARS Plans
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal, Level % of pay
Amortization method	Level dollar amount
Amortization period	10-year fixed period for 2019/20
Actuarial Assumptions:	
Discount Rate	3.60%
Inflation	2.75%
Projected Salary Increase	3.00%
Investment Rate of Return	3.60%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement Scale	Post - retirement mortality projected fully generational with Scale MP-2017

Discount Rate - The discount rate used to measure the total pension liability for the Plan was 3.60%. The Plan’s long-term expected rate of return was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation based upon the investment of all assets in PARS’ diversified Moderately Conservative portfolio.

The table below reflects the expected real rates of return by asset class.

Asset Class Component	Target Allocation Qualified and Non- Qualified Assets (a)	Expected Real Rate of Return
Global Equity	10.0%	4.82%
Fixed Income	22.0%	1.47%
REITs	0.0%	3.76%
Cash	68.0%	0.06%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		3.60%

(a) Qualified assets invested in PARS-Moderately Conservative Trust. Non-Qualified assets in cash. Rate of return developed based on qualified and non-qualified assets.

Change in Assumptions – The discount rate was increased from 3.40% at June 30, 2018 to 3.60% at June 30, 2019.

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

NOTE 10 – PENSION PLANS (Continued)

Changes in the Net Pension Liability - The changes in the Net Pension Liability for the Plan as of the June 30, 2019 Measurement Date follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$3,222,583	\$2,338,747	\$883,836
Changes in the year:			
Service cost			
Interest on the total pension liability	107,078		107,078
Differences between actual and expected experience			
Changes in assumptions	(75,860)		(75,860)
Changes in benefit terms			
Contribution - employer			
Contribution - employee			
Net investment income		124,714	(124,714)
Administrative expenses		(9,920)	9,920
Benefit payments, including refunds of employee contributions	(146,447)	(146,447)	
Net changes	<u>(115,229)</u>	<u>(31,653)</u>	<u>(83,576)</u>
Balance at June 30, 2019	<u>\$3,107,354</u>	<u>\$2,307,094</u>	<u>\$800,260</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for the Plan, calculated using the discount rate for the 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:

	PARS
1% Decrease	2.60%
Net Pension Liability	\$1,211,836
Current Discount Rate	3.60%
Net Pension Liability	\$800,260
1% Increase	4.60%
Net Pension Liability	\$461,997

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

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - For the year ended June 30, 2020, the City recognized pension expense of (\$7,393) for the Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the Plan from the following sources:

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

NOTE 10 – PENSION PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date		
Differences between actual and expected experience		
Changes in assumptions		
Net differences between projected and actual earnings on plan investments	\$14,411	
Total	\$14,411	\$0

There were no contributions subsequent to the measurement date reported as deferred outflows of resources that 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:

PARS	
Year Ended June 30	Annual Amortization
2021	\$15,327
2022	6,527
2023	2,129
2024	(9,572)

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

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS

A. General Information about the City’s Other Post Employment Benefit (OPEB) Plan

Plan Description – The City’s Other Post Employment Benefit Plan is a single-employer defined benefit OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

The City provides postretirement health care benefits to employees who retire in good standing from the City after attaining the age of 50 and to certain employees who retire due to disability. As of June 30, 2020, there were 192 participants receiving these health care benefits.

Benefits Provided – In order to qualify for postemployment medical and dental benefits an employee must retire from the City and maintain enrollment in one of the City’s eligible health plans. In addition, there are eligibility rules and contribution requirements defined in the Memorandum of Understanding (MOU) with each employee group. For all retirements effective as of January 1, 2012 through June 30, 2012, the City-paid contribution for retiree health will be equal to the Minimum Employer Contribution (MEC) as set by CALPERS. For retirements effective on or prior to December 31, 2011, the benefit is set at the amount the employee or retiree was receiving as of December 31, 2011 for health benefits. The eligibility, rules, and Plan Benefits for each MOU and associated benefits are summarized below as of June 30, 2020:

Benefit Types Provided	Manteca Police Officers Association	Fire	Manteca Police Employees Association	Technical Support Services	General Services	Management
	Medical only	Medical only	Medical only	Medical only	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime	Lifetime	Lifetime	Lifetime	Lifetime
Required Service: Basic Supplemental	Retirement under CALPERS					
Minimum Age	50	50	50	50	50	50
Dependent Coverage	Yes	Yes	Yes	Yes	Yes	Yes
City Contribution 100%	100%	100%	100%	100%	100%	100%
City Contribution Cap per Month (Basic) retirement on or prior to 12/31/2011	\$630 for single \$1,170 for two party \$1,440 for family	\$631 for single \$1,165 for two party \$1,490 for family	\$640 for single \$1,165 for two party \$1,515 for family	\$725 for single \$1,390 for two party \$1,800 for family	\$725 for single \$1,165 for two party \$1,875 for family	\$683 for single \$1,361 for two party \$1,810 for family
City Contribution Cap per Month (Basic) retirement after 12/31/2011, but hired on or before 12/31/2011	\$675	\$675	\$675	\$675	\$675	\$675
City Contribution Cap per Month (Basic) hired after 12/31/2011	\$139	\$139	\$139	\$139	\$139	\$139

The City elected to establish a Health Reimbursement Arrangement for Retirees to provide a funding mechanism for the pay-as-you go OPEB benefit during fiscal year 2012. This Health Reimbursement Arrangement is not a trust and is not considered a component unit of the City and has been excluded from these financial statements.

For the year ended June 30, 2020, the City’s contributions to the Plan were \$1,821,789.

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

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2019:

Active employees	310
Inactive employees or beneficiaries currently receiving benefit payments	198
Inactive employees entitled to but not yet receiving benefit payments	64
Total	572

B. Total OPEB Liability

Actuarial Methods and Assumptions – The City’s total OPEB liability was measured as of June 30, 2019 and the total OPEB liability was determined by an actuarial valuation dated June 30, 2018, rolled forward to June 30, 2019 using standard update procedures, based on the following actuarial methods and assumptions:

	Actuarial Assumptions		June 30, 2018
Valuation Date			June 30, 2018
Measurement Date			June 30, 2019
Actuarial Assumptions:			
Discount Rate		3.5%	(1)
Inflation		2.75%	
Payroll Growth		3%	(2)
PEMHCA Minimum Increases		4.25%	
Contribution Policy		No pre-funding	
Cap Increases		None beyond amounts specified	
Mortality Rate		CalPERS 1997-2015 Experience Study (3)	
		Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076; Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076	
Healthcare Trend Rates		Eligible for portion of projected premium covered by cap in retirement year: 90% in 2016, decreasing to an ultimate rate of 50% in 2048 and later years; Eligible for PEMHCA minimum only: 50%	
Participation at Retirement			

(1) Bond Buyer 20-Bond Index

(2) Merit - Tables from CalPERS 1997-2015 Experience Study

(3) Post-retirement mortality projected fully generational with Scale MP-2017

The underlying mortality assumptions were based on the CalPERS 1997-2011 Experience Study and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

Change in Assumptions – The discount rate decreased from 3.87% at June 30, 2018 to 3.50% at June 30, 2019 based on the municipal bond rate as of the measurement date.

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

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

C. Changes in Total OPEB Liability

The changes in the total OPEB liability follows:

	Total OPEB Liability
Balance at June 30, 2018 Measurement Date	\$33,273,063
Changes Recognized for the Measurement Period:	
Service cost	1,183,810
Interest on the total OPEB liability	1,299,001
Changes of assumptions	1,523,401
Actual vs. expected experience	
Benefit payments *	(1,781,930)
Net changes	2,224,282
Balance at June 30, 2019 Measurement Date	\$35,497,345

* Includes \$1,312,930 cash benefit payments and \$469,000 implied subsidy benefit payments by the City.

D. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

Total OPEB Liability/(Asset)		
Current		
Discount Rate -1%	Discount Rate	Discount Rate +1%
(2.50%)	(3.50%)	(4.50%)
\$40,233,548	\$35,497,345	\$31,618,212

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

Total OPEB Liability/(Asset)		
Healthcare Cost Trend Rates		
1% Decrease	Current Trend	1% Increase
\$34,039,602	\$35,497,345	\$37,691,923

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

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS

E. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of \$2,476,118. At June 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$1,821,789	
Differences between actual and expected experience		(\$189,885)
Changes of assumptions	1,325,557	(1,002,400)
Total	\$3,147,346	(\$1,192,285)

\$1,821,789 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2021	(\$11,535)
2022	(11,535)
2023	(11,535)
2024	(11,227)
2025	(11,023)
Thereafter	190,127

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.

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

NOTE 13 – RISK MANAGEMENT

A. Coverage

City employees are covered under a medical and prescriptions policy with coverage limited to \$2,000,000 in the aggregate. The City provides group dental and vision coverage to employees through programs which are administered by a service agent. The City pays all dental and vision claims.

On June 1, 2002 the City joined the Municipal Pooling Authority’s workers’ compensation program. The City joined the Authority’s general liability program on January 1, 1998. The Authority provides coverage against the following types of loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies as follows:

Type of Coverage (Deductible)	Coverage Limits
Liability (\$100,000)	\$29,000,000
All Risk Fire and Property:	
Property (\$25,000)	1,000,000,000
Flood*	25,000,000
Boiler and Machinery (\$5,000)	100,000,000
Vehicle Physical Damage (\$3,000 police; \$2,000 others)	250,000
Cyber Liability (\$50,000)	2,000,000
Public Entity Pollution Liability (\$100,000)	25,000,000
Government Crime (\$2,500)	5,000,000
Workers' Compensation (\$0)	Statutory Limit
Employment Liability (\$50,000)	2,000,000

* \$100,000 minimum deductible per occurrence, except Zone A and V, which are subject to a \$250,000 deductible per occurrence

The Authority is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City’s deposits with the Authority are in accordance with formulas established by the Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements can be obtained from Municipal Pooling Authority, 1911 San Miguel Drive #100, Walnut Creek, CA 94596.

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

NOTE 13 – RISK MANAGEMENT (Continued)

B. Liability for Uninsured Claims

The City provides for the uninsured portion of claims and judgments in the Insurance Internal Service Fund. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion 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’s liability for uninsured claims was estimated by management based on prior years’ claims experience as follows:

	Workers’ Compensation Claims	General Liability Claims	Total
Balance June 30, 2018	\$787,093	\$531,923	\$1,319,016
Net change in:			
Liability for current fiscal year claims		102,555	102,555
Liability for prior fiscal years' claims and claims incurred but not reported (IBNR)	(219,787)	69,110	(150,677)
Claims paid	(33,897)	(332,213)	(366,110)
Balance June 30, 2019	533,409	371,375	904,784
Net change in:			
Liability for current fiscal year claims		83,866	83,866
Liability for prior years' claims and claims incurred but not reported (IBNR)	419,729	68,478	488,207
Claims paid	(447,973)	(298,650)	(746,623)
Balance June 30, 2020	<u>\$505,165</u>	<u>\$225,069</u>	<u>\$730,234</u>
Claims liability, due within one year	<u>\$447,973</u>	<u>\$225,069</u>	<u>\$673,042</u>

For the fiscal years ended June 30, 2020, 2019, and 2018 the amount of settlements did not exceed insurance coverage.

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.

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

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

C. *Public Facilities Implementation Plan*

The City has developed a Public Facilities Implementation Plan (PFIP) to ensure that public facilities are adequate and constructed in accordance with the adopted master plans for water, sewer, storm drainage and traffic as the City grows and develops in accordance with its General Plan. Development Impact Fees are collected at or near the time of development and are used wherever practical to finance the expansion of infrastructure necessary to accommodate the demand for new capacity. In certain cases, developers may construct public improvements that are in the PFIP and enter into reimbursement agreements with the City. Developers are then granted credit against the fees owed or are reimbursed any remaining amounts owed to the developer by the City when sufficient funds are available from future development impact fees paid by subsequent development that benefit from the available improvements. As of June 30, 2020, the City had outstanding reimbursement commitments totaling \$25,619,197.

D. *Orchard Valley Shopping Center Parking Lease Agreement*

In fiscal 2007, the City entered into a lease agreement with Manteca Lifestyles Center LLC to lease public parking at the Orchard Valley Shopping Center. The lease became effective in fiscal year 2012 and the City is to make annual lease payments by September 1 of each year equal to 55% of the previous fiscal year's actual local sales taxes generated from the shopping center. Although the lease payments are based on the sales taxes collected, they can be made from any source of legally available funds. If the local sales taxes are insufficient in one year for the City to make the full scheduled lease payment, the shortfall carries to the next year without interest. Payments in excess of the scheduled annual lease payments are credited first to any outstanding shortfall and then against the total amount due under the lease. The total amount of lease payments to be made under the agreement is \$61,704,140; however, the agreement terminates in 2047, regardless of whether this amount has been paid to the developer. During fiscal year 2020, payments made to the developer under the agreement were \$346,652 and payments to date total \$3,295,715.

E. *Sales Tax Sharing Agreement - Corporation*

In fiscal 2008, the City entered into a sales tax sharing agreement with a Corporation in the amount of \$3,700,000. The agreement became effective in fiscal year 2008 and the City is to make semi-annual payments each year equal to 45% of the total sales tax generated by the Corporation and received by the City. Although the payments are based on the sales taxes collected, they can be made from any source of legally available funds. The agreement terminates on the date that the City has paid \$3,700,000. During fiscal year 2020, payments made to the Corporation under the agreement totaled \$56,036 and \$3,700,000 has been paid since the start of the agreement, therefore the agreement was terminated during the fiscal year ended June 30, 2020.

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

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

F. *Transient Occupancy Tax Sharing Agreement*

In fiscal April 2018, the City entered into a Disposition and Development Agreement (DDA) with a Developer to construct a destination resort (Project). Under the terms of the agreement, the City is to convey land to the Developer for \$675,000 in exchange for an agreement to develop the Project on the property. The sales price of the land is to be paid solely using transient occupancy tax revenue (TOT) generated by the Project. Escrow closed on the land in August 2018 and construction of the Project began in fiscal year 2019. Upon the close of escrow, the City will give the Developer a ten-year option to purchase an adjacent property at the fair market value at the time of purchase. For eighteen years following the issuance of a certificate of occupancy for the Project, the City may not provide financial incentives to any other entities for development of a similar project larger than 5,000 square feet.

In connection with the DDA, the City also entered into a Development Agreement (DA) with the Developer. Under the terms of the DA, beginning when TOT revenue is first received from the Project and continuing for 25 years thereafter, the City will allocate TOT revenue received on a quarterly basis in the following priority:

- (1) Pay \$2 million each year to the Developer, without interest.
- (2) Pay the Developer and the City pro-rata for reimbursable fees, amortized over two years, without interest, including any reimbursable fee shortfalls from prior years. Any reimbursable fee shortfalls remaining after two years will roll over to future years until paid in full. Reimbursable fees are any development fees paid by the City or Developer in cash or fee credit to any Non-City Agency in connection with the Project and any development fees paid by the Developer to planning/inspection consultants or to the City, up to \$500,000.
- (3) Pay the City for the property purchase price, amortized over 10 years, without interest, including any purchase price shortfalls from prior years. Any shortfalls remaining after 10 years will roll over to future years until paid in full.
- (4) Pay the City for deferred City fees, amortized over 20 years, without interest, including any shortfalls from prior years. Any shortfalls remaining after 20 years will roll over until paid in full. Deferred City fees are fees owed by the Developer to the City in connection with the Project and fees paid by the City to planning/inspection consultants in connection with the Project in excess of the \$500,000 paid by the Developer in (2) above.
- (5) Pay the Developer 75% of the remaining TOT revenue for the first 10 years and 50% for the following 15 years.

Finally, under the terms of the DDA, the City Council may not increase the transient occupancy tax rate applicable to the Project to a rate greater than (a) 12% for 10 years following the issuance of a certificate of occupancy for the Project, or (b) the regional average transient occupancy tax beginning in the 11th year following the issuance of a certificate of occupancy for the Project.

As of June 30, 2020, the deferred fees due from the developer total \$10,707,554, which have been recorded as accounts receivable in the applicable governmental and enterprise funds, which will be paid as the General Fund collects the TOT revenue, as noted above. In addition, the General Fund has recorded a loan receivable in the amount of \$675,000 as of June 30, 2020.

Due to the COVID-19 pandemic, although construction of the project began, the grand opening was delayed to June 2021.

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

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

G. Sales Tax Sharing Agreement – Furniture Retailer

In June 2018, the City entered into a sales tax sharing agreement with a furniture retailer in the amount of \$3,000,000. The agreement became effective in June 2018 and the City is to make semi-annual payments each year equal to 50% of the total sales tax generated by the retailer and received by the City. Although the payments are based on the sales taxes collected, they can be made from any source of legally available funds. The agreement terminates on the date that the City has paid \$3,000,000 or ten years from the retail store opening, regardless of the unpaid balance. As of June 30, 2020, construction of the retail furniture store had not started. Due to the COVID-19 emergency, the project was further delayed; however, the project was fully permitted in July 2020 and construction began immediately following. The store opened in June 2021.

H. COVID-19 Global Pandemic

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. Although many of the City's services are considered essential, City Hall was closed to the public, certain other services transitioned to online-only and because the City's major revenue sources, including businesses that collect sales taxes and transient occupancy taxes, are directly impacted by these events, it is probable that this matter will continue to negatively impact the City. However, the ultimate financial impact and duration cannot be reasonably estimated at this time.

NOTE 15 – AUTHORIZED BUT UNISSUED DEBT

At June 30, 2003, the City authorized the issuance of Water Revenue Bonds, Series 2003A in the amount of \$65,000,000 to fund the costs of constructing a water treatment plant and certain related capital facilities. As of June 30, 2020, the City had issued bonds in the amount of \$43,325,000; \$21,675,000 remained authorized but unissued.

NOTE 16 – REDEVELOPMENT 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.

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

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

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 2011 and 2012, the former Redevelopment Agency transferred \$58,959,477 of assets to the City. ABx1 26 and AB 1484 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 transfer did occur during that period and the government agency that received the assets 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 Redevelopment Agency or, on or after February 1, 2012, to the Successor Agency. As of June 30, 2012, assets totaling \$44,129,682, comprised of current assets of \$43,670,205 and capital assets of \$459,477, were held by the City. During fiscal year 2013, the City returned the current assets of \$43,670,205 to the Successor Agency and only the capital assets of \$459,477 were held by the City. The City received the results of the State Controller’s asset transfer review in February 2015 that indicates the City is to return the capital assets in the amount of \$459,477 to the Successor Agency. Concurrent with the finalization of the asset transfer review, the City began working with the California Department of Finance (DOF) on the Agency’s Long Range Property Management Plan (LRPMP). On December 17, 2015 the DOF approved the revised LRPMP and the Agency’s use or disposition of all properties listed on the plan. This included the retention by the City of the \$459,477 capital asset previously identified in the State Controller’s asset transfer review. Based on this approval, the identified asset will not be returned to the Agency.

Based on the passage of Senate Bill 107, the Agency amended the LRPMP to allow for the retention of one parcel that constituted a lot dedicated solely to public parking. The Oversight Board approved the amended LRPMP on June 29, 2016 and the revised LRPMP was submitted to the DOF for final approval. The final approval was received from the DOF during fiscal year 2017 and the identified parcel was transferred to the City during that fiscal year.

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and the remaining Redevelopment 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 Low and Moderate Income Housing Asset Special Revenue Fund.

The activities of the Housing Successor are reported in the Low and Moderate Income Housing Assets 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.

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

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment 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 April 2012. The activities of the Successor Agency are 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 Manteca Oversight Board transferred to a new San Joaquin Countywide Consolidated Oversight Board, which will now be responsible for overseeing the winddown affairs of all Successor Agencies in San Joaquin County, including the Manteca Successor 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 Redevelopment 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 December 2012, which indicated that no funds were available for distribution. The Department of Finance did not initially approve the Non-housing DDR, which indicated that the Successor Agency had an unencumbered balance of \$1, and the State made adjustments to the Non-housing DDR and instead made a demand for the return of funds totaling \$10,161,469, which was remitted to the County in May 2013. The Successor Agency received its Finding of Completion in May 2013 which means it can now utilize bond proceeds for projects consistent with the original bond covenants.

In addition to the above transactions, the Non-housing DDR indicated that the City was to return unspent bond proceeds held by the Special Apportionment Streets Capital Projects Fund totaling \$43,670,205 to the Successor Agency. The City made the transfer during fiscal year 2013.

On October 22, 2013 the Oversight Board approved Bond Proceeds Funding Agreements (Agreements) between the Successor Agency and the City of Manteca in relation to specific bond projects associated with the \$43,670,205 in bond proceeds transferred back to the Successor Agency in Fiscal Year 2012-13. The DOF approved the Agreements on November 8, 2013 and December 9, 2013. The Agency included the requests for expenditure of the associated funds on the 2013-14B Recognized Obligation Payment Schedule (ROPS). Proceeds in the amount of \$12,009,030 were transferred from the Successor Agency to the City as of June 30, 2013 and were recorded in the Redevelopment Bonds Project Fund. An additional \$500,000 was approved for transfer on the Agency's 2014-15A ROPS and \$1,500,000 was approved for transfer on the Agency's 2015-15B ROPS. One of the eligible bond projects listed on the DOF approved 2013-14B ROPS was the reimbursement to the City of Manteca in the amount of \$3,864,030 for the land purchased in association with the proposed South County Courthouse and Administration Complex (APN 222-250-060). The original source of funding for the land purchase was the Development Mitigation Fund. During 2016 the Development Mitigation Fund was reimbursed the final land cost in the amount \$3,811,408 via an operating transfer from the Redevelopment Bonds Project Fund.

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

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

On February 24, 2015 the Oversight Board approved a Consolidated Non-Housing Bond Proceeds Funding Agreement (Agreement) between the Successor Agency and the City of Manteca. This final agreement approved the transfer of all remaining bond proceeds to the City for use on bond qualified expenditures. The remaining bond proceeds was included for approval in the Agency’s 2015-16A ROPS. The DOF approved both the Agreement and the transfer of the remaining bond proceeds as listed on the 2015-16A ROPS on April 15, 2015. All remaining bond proceeds and interest totaling \$29,671,675 was transferred from the Agency to the City as of June 30, 2016.

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.

B. *Redevelopment Agreements and Notes Receivable*

The Successor Agency assumed the non-housing loans receivable of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency engaged in programs designed to encourage economic development. Under these programs, grants or loans were provided under favorable terms to developers who agreed to expend these funds in accordance with the Agency’s terms. The balances of the notes receivable arising from these programs at June 30, 2020 are set forth below:

AKF Development, LLC	\$54,080
Cabral Western Motors	338,040
Total notes receivable	392,120
Less: Allowance for conditional grants	(392,120)
Net long-term notes receivable	\$0

AKF Development, LLC (Spreckels Park)

On April 8, 2003 the Agency loaned an additional \$54,080 to AKF Development, LLC, of which \$54,080 was for assistance from the Agency’s Fee Reduction Program. This additional loan was to partially finance the construction costs of Sexton Chevrolet Property in order to assist in the elimination of blight in an adjacent to the Project Area and will enhance the viability of the Project Area. The loan bears interest at five percent annual interest, and was due the earliest of the sixth anniversary of the opening of the automobile dealership or August 1, 2009. AKF signed a promissory note secured by a deed of trust. The Agency will forgive repayment of the loan if certain provisions regarding completion of public improvements, job creation, continued business for five years, and sales tax generation are met. As of June 30, 2020, the developer had not met all of the forgiveness provisions of the loan agreement, but the Agency had not yet required repayment of the loan and the principal balance outstanding was \$54,080.

Cabral Western Motors

On May 14, 2002 the Agency agreed to loan Cabral Western Motors \$338,040 at three percent interest to assist with the expansion of its facility, which includes a \$311,000 Forgivable Business Development Loan and a \$27,040 Development Fee Reduction Loan. The loans are secured by a second and third deed of trust, respectively. As of June 30, 2020, the principal balance outstanding was \$338,040.

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

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

Conditional Grants

The Agency has several programs under which it extends loans to qualifying individuals or groups for the purpose of improving the Agency’s housing stock and/or its supply of low-and-moderate income housing. Certain of these loans provide for the eventual forgiveness of the loan balance if the borrower complies with all the terms of the loan over its full term. The Agency accounts for these loans as conditional grants in the Fiduciary fund financial statements, and provides a reserve against their eventual forgiveness using the straight-line method over the life of the respective loan.

C. Capital Assets

The Successor Agency assumed the non-housing capital assets of the Redevelopment Agency as of February 1, 2012. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Successor Agency’s policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

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

Capital assets recorded as of June 30, 2020 comprise:

	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020
Capital assets not being depreciated:				
Land	\$5,141,714		(\$1,807,717)	\$3,333,997
Capital assets being depreciated:				
Buildings and improvements	3,788,211			3,788,211
Less accumulated depreciation	(1,670,667)	(\$125,980)		(1,796,647)
Net capital assets being depreciated	2,117,544	(125,980)		1,991,564
Capital assets, net	<u>\$7,259,258</u>	<u>(\$125,980)</u>	<u>(\$1,807,717)</u>	<u>\$5,325,561</u>

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

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

D. Long-Term Debt

The Successor Agency assumed the long-term debt and interest-rate swap agreement of the Redevelopment 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 issued by the Redevelopment Agency. The Bonds are special obligations of the Agency and are secured only by the Agency’s tax increment revenues. Tax Allocation Bond transactions were as follows:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
Redevelopment Agency Tax					
Allocation Bonds -					
Series 2002 Subordinated Tax Allocation Refunding Bonds, 2.0-5.25%	\$20,135,000		\$20,135,000		
Series 2004 Amended Merged Project Area Subordinated Tax Allocation Bonds, 3.0-5.0%	19,190,000		19,190,000		
Series 2004 Amended Merged Project Area Subordinated Tax Allocation (Housing Set-Aside) Bonds, 3.0-5.0%	3,850,000		3,850,000		
Series 2005 Amended Merged Project Area Subordinated Tax Allocation Refunding Bonds, variable rate	42,340,000		42,340,000		
Series 2006 Amended Merged Project Area Subordinated Tax Allocation Bonds, 4.0-5.0%	18,405,000		18,405,000		
Tax Allocation Refunding Bonds Series 2020A and 2020B Subordinated Tax Allocation Bonds 1.590-4.0%		\$97,930,000		\$97,930,000	\$1,985,000
Plus: Unamortized Bond Premium		5,292,252		5,292,252	
Total Successor Agency Debt	<u>\$103,920,000</u>	<u>\$103,222,252</u>	<u>\$103,920,000</u>	<u>\$103,222,252</u>	<u>\$1,985,000</u>

2. Redevelopment Agency Tax Allocation Bonds

On September 5, 2002, the former Agency issued 2002 Subordinated Tax Allocation Refunding Bonds in the amount of \$30,765,000. The proceeds were used to refund the outstanding 1992 A Tax Allocation Bonds in the amount of \$5,420,000 and to finance ongoing redevelopment activities. Simultaneously, the Agency used cash on hand to defease the Agency’s outstanding 1992 B Tax Allocation Refunding Bonds in the amount of \$3,740,000. The 2002 Tax Allocation Refunding Bonds are secured by a pledge of and lien on tax revenues consisting of a portion of all taxes levied upon all taxable property allocated to the Agency from the merged project area. The 2002 Bond interest rates range from 2% to 5.25%. Interest payments were due on April 1 and October 1 of each year through October 1, 2032. The 2002 Bonds were refunded by the 2020 Tax Allocation Refunding Bonds as discussed below.

The 2002 Bonds contain a provision that in an event of default, the Trustee may declare the principal of the bonds, together with all accrued interest at the date of default, immediately due and payable, or exercise any and all rights and remedies available to it under applicable law, including the right to enforce from the Successor Agency all payments due on the 2002 Bonds, and the Successor Agency will pay all reasonable fees and expenses incurred by the Trustee and those of its attorneys.

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

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

On November 30, 2004, the former Agency issued Amended Merged Project Area Subordinated Tax Allocation Bonds Series 2004 (2004 TABs) in the amount of \$25,925,000. The proceeds were used to finance ongoing redevelopment activities. The 2004 TABs are secured by a pledge of and lien on tax revenues consisting of a portion of all taxes levied upon all taxable property allocated to the Agency from the merged project areas. The 2004 Bond interest rates range from 3% to 5%. Interest payments were due on April 1 and October 1 of each year through October 1, 2036. The 2004 Bonds were refunded by the 2020 Tax Allocation Refunding Bonds as discussed below.

The 2004 TABs contain a provision that in an event of default, the Trustee may declare the principal of the bonds, together with all accrued interest at the date of default, immediately due and payable, or exercise any and all rights and remedies available to it under applicable law, including the right to enforce from the Successor Agency all payments due on the 2004 TABs, and the Successor Agency will pay all reasonable fees and expenses incurred by the Trustee and those of its attorneys.

On November 30, 2004, the Agency issued Amended Merged Project Area Subordinated Tax Allocation (Housing Set-Aside) Bonds Series 2004 in the amount of \$5,310,000. The proceeds of the Housing Set-Aside series were used to finance public capital improvements including the acquisition of land for the construction of certain residential housing units in the Amended Merged Project Area. The 2004 Housing Set-Aside TABs are secured by a pledge of and lien on housing tax revenues consisting of a portion of all taxes levied upon all taxable property allocated to the Agency from the merged project areas. The 2004 Housing Set-Aside Bonds bear interest rates range from 3% to 5%. Interest payments were due on April 1 and October 1 of each year through October 1, 2034. The 2004 Bonds were refunded by the 2020 Tax Allocation Refunding Bonds as discussed below.

The 2004 Housing Set-Aside TABs contain a provision that in an event of default, the Trustee may declare the principal of the bonds, together with all accrued interest at the date of default, immediately due and payable, or exercise any and all rights and remedies available to it under applicable law, including the right to enforce from the Successor Agency all payments due on the 2004 Housing Set-Aside TABs, and the Successor Agency will pay all reasonable fees and expenses incurred by the Trustee and those of its attorneys.

On December 13, 2005 the Agency issued \$50,760,000 of Amended Merged Project Area Variable Rate Subordinated Tax Allocation Refunding Bonds, Series 2005. Proceeds of the Bonds and other Agency money were used to refund the Agency's Project No. 1, Tax Allocation Refunding Bonds, Series 1998, and Redevelopment Project No. 2 Tax Allocation Bonds, Series 1998. The proceeds were also used to finance ongoing redevelopment activities of the Agency. The bonds were issued as variable rate bonds with daily interest rate resets, and interest is paid on the first business day of each calendar month. However, the Agency entered into a thirty-seven-year interest rate swap agreement, as discussed in Note 16D(3) below. Principal payments were due annually beginning October 1, 2010 through October 1, 2042. The 2005 Bonds were refunded by the 2020 Tax Allocation Refunding Bonds and the swap agreement was terminated with proceeds from the 2020 Bonds as discussed below.

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

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

The 2005 Subordinated Tax Allocation Bonds were originally issued as daily variable-rate demand obligations with municipal bond insurance from XL Capital Assurance and a standby purchase agreement with State Street Corporation. The interest rate on the Bonds reset daily according to market conditions and was capped at 12%. During fiscal year 2008, the Agency substituted an irrevocable letter of credit issued by State Street Bank and Trust Company for the standby purchase agreement in order to remarket the bonds at lower interest rates. The Agency was required to pay Street Bank and Trust Company an annual Letter of Credit Fee equal to 1.80% of the average daily amount outstanding of the Bonds. In addition, the remarketing agent received an annual Remarketing Fee equal to 0.125% of the outstanding principal amount of the Bonds. The Street Bank and Trust Company’s letter of credit was valid through May 13, 2020, but that letter of credit was terminated subsequent to the issuance of the 2020 Tax Allocation Bonds as discussed below.

The 2005 Bonds contain a provision that in an event of default, the Trustee may declare all Subordinate Pledged Tax Revenues and other moneys, securities and funds pledged immediately due and payable, or exercise any and all rights and remedies available to it under applicable law, including the right to enforce from the Successor Agency all Subordinate Pledged Tax Revenues, and the Successor Agency will pay all reasonable fees and expenses incurred by the Trustee and those of its attorneys.

On December 1, 2006, the Agency issued Amended Merged Project Area Subordinate Tax Allocation Bonds Series 2006 in the amount of \$22,675,000. The proceeds were used to finance ongoing redevelopment activities. The 2006 TABs are secured on parity with the Amended Merged Project Area Variable Rate Subordinate Tax Allocation Refunding Bonds, Series 2005, by a pledge of and lien on tax revenues, in subordination to debt services of the 2002 Subordinated Tax Allocation Refunding Bonds and 2004 Amended Merged Project Area Subordinated Tax Allocation Bonds in any given period. Tax revenues consist of a portion of all taxes levied upon all taxable property allocated to the Agency from the merged project areas. The 2006 Bond interest rates range from 4% to 5%. Principal payments were due annually beginning October 1, 2010 through October 1, 2042. Interest payments were due on April 1 and October 1 of each year through October 1, 2042. The 2006 Bonds were refunded by the 2020 Tax Allocation Refunding Bonds as discussed below.

The 2006 Bonds contain a provision that in an event of default, the Trustee may declare all Subordinate Pledged Tax Revenues and other moneys, securities and funds pledged immediately due and payable, or exercise any and all rights and remedies available to it under applicable law, including the right to enforce from the Successor Agency all Subordinate Pledged Tax Revenues, and the Successor Agency will pay all reasonable fees and expenses incurred by the Trustee and those of its attorneys.

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

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

On February 19, 2020, the Successor Agency to the Manteca Redevelopment Agency issued the Series 2020A Tax Allocation Refunding Bonds in the amount of \$25,990,000 and the Series 2020B Taxable Tax Allocation Refunding Bonds in the amount of \$71,940,000. The proceeds of these bonds were used to refund and defease all of the outstanding bonds that were issued by the former Agency. In addition, a portion of the proceeds from the 2020B Bonds were used to terminate the interest rate swap agreement associated with the 2005 Subordinated Tax Allocation Refunding Bonds, with a swap termination payment of \$12,005,000. The 2020A and 2020B Refunding Bonds bear interest rates range from 3% to 4% and 1.590% to 2.813%, respectively. Interest payments are due on April 1 and October 1 of each year through October 1, 2042. Principal payments are due annually beginning October 1, 2020 through October 1, 2042. The refunding resulted in an overall debt service savings of \$29,448,922. The net present value of the debt service savings is called an economic gain and amounted to \$13,655,816. As of June 30, 2020, the outstanding balance of the defeased bonds was \$980,000.

The 2020 Bonds contain a provision that in an event of default, the Trustee may declare the principal of the bonds, together with all accrued interest at the date of default, immediately due and payable, or exercise any and all rights and remedies available to it under applicable law, including the right to enforce from the Successor Agency all payments due on the 2020 Bonds, and the Successor Agency will pay all reasonable fees and expenses incurred by the Trustee and those of its attorneys.

The Successor Agency has pledged all future tax increment revenues, for the repayment of the 2020 Tax Allocation Refunding Bonds. The pledge of all future tax increment revenues end upon repayment of the remaining debt service of \$134,764,664 for the Bonds, which is scheduled to occur in 2042.

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 \$23,443,456 and the total received by the Successor Agency for fiscal year 2020 debt service, was \$8,463,615, which the Agency used to pay the \$6,959,150 of fiscal year debt service.

3. *Interest Rate Swap Agreement Derivative Instrument*

The former Agency entered into an interest rate swap in connection with the Series 2005 Tax Allocation Refunding Bonds. As discussed above, the interest rate swap was terminated during fiscal year 2020. The terms, fair value and credit risk of the swap agreement is disclosed below.

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

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

Terms. The terms of the interest rate swap are included below. The Agency's swap agreement contained scheduled reductions to outstanding notional amounts that were expected to follow scheduled reductions in the associated bonds.

Based on the swap agreement, the Agency owed interest calculated at a fixed rate to the counterparty of the swap. In return, the counterparty owed the Agency interest based on the variable rate that approximates the rate required by the bonds. The bond principal was not exchanged; it was only the basis on which the interest payments were calculated.

Fair value. As of June 30, 2020, the fair value of the cash flow hedging derivative swap was zero, as the swap was terminated with the issuance of the Series 2020A and 2020B Tax Allocation Refunding Bonds, as discussed above.

Credit risk. The swap counterparty was Piper Jaffray Financial Products, Inc., with a credit guarantee provided by Morgan Stanley Capital Services. As of June 30, 2020, the Agency was not exposed to credit risk on its outstanding swap, because the swap was terminated during the fiscal year.

Basis risk. Basis risk is the risk that the interest rate paid by the Agency on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. The Agency bears basis risk on its swap. The Swap has basis risk since the Agency receives a percentage of LIBOR to offset the actual variable bond rate the Agency pays on its bonds. The Agency is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Agency pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

A portion of this basis risk is tax risk. The Agency was exposed to tax risk when the relationship between the taxable LIBOR based swaps and tax-exempt variable rate bonds changed as a result of a reduction in federal or state income tax rates. Should the relationship between LIBOR and the underlying tax-exempt variable rate bonds converge the Agency was exposed to this basis risk.

Termination risk. The Agency or the counterparty may terminate if the other party fails to perform under the terms of the respective contract. The Agency would have been exposed to variable rates if the counterparty to the swap contract defaulted or if the swap contract was terminated. A termination of the swap contract could also result in the Agency's making or receiving a termination payment based on market interest rates at the time of the termination. If, at the time of termination, the swap had a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value. The Agency terminated the swap agreement in February 2020 and made a termination payment in the amount of \$12,005,000.

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

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

4. Debt Service Requirements

Annual debt service requirements, are shown below:

For the Year Ending June 30	Principal	Interest
2021	\$1,985,000	\$1,657,216
2022	4,190,000	2,723,702
2023	4,255,000	2,639,891
2024	4,315,000	2,551,099
2025	4,385,000	2,458,104
2026-2030	23,160,000	10,626,963
2031-2035	26,300,000	7,010,544
2036-2040	19,845,000	5,154,640
2041-2043	9,495,000	2,012,505
Total	97,930,000	\$36,834,664
Plus Bond Premium	5,292,252	
Gross Long Term Debt	\$103,222,252	

E. 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.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Total Pension Liability						
Service Cost	\$2,865,004	\$2,785,261	\$2,929,446	\$3,359,127	\$3,450,233	\$3,662,753
Interest	9,470,268	9,947,329	10,547,066	11,091,828	11,413,314	12,088,271
Differences between expected and actual experience		(606,531)	895,276	280,782	(1,730,389)	2,008,072
Changes in assumptions		(2,540,846)		9,610,904	(1,373,783)	
Changes in benefits						
Benefit payments, including refunds of employee contributions	(5,192,533)	(5,583,081)	(6,137,452)	(6,508,026)	(7,283,995)	(7,791,837)
Net change in total pension liability	<u>7,142,739</u>	<u>4,002,132</u>	<u>8,234,336</u>	<u>17,834,615</u>	<u>4,475,380</u>	<u>9,967,259</u>
Total pension liability - beginning	<u>127,434,003</u>	<u>134,576,742</u>	<u>138,578,874</u>	<u>146,813,210</u>	<u>164,647,825</u>	<u>169,123,205</u>
Total pension liability - ending (a)	<u><u>\$134,576,742</u></u>	<u><u>\$138,578,874</u></u>	<u><u>\$146,813,210</u></u>	<u><u>\$164,647,825</u></u>	<u><u>\$169,123,205</u></u>	<u><u>\$179,090,464</u></u>
Plan fiduciary net position						
Contributions - employer	\$3,345,873	\$4,021,488	\$4,687,535	\$4,971,846	\$5,489,151	\$5,845,005
Contributions - employee	1,159,125	1,275,356	1,337,368	1,321,071	1,484,945	1,613,156
Net investment income	14,228,681	2,149,298	530,419	10,909,900	9,098,992	7,772,814
Net Plan to Plan Resource Movement					(269)	(218)
Administrative expenses		(109,588)	(59,337)	(144,277)	(168,715)	(83,187)
Other Miscellaneous Income (Expense)					(320,393)	269
Benefit payments, including refunds of employee contributions	(5,192,533)	(5,583,081)	(6,137,452)	(6,508,026)	(7,283,995)	(7,791,837)
Net change in plan fiduciary net position	<u>13,541,146</u>	<u>1,753,473</u>	<u>358,533</u>	<u>10,550,514</u>	<u>8,299,716</u>	<u>7,356,002</u>
Plan fiduciary net position - beginning	<u>82,066,942</u>	<u>95,608,088</u>	<u>97,361,561</u>	<u>97,720,094</u>	<u>108,270,608</u>	<u>116,570,324</u>
Plan fiduciary net position - ending (b)	<u><u>\$95,608,088</u></u>	<u><u>\$97,361,561</u></u>	<u><u>\$97,720,094</u></u>	<u><u>\$108,270,608</u></u>	<u><u>\$116,570,324</u></u>	<u><u>\$123,926,326</u></u>
Net pension liability - ending (a)-(b)	<u><u>\$38,968,654</u></u>	<u><u>\$41,217,313</u></u>	<u><u>\$49,093,116</u></u>	<u><u>\$56,377,217</u></u>	<u><u>\$52,552,881</u></u>	<u><u>\$55,164,138</u></u>
Plan fiduciary net position as a percentage of the total pension liability	71.04%	70.26%	66.56%	65.76%	68.93%	69.20%
Covered payroll	<u>\$14,222,604</u>	<u>\$15,260,582</u>	<u>\$15,917,657</u>	<u>\$16,420,663</u>	<u>\$17,179,599</u>	<u>\$20,193,041</u>
Net pension liability as percentage of covered payroll	273.99%	270.09%	308.42%	343.33%	305.90%	273.18%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30. This applied for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2016, 2018 and 2019 there were no changes. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. 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. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates.

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

REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

For the Fiscal Year Ended June 30,	2015	2016	2017
Actuarially determined contribution	\$4,021,488	\$4,687,535	\$4,021,488
Contributions in relation to the actuarially determined contributions	(4,019,753)	(4,687,535)	(4,021,488)
Contribution deficiency (excess)	<u>\$1,735</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	<u>\$15,260,582</u>	<u>\$15,917,657</u>	<u>\$16,420,663</u>
Contributions as a percentage of covered payroll	26.35%	29.45%	24.49%
Valuation date:	6/30/2012	6/30/2013	6/30/2014
For the Fiscal Year Ended June 30,	2018	2019	2020
Actuarially determined contribution	\$5,172,358	\$5,842,872	\$6,477,118
Contributions in relation to the actuarially determined contributions	(5,172,358)	(5,842,872)	(6,477,118)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	<u>\$17,179,599</u>	<u>\$20,193,041</u>	<u>\$21,471,907</u>
Contributions as a percentage of covered payroll	30.11%	28.94%	30.17%

Notes to Schedule

Valuation date:	6/30/2015	6/30/2016	6/30/2017
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry Age Normal		
Amortization method	Level percentage of payroll, closed		
Average remaining amortization period	22 years as of Valuation Date		
Asset valuation method	Market Value of Assets		
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 Expenses, includes Inflation		
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.		
Mortality Rate Table	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.

REQUIRED SUPPLEMENTARY INFORMATION

Safety Plan
 Cost Sharing Multiple-Employer Defined Pension Plan
 Last 10 Years*

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>
Plan's proportion of the Net Pension Liability (Asset)	1.07938%	1.03004%	0.95843%	0.93552%	0.95843%	0.95585%
Plan's proportion share of the Net Pension Liability (Asset)	\$40,485,157	\$42,442,275	\$49,781,654	\$55,899,346	\$56,236,322	\$59,669,242
Plan's Covered Payroll	11,200,196	12,280,143	12,543,342	12,807,240	13,238,467	14,330,518
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	361.47%	345.62%	396.88%	436.47%	424.79%	416.38%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	69.45%	68.91%	65.03%	65.00%	66.54%	66.54%

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

REQUIRED SUPPLEMENTARY INFORMATION

Safety Plan
 Cost Sharing Multiple-Employer Defined Benefit Pension Plan
 Last 10 Years *
SCHEDULE OF CONTRIBUTIONS

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution	\$4,331,842	\$4,055,568	\$4,455,903	\$4,959,631	\$5,719,302	\$6,571,899
Contributions in relation to the actuarially determined contributions	<u>(4,331,842)</u>	<u>(4,055,568)</u>	<u>(4,455,903)</u>	<u>(4,959,631)</u>	<u>(5,719,302)</u>	<u>(6,571,899)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$12,280,143	\$12,543,342	\$12,807,240	\$13,238,467	\$14,330,518	\$17,965,730
Contributions as a percentage of covered payroll	35.28%	32.33%	34.79%	37.46%	39.91%	36.58%

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

REQUIRED SUPPLEMENTARY INFORMATION

PARS Enhancement Excess Benefit
Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Total Pension Liability						
Service Cost	\$33,000	\$25,000	\$8,000	\$9,000	\$8,901	
Interest	122,000	124,000	126,000	134,000	134,821	\$107,078
Differences between expected and actual experience	-	-	53,000	-	47,056	
Changes in assumptions	-	-	86,000	-	659,042	(75,860)
Changes in benefits	-	-	-	-	-	
Benefit payments, including refunds of employee contributions	(97,000)	(99,000)	(112,000)	(137,000)	(139,237)	(146,447)
Net change in total pension liability	<u>58,000</u>	<u>50,000</u>	<u>161,000</u>	<u>6,000</u>	<u>710,583</u>	<u>(115,229)</u>
Total pension liability - beginning	<u>2,237,000</u>	<u>2,295,000</u>	<u>2,345,000</u>	<u>2,506,000</u>	<u>2,512,000</u>	<u>3,222,583</u>
Total pension liability - ending (a)	<u><u>\$2,295,000</u></u>	<u><u>\$2,345,000</u></u>	<u><u>\$2,506,000</u></u>	<u><u>\$2,512,000</u></u>	<u><u>\$3,222,583</u></u>	<u><u>\$3,107,354</u></u>
Plan fiduciary net position						
Contributions - employer	\$204,000	\$245,000	\$270,000	\$239,000	\$400,000	
Contributions - employee	-	-	-	-	-	
Net investment income	110,000	21,000	51,000	80,000	53,127	124,714
Administrative expenses	(7,000)	(7,000)	(8,000)	(8,000)	(9,143)	(9,920)
Benefit payments, including refunds of employee contributions	(97,000)	(99,000)	(112,000)	(137,000)	(139,237)	(146,447)
Net change in plan fiduciary net position	<u>210,000</u>	<u>160,000</u>	<u>201,000</u>	<u>174,000</u>	<u>304,747</u>	<u>(31,653)</u>
Plan fiduciary net position - beginning	<u>1,289,000</u>	<u>1,499,000</u>	<u>1,659,000</u>	<u>1,860,000</u>	<u>2,034,000</u>	<u>2,338,747</u>
Plan fiduciary net position - ending (b)	<u><u>\$1,499,000</u></u>	<u><u>\$1,659,000</u></u>	<u><u>\$1,860,000</u></u>	<u><u>\$2,034,000</u></u>	<u><u>\$2,338,747</u></u>	<u><u>\$2,307,094</u></u>
Net pension liability - ending (a)-(b)	<u><u>\$796,000</u></u>	<u><u>\$686,000</u></u>	<u><u>\$646,000</u></u>	<u><u>\$478,000</u></u>	<u><u>\$883,836</u></u>	<u><u>\$800,260</u></u>
Plan fiduciary net position as a percentage of the total pension liability	65.32%	70.75%	74.22%	80.97%	72.57%	74.25%
Covered payroll	<u><u>\$635,597</u></u>	<u><u>\$653,039</u></u>	<u><u>\$586,464</u></u>	<u><u>\$182,068</u></u>	<u><u>\$186,997</u></u>	<u><u>\$0</u></u> (A)
Net pension liability as percentage of covered payroll	125.24%	105.05%	110.15%	262.54%	472.65%	n/a

Notes to Schedule:

Benefit changes. There were no changes in benefits.

Changes in assumptions. The discount rate was updated. General Inflation was updated to 2.75%. Demographic Assumptions were updated to CalPERS 1997-2015 Experience Study. Mortality improvement sacal was updated to Scale MP-2017.

* - Fiscal year 2015 was the 1st year of implementation.
(A) All Plan participants were retired as of July 1, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

PARS Enhancement Excess Benefit
Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

<u>For the Fiscal Year Ended June 30,</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution	\$204,000	\$280,000	\$297,000	\$391,000	\$0	\$97,000
Contributions in relation to the actuarially determined contributions	<u>(246,689)</u>	<u>(272,689)</u>	<u>(290,000)</u>	<u>(400,000)</u>	<u>0</u>	<u>0</u>
Contribution deficiency (excess)	<u>(\$42,689)</u>	<u>\$7,311</u>	<u>\$7,000</u>	<u>(\$9,000)</u>	<u>\$0</u>	<u>\$97,000</u>
Covered payroll	<u>\$653,039</u>	<u>\$586,464</u>	<u>\$182,068</u>	<u>\$186,997</u>	<u>\$0 (A)</u>	<u>\$0 (A)</u>
Contributions as a percentage of covered payroll	37.78%	46.50%	159.28%	213.91%	0%	0%

Notes to Schedule

Valuation date: 6/30/2014 6/30/2015 6/30/2016 6/30/2016 6/30/2017 6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal, Level % of pay
Amortization method	Level dollar amount
Average remaining amortization period	10-years fixed period for 2019/20
Asset valuation method	Investment gains and losses spread over a 5-year rolling period
Discount rate	3.60%
Inflation	2.75%
Projected Salary Increase	3.00%
Mortality Rate Table	CalPERS 1997-2015 Experience Study
Mortality Improvement Scale	Post - retirement mortality projected fully generational with Scale MP-2017

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

(A) All Plan participants were retired as of July 1, 2018

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 Single-Employer Other Post-Employment Benefit Plan
 Last 10 fiscal years*

Measurement Date	<u>6/30/17</u>	<u>6/30/18</u>	<u>6/30/19</u>
Total OPEB Liability (1)			
Service Cost	\$1,509,000	\$1,263,802	\$1,183,810
Interest	1,059,000	1,235,540	1,299,001
Changes of benefit terms			
Differences between expected and actual experience		(256,511)	
Changes of assumptions	(3,276,000)	(1,351,768)	1,523,401
Benefit payments	<u>(1,631,000)</u>	<u>(1,733,000)</u>	<u>(1,781,930)</u>
Net change in total OPEB liability	(2,339,000)	(841,937)	2,224,282
Total OPEB liability - beginning	<u>36,454,000</u>	<u>34,115,000</u>	<u>33,273,063</u>
Total OPEB liability - ending (a)	<u><u>\$34,115,000</u></u>	<u><u>\$33,273,063</u></u>	<u><u>\$35,497,345</u></u>
Covered-employee payroll	<u>\$38,034,624</u>	<u>\$31,729,215</u>	<u>\$39,889,613</u>
Total OPEB liability as a percentage of covered-employee payroll	89.69%	104.87%	88.99%

Notes to Schedule:

(1) No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

Benefit changes: No changes.

Changes in assumptions: No Changes.

* Fiscal year 2018 was the first year of implementation.

SUPPLEMENTARY INFORMATION

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MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS
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PUBLIC FACILITIES IMPLEMENTATION PLAN FUND

This fund was initially established to account for the costs incurred for the development of a Public Facilities Implementation Plan. Now that the Plan is functional, this fund accounts for the developer impact fees collected and expended in the construction of the Drainage and Transportation elements of the Plan. The Sewer and Water developer impact fees collected and expended in connection with the Plan are accounted for in their respective Enterprise Funds

REDEVELOPMENT BONDS PROJECTS FUND

This fund was established to account for the financing and construction activities funded with the tax-exempt proceeds from the issuance of the former Manteca Redevelopment Agency's long-term debt.

CITY OF MANTECA
PUBLIC FACILITIES IMPLEMENTATION PLAN FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Use of money and property	\$267,490	\$742,772	\$475,282
Charges for current services	5,880,765	5,654,336	(226,429)
Total Revenues	6,148,255	6,397,108	248,853
EXPENDITURES			
Current:			
Public works	751,383	284,506	466,877
Capital outlay	16,209,340	10,623,255	5,586,085
Debt service:			
Interest and fiscal charges	67,165	67,165	
Total Expenditures	17,027,888	10,974,926	6,052,962
NET CHANGE IN FUND BALANCE	(\$10,879,633)	(4,577,818)	\$6,301,815
BEGINNING FUND BALANCE		31,442,627	
ENDING FUND BALANCE		\$26,864,809	

CITY OF MANTECA
REDEVELOPMENT BONDS PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Use of money and property	\$75,000	\$535,686	\$460,686
Gain from sale of property	<u>\$468,457</u>	<u>468,457</u>	
Total Revenues	<u>543,457</u>	<u>1,004,143</u>	<u>460,686</u>
EXPENDITURES			
Current:			
Community development	82	82	
Capital outlay	<u>23,617,945</u>	<u>19,010,828</u>	<u>4,607,117</u>
Total Expenditures	<u>23,618,027</u>	<u>19,010,910</u>	<u>4,607,117</u>
NET CHANGE IN FUND BALANCE	<u>(\$23,074,570)</u>	<u>(18,006,767)</u>	<u>\$5,067,803</u>
BEGINNING FUND BALANCE		<u>27,187,694</u>	
ENDING FUND BALANCE		<u>\$9,180,927</u>	

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

COMMUNITY DEVELOPMENT BLOCK GRANT

Established to account for projects financed by the Federal Housing and Urban Development Department through San Joaquin County.

POLICE GRANTS

Established to account for the City's various Police grants. The U.S. Department of Justice Universal Hiring Grants are used to hire additional Patrol officers as well as to provide officers to each of the City's high school attendance areas for the school's Resource Officer Program. The Federal Local Law Enforcement Block Grants are used to supplement communications and equipment needs. State grants are used for specific equipment and personnel costs incurred in the implementation of the grant specific programs.

SUPPLEMENTAL LAW ENFORCEMENT SERVICES

Established to account for the Citizens Option for Public Safety (COPS) appropriation pursuant to Assembly Bill 3229. The Manteca police department is using these funds for front-line law enforcement programs.

RECREATION

Established to account for the operations of the City's recreation program. Funding of these programs is provided through fees collected from those who participate in recreational activities.

STREET IMPROVEMENTS

Established to account for financing of the City's traffic signal installations and highway interchange. Financing is provided by specific traffic signal installation and highway interchange fees imposed on developments.

MAJOR EQUIPMENT PURCHASE FEE

Established to account for financing of major equipment utilization by City departments. Financing is provided by specific major equipment purchase fees imposed on developments.

LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT

Established to account for the financing of lighting and landscape maintenance districts formed pursuant to the Landscaping and Lighting Act of 1972 and benefit assessment districts formed pursuant to the Benefit Assessment Act of 1982. The City currently has twenty five approved districts.

PUBLIC SAFETY ENDOWMENT FEE

Established to account for funds received from the Public Safety Endowment Fee. This fee is collected as part of negotiated development agreements and the interest from the fee has been designated for the use of funding public safety salaries.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

DEVELOPMENT SERVICES

Established to record revenues and expenditures directly related to development services, including planning and building safety.

DEVELOPMENT MITIGATION

Established to account for the collection and use of fees collected as part of negotiated development agreements. These fees include a Development Agreement Fee, and Economic Development Fee, a Public Facilities Fee, a Development Services Fee, a Public Safety Endowment Fee, and a Recreational Amenities Fee.

FEDERAL TRANSIT MANAGEMENT

Established to account for all funding received (federal, state, and local transportation) associated with the formation and operation of a city managed public transit system.

COMMUNITY FACILITIES DISTRICTS

The Community Facilities Districts Fund (CFD) was established to account for the monies collected and special taxes levied in association with the formation of and services associated with Community Facilities Districts.

FIRE GRANTS

The Fire Grants Fund was established to account for the fire grants received by the City. Federal grants are used for specific equipment and personnel costs incurred in the implementation of the grant programs.

CAPITAL IMPROVEMENT FUNDS:**STATE GASOLINE TAX**

Established to account for the construction and maintenance of the street system in Manteca. Financing is provided by the City's share of state gasoline taxes and State of California under AB2928. The allocations from AB2928 must be spent on local streets and roads maintenance, rehabilitation and reconstruction projects according to the tax levied for that purpose by San Joaquin County.

REGIONAL TRANSPORTATION IMPACT FEES

Established to account for fees collected in association with the Regional Transportation Impact Fee Program (RTIF). The RTIF Program is a County-wide program administered by the San Joaquin Council of Governments as part of a regional effort to mitigate traffic congestion. Improvements to the Regional Transportation Network have been identified in the RTIF Capital Project list. This program collects fees from future residential and non-residential development. Fees collected are used exclusively on identified projects locally and within the region.

MEASURE K

Established to account for the construction and maintenance of the street system in Manteca financed with a 1/2 cent sales tax levied for that purpose by San Joaquin County.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

PARKS

Established to account for the construction and maintenance of all City owned parks. Financing is provided by a special parks improvement fee imposed on developments.

GOVERNMENT BUILDING FACILITIES

Established to account for the financing and construction activities of the Civic Center expansion and other City facilities. Financing is provided by government building facilities fees imposed on developments.

SPECIAL APPORTIONMENT STREETS

Established to account for the construction and maintenance of the street system in Manteca. Financing is provided through local transportation funds and State and Federal grants.

FLOOD PROTECTION

Established to account for permit payments that are collected for the two-hundred-year flood.

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

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Police Grants	Supplemental Law Enforcement Services	Recreation	Street Improvements
ASSETS					
Cash and investments		\$1,449	\$243,055	\$155,712	\$54,012
Restricted cash and investments					
Accounts receivables (net of allowance for estimated uncollectible accounts)	\$4,365	22,323		8,413	
Advances to other funds					
Total Assets	<u>\$4,365</u>	<u>\$23,772</u>	<u>\$243,055</u>	<u>\$164,125</u>	<u>\$54,012</u>
LIABILITIES					
Accounts payable	\$100,000	\$4,113		\$10,578	
Contracts payable					
Refundable deposits				1,930	
Due to other funds	33,237				
Unearned revenue	467				
Advances from other funds					
Total Liabilities	<u>133,704</u>	<u>4,113</u>		<u>12,508</u>	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - accounts receivable					
Total Deferred Inflows of Resources					
FUND BALANCE					
Fund balance:					
Restricted		19,659	\$243,055		\$54,012
Committed				151,617	
Assigned					
Unassigned	(129,339)				
Total Fund Balances	<u>(129,339)</u>	<u>19,659</u>	<u>243,055</u>	<u>151,617</u>	<u>54,012</u>
Total Liabilities and Fund Balances	<u>\$4,365</u>	<u>\$23,772</u>	<u>\$243,055</u>	<u>\$164,125</u>	<u>\$54,012</u>

SPECIAL REVENUE FUNDS

Major Equipment Purchase Fee	Landscape and Lighting Maintenance District	Public Safety Endowment Fee	Development Services	Development Mitigation	Federal Transit Management	Community Facilities Districts	Fire Grants
\$491,392 363,090	\$1,306,867	\$502,773	\$9,940,929	\$6,602,101	\$1,154,338	\$1,835,147	
111,076	30,307		1,479,311	300,000 742,077	1,810,613		
<u>\$965,558</u>	<u>\$1,337,174</u>	<u>\$502,773</u>	<u>\$11,420,240</u>	<u>\$7,644,178</u>	<u>\$2,964,951</u>	<u>\$1,835,147</u>	
	\$28,917		\$222,312	\$2,600	\$207,287	\$17,352	
					3,210		\$87,907
					1,433,166		
	<u>28,917</u>		<u>222,312</u>	<u>2,600</u>	<u>1,643,663</u>	<u>17,352</u>	<u>87,907</u>
<u>\$111,076</u>			<u>1,466,038</u>	<u>300,000</u>	<u>1,321,288</u>		
111,076			1,466,038	300,000	1,321,288		
854,482	1,308,257	\$502,773	9,731,890	7,341,578		1,817,795	
							(87,907)
<u>854,482</u>	<u>1,308,257</u>	<u>502,773</u>	<u>9,731,890</u>	<u>7,341,578</u>		<u>1,817,795</u>	<u>(87,907)</u>
<u>\$965,558</u>	<u>\$1,337,174</u>	<u>\$502,773</u>	<u>\$11,420,240</u>	<u>\$7,644,178</u>	<u>\$2,964,951</u>	<u>\$1,835,147</u>	

(Continued)

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

	CAPITAL IMPROVEMENT FUNDS				
	State Gasoline Tax	Regional Transportation Impact Fees	Measure K	Parks	Government Building Facilities
ASSETS					
Cash and investments	\$5,488,812	\$14,598,498	\$6,399,310	\$7,248,309	\$19,453,063
Restricted cash and investments				99,132	
Accounts receivables (net of allowance for estimated uncollectible accounts)	221,587	698,189	298,179		819,843
Advances to other funds					
Total Assets	<u>\$5,710,399</u>	<u>\$15,296,687</u>	<u>\$6,697,489</u>	<u>\$7,347,441</u>	<u>\$20,272,906</u>
LIABILITIES					
Accounts payable	\$478,009	\$206,764	\$304,710	\$92,133	\$473,255
Contracts payable				2,214	
Refundable deposits		94,408		99,132	
Due to other funds					
Unearned revenue					
Advances from other funds					742,077
Total Liabilities	<u>478,009</u>	<u>301,172</u>	<u>304,710</u>	<u>193,479</u>	<u>1,215,332</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - accounts receivable		698,189			819,843
Total Deferred Inflows of Resources		<u>698,189</u>			<u>819,843</u>
FUND BALANCE					
Fund balance:					
Restricted	5,232,390	14,297,326	6,392,779	7,153,962	18,237,731
Committed					
Assigned					
Unassigned					
Total Fund Balances	<u>5,232,390</u>	<u>14,297,326</u>	<u>6,392,779</u>	<u>7,153,962</u>	<u>18,237,731</u>
Total Liabilities and Fund Balances	<u>\$5,710,399</u>	<u>\$15,296,687</u>	<u>\$6,697,489</u>	<u>\$7,347,441</u>	<u>\$20,272,906</u>

CAPITAL
IMPROVEMENT
FUNDS

Special Apportionment Streets	Flood Protection	Total Nonmajor Governmental Funds
\$1,497,582	\$27,189	\$77,000,538 462,222
4,262,005	557,844	10,624,055 742,077
<u>\$5,759,587</u>	<u>\$585,033</u>	<u>\$88,828,892</u>
\$41,877 26,192 562	\$26,557	\$2,216,464 28,406 199,242 121,144 1,433,633 742,077
<u>68,631</u>	<u>26,557</u>	<u>4,740,966</u>
<u>3,226,086</u>	<u>557,844</u>	<u>8,500,364</u>
<u>3,226,086</u>	<u>557,844</u>	<u>8,500,364</u>
2,464,870	632	73,188,321 151,617 2,464,870 (217,246)
<u>2,464,870</u>	<u>632</u>	<u>75,587,562</u>
<u>\$5,759,587</u>	<u>\$585,033</u>	<u>\$88,828,892</u>

CITY OF MANTECA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Police Grants	Supplemental Law Enforcement Services	Recreation	Street Improvements
REVENUES					
Licenses and permits					
Use of money and property			\$346		
Revenue from other agencies	\$283,792	\$58,209	196,141		
Charges for current services				\$1,023,153	
Other revenue				2,363	
Total Revenues	<u>283,792</u>	<u>58,209</u>	<u>196,487</u>	<u>1,025,516</u>	
EXPENDITURES					
Current:					
General government	318,039				
Community development					
Public safety		55,919			
Public works					
Parks and recreation				1,427,800	
Streets and highways					
Capital outlay	95,671				
Debt service:					
Principal					
Interest and fiscal charges					
Total Expenditures	<u>413,710</u>	<u>55,919</u>		<u>1,427,800</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>(129,918)</u>	<u>2,290</u>	<u>196,487</u>	<u>(402,284)</u>	
OTHER FINANCING SOURCES (USES)					
Transfers in				425,000	
Transfers (out)					
Total Other Financing Sources (Uses)				<u>425,000</u>	
NET CHANGE IN FUND BALANCES					
	(129,918)	2,290	196,487	22,716	
BEGINNING FUND BALANCES					
	<u>579</u>	<u>17,369</u>	<u>46,568</u>	<u>128,901</u>	<u>\$54,012</u>
ENDING FUND BALANCES					
	<u>(\$129,339)</u>	<u>\$19,659</u>	<u>\$243,055</u>	<u>\$151,617</u>	<u>\$54,012</u>

SPECIAL REVENUE FUNDS

Major Equipment Purchase Fee	Landscape and Lighting Maintenance District	Public Safety Endowment Fee	Development Services	Development Mitigation	Federal Transit Management	Community Facilities Districts	Fire Grants
			\$3,565,508				
\$2,245	\$2,249		28,558	\$49,302	\$10,304		
			8,499		2,173,036		
268,827	1,226,267		2,979,033	1,144,141	86,100	\$1,125,392	
	101		32,477			20	
271,072	1,228,617		6,614,075	1,193,443	2,269,440	1,125,412	
			28,171	99,019			
			5,057,325				
		\$983,315					\$87,907
	1,006,199			42,764	2,244,196	505,389	
	69,306		60,004	44,916	25,244	2,825	
144,002							
7,925							
151,927	1,075,505	983,315	5,145,500	186,699	2,269,440	508,214	87,907
119,145	153,112	(983,315)	1,468,575	1,006,744		617,198	(87,907)
				115,000			
			(127,500)				
			(127,500)	115,000			
119,145	153,112	(983,315)	1,341,075	1,121,744		617,198	(87,907)
735,337	1,155,145	1,486,088	8,390,815	6,219,834		1,200,597	
\$854,482	\$1,308,257	\$502,773	\$9,731,890	\$7,341,578		\$1,817,795	(\$87,907)

(Continued)

CITY OF MANTECA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	CAPITAL IMPROVEMENT FUNDS				
	State Gasoline Tax	Regional Transportation Impact Fees	Measure K	Parks	Government Building Facilities
REVENUES					
Licenses and permits					\$4,017,864
Use of money and property	\$50,886	\$254,842	\$121,114	\$145,137	518,630
Revenue from other agencies	3,474,212		1,453,804		
Charges for current services		1,988,915		2,084,268	
Other revenue	3,699				
Total Revenues	<u>3,528,797</u>	<u>2,243,757</u>	<u>1,574,918</u>	<u>2,229,405</u>	<u>4,536,494</u>
EXPENDITURES					
Current:					
General government					
Community development					
Public safety					
Public works	16,204				81,874
Parks and recreation	187,791			324,148	
Streets and highways	1,880,003	2,857	300,572		
Capital outlay	773,792	82,472	1,870,152	493,572	3,949,185
Debt service:					
Principal					
Interest and fiscal charges					54,313
Total Expenditures	<u>2,857,790</u>	<u>85,329</u>	<u>2,170,724</u>	<u>817,720</u>	<u>4,085,372</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>671,007</u>	<u>2,158,428</u>	<u>(595,806)</u>	<u>1,411,685</u>	<u>451,122</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers (out)					
Total Other Financing Sources (Uses)					
NET CHANGE IN FUND BALANCES	671,007	2,158,428	(595,806)	1,411,685	451,122
BEGINNING FUND BALANCES	<u>4,561,383</u>	<u>12,138,898</u>	<u>6,988,585</u>	<u>5,742,277</u>	<u>17,786,609</u>
ENDING FUND BALANCES	<u>\$5,232,390</u>	<u>\$14,297,326</u>	<u>\$6,392,779</u>	<u>\$7,153,962</u>	<u>\$18,237,731</u>

CAPITAL
IMPROVEMENT
FUNDS

Special Apportionment Streets	Flood Protection	Total Nonmajor Governmental Funds
		\$7,583,372
\$175,483		1,359,096
1,327,040		8,974,733
		11,926,096
		38,660
<u>1,502,523</u>		<u>29,881,957</u>
		445,229
		5,057,325
		1,127,141
		2,385,038
2,369,707		3,451,327
3,263,067		4,553,139
		10,730,206
		144,002
		62,238
<u>5,632,774</u>		<u>27,955,645</u>
<u>(4,130,251)</u>		<u>1,926,312</u>
		540,000
		(127,500)
		412,500
(4,130,251)		2,338,812
<u>6,595,121</u>	\$632	<u>73,248,750</u>
<u>\$2,464,870</u>	<u>\$632</u>	<u>\$75,587,562</u>

CITY OF MANTECA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	COMMUNITY DEVELOPMENT BLOCK GRANT			POLICE GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses and permits						
Use of money and property						
Revenue from other agencies	\$386,316	\$283,792	(\$102,524)	\$16,701	\$58,209	\$41,508
Charges for current services						
Other revenue						
Total Revenues	<u>386,316</u>	<u>283,792</u>	<u>(102,524)</u>	<u>16,701</u>	<u>58,209</u>	<u>41,508</u>
EXPENDITURES						
Current:						
General government	309,590	318,039	(8,449)			
Community development						
Public safety				16,701	55,919	(39,218)
Public works						
Parks and recreation						
Streets and highways						
Capital outlay	550,577	95,671	454,906			
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>860,167</u>	<u>413,710</u>	<u>446,457</u>	<u>16,701</u>	<u>55,919</u>	<u>(39,218)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(473,851)</u>	<u>(129,918)</u>	<u>343,933</u>		<u>2,290</u>	<u>2,290</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u><u>(\$473,851)</u></u>	<u>(129,918)</u>	<u><u>\$343,933</u></u>		<u>2,290</u>	<u><u>\$2,290</u></u>
BEGINNING FUND BALANCES		<u>579</u>			<u>17,369</u>	
ENDING FUND BALANCES		<u><u>(\$129,339)</u></u>			<u><u>\$19,659</u></u>	

SUPPLEMENTAL LAW ENFORCEMENT SERVICES			RECREATION			MAJOR EQUIPMENT PURCHASE FEE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$150	\$346	\$196				\$900	\$2,245	\$1,345
173,250	196,141	22,891	\$1,758,950	\$1,023,153	(\$735,797)	196,000	268,827	72,827
			15,000	2,363	(12,637)			
173,400	196,487	23,087	1,773,950	1,025,516	(748,434)	196,900	271,072	74,172
			1,774,785	1,427,800	346,985			
						144,000	144,002	(2)
						7,930	7,925	5
			1,774,785	1,427,800	346,985	151,930	151,927	3
173,400	196,487	23,087	(835)	(402,284)	(401,449)	44,970	119,145	74,175
			425,000	425,000				
			425,000	425,000				
<u>\$173,400</u>	196,487	<u>\$23,087</u>	<u>\$424,165</u>	22,716	<u>(\$401,449)</u>	<u>\$44,970</u>	119,145	<u>\$74,175</u>
	46,568			128,901			735,337	
	<u>\$243,055</u>			<u>\$151,617</u>			<u>\$854,482</u>	

(Continued)

CITY OF MANTECA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT</u>			<u>PUBLIC SAFETY ENDOWMENT FEE</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES						
Licenses and permits						
Use of money and property		\$2,249	\$2,249	\$12,000		(\$12,000)
Revenue from other agencies						
Charges for current services	\$1,245,430	1,226,267	(19,163)			
Other revenue		101	101			
Total Revenues	<u>1,245,430</u>	<u>1,228,617</u>	<u>(16,813)</u>	<u>12,000</u>		<u>(12,000)</u>
EXPENDITURES						
Current:						
General government						
Community development						
Public safety				1,398,115	\$983,315	414,800
Public works						
Parks and recreation	1,096,520	1,006,199	90,321			
Streets and highways						
Capital outlay	116,230	69,306	46,924	61,000		61,000
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>1,212,750</u>	<u>1,075,505</u>	<u>137,245</u>	<u>1,459,115</u>	<u>983,315</u>	<u>475,800</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>32,680</u>	<u>153,112</u>	<u>120,432</u>	<u>(1,447,115)</u>	<u>(983,315)</u>	<u>463,800</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u>\$32,680</u>	<u>153,112</u>	<u>\$120,432</u>	<u>(\$1,447,115)</u>	<u>(983,315)</u>	<u>\$463,800</u>
BEGINNING FUND BALANCES		<u>1,155,145</u>			<u>1,486,088</u>	
ENDING FUND BALANCES		<u>\$1,308,257</u>			<u>\$502,773</u>	

DEVELOPMENT SERVICES			DEVELOPMENT MITIGATION			FEDERAL TRANSIT MANAGEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$2,300,000	\$3,565,508	\$1,265,508						
2,200	28,558	26,358	\$62,470	\$49,302	(\$13,168)	\$2,200	\$10,304	\$8,104
	8,499	8,499				5,832,575	2,173,036	(3,659,539)
2,894,545	2,979,033	84,488	883,715	1,144,141	260,426	112,410	86,100	(26,310)
30,000	32,477	2,477	300,000		(300,000)			
<u>5,226,745</u>	<u>6,614,075</u>	<u>1,387,330</u>	<u>1,246,185</u>	<u>1,193,443</u>	<u>(52,742)</u>	<u>5,947,185</u>	<u>2,269,440</u>	<u>(3,677,745)</u>
20,000	28,171	(8,171)	217,705	99,019	118,686			
5,568,972	5,057,325	511,647						
			166,835	42,764	124,071	2,479,570	2,244,196	235,374
325,000	60,004	264,996	533,795	44,916	488,879	3,519,000	25,244	3,493,756
<u>5,913,972</u>	<u>5,145,500</u>	<u>768,472</u>	<u>918,335</u>	<u>186,699</u>	<u>731,636</u>	<u>5,998,570</u>	<u>2,269,440</u>	<u>3,729,130</u>
<u>(687,227)</u>	<u>1,468,575</u>	<u>2,155,802</u>	<u>327,850</u>	<u>1,006,744</u>	<u>678,894</u>	<u>(51,385)</u>		<u>51,385</u>
<u>(127,500)</u>	<u>(127,500)</u>		115,000	115,000				
<u>(127,500)</u>	<u>(127,500)</u>		115,000	115,000				
<u>(\$814,727)</u>	1,341,075	<u>\$2,155,802</u>	<u>\$442,850</u>	1,121,744	<u>\$678,894</u>	<u>(\$51,385)</u>		<u>\$51,385</u>
	<u>8,390,815</u>			<u>6,219,834</u>				
	<u>\$9,731,890</u>			<u>\$7,341,578</u>				

(Continued)

CITY OF MANTECA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	COMMUNITY FACILITIES DISTRICTS			FIRE GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses and permits						
Use of money and property						
Revenue from other agencies				\$542,202		(\$542,202)
Charges for current services	\$1,126,802	\$1,125,392	(\$1,410)			
Other revenue		20	20			
Total Revenues	<u>1,126,802</u>	<u>1,125,412</u>	<u>(1,390)</u>	<u>542,202</u>		<u>(542,202)</u>
EXPENDITURES						
Current:						
General government						
Community development						
Public safety					\$87,907	(87,907)
Public works						
Parks and recreation	893,014	505,389	387,625			
Streets and highways						
Capital outlay	256,800	2,825	253,975			
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>1,149,814</u>	<u>508,214</u>	<u>641,600</u>		<u>87,907</u>	<u>(87,907)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(23,012)</u>	<u>617,198</u>	<u>640,210</u>	<u>542,202</u>	<u>(87,907)</u>	<u>(630,109)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u><u>(\$23,012)</u></u>	<u>617,198</u>	<u><u>\$640,210</u></u>	<u><u>\$542,202</u></u>	<u>(87,907)</u>	<u><u>(\$630,109)</u></u>
BEGINNING FUND BALANCES		<u>1,200,597</u>				
ENDING FUND BALANCES		<u><u>\$1,817,795</u></u>			<u><u>(\$87,907)</u></u>	

STATE GASOLINE TAX			REGIONAL TRANSPORTATION IMPACT FEES			MEASURE K		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$9,500	\$50,886	\$41,386	\$48,900	\$254,842	\$205,942	\$22,600	\$121,114	\$98,514
3,061,600	3,474,212	412,612				12,611,305	1,453,804	(11,157,501)
			2,110,340	1,988,915	(121,425)			
	3,699	3,699						
<u>3,071,100</u>	<u>3,528,797</u>	<u>457,697</u>	<u>2,159,240</u>	<u>2,243,757</u>	<u>84,517</u>	<u>12,633,905</u>	<u>1,574,918</u>	<u>(11,058,987)</u>
29,000	16,204	12,796						
184,354	187,791	(3,437)						
3,127,507	1,880,003	1,247,504	16,000	2,857	13,143	609,674	300,572	309,102
2,447,210	773,792	1,673,418	1,117,745	82,472	1,035,273	16,410,010	1,870,152	14,539,858
<u>5,788,071</u>	<u>2,857,790</u>	<u>2,930,281</u>	<u>1,133,745</u>	<u>85,329</u>	<u>1,048,416</u>	<u>17,019,684</u>	<u>2,170,724</u>	<u>14,848,960</u>
<u>(2,716,971)</u>	<u>671,007</u>	<u>3,387,978</u>	<u>1,025,495</u>	<u>2,158,428</u>	<u>1,132,933</u>	<u>(4,385,779)</u>	<u>(595,806)</u>	<u>3,789,973</u>
<u>(\$2,716,971)</u>	<u>671,007</u>	<u>\$3,387,978</u>	<u>\$1,025,495</u>	<u>2,158,428</u>	<u>\$1,132,933</u>	<u>(\$4,385,779)</u>	<u>(595,806)</u>	<u>\$3,789,973</u>
	<u>4,561,383</u>			<u>12,138,898</u>			<u>6,988,585</u>	
	<u>\$5,232,390</u>			<u>\$14,297,326</u>			<u>\$6,392,779</u>	

(Continued)

CITY OF MANTECA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	PARKS			GOVERNMENT BUILDING FACILITIES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses and permits				\$3,987,725	\$4,017,864	\$30,139
Use of money and property	\$9,000	\$145,137	\$136,137	26,500	518,630	492,130
Revenue from other agencies						
Charges for current services	2,305,275	2,084,268	(221,007)			
Other revenue						
Total Revenues	<u>2,314,275</u>	<u>2,229,405</u>	<u>(84,870)</u>	<u>4,014,225</u>	<u>4,536,494</u>	<u>522,269</u>
EXPENDITURES						
Current:						
General government						
Community development						
Public safety						
Public works				124,000	81,874	42,126
Parks and recreation	320,825	324,148	(3,323)			
Streets and highways						
Capital outlay	1,555,534	493,572	1,061,962	4,356,868	3,949,185	407,683
Debt service:						
Principal				300,000		300,000
Interest and fiscal charges				55,000	54,313	687
Total Expenditures	<u>1,876,359</u>	<u>817,720</u>	<u>1,058,639</u>	<u>4,835,868</u>	<u>4,085,372</u>	<u>750,496</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>437,916</u>	<u>1,411,685</u>	<u>973,769</u>	<u>(821,643)</u>	<u>451,122</u>	<u>1,272,765</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u><u>\$437,916</u></u>	<u>1,411,685</u>	<u><u>\$973,769</u></u>	<u><u>(\$821,643)</u></u>	<u>451,122</u>	<u><u>\$1,272,765</u></u>
BEGINNING FUND BALANCES		<u>5,742,277</u>			<u>17,786,609</u>	
ENDING FUND BALANCES		<u><u>\$7,153,962</u></u>			<u><u>\$18,237,731</u></u>	

SPECIAL
APPORTIONMENT STREETS

Budget	Actual	Variance Positive (Negative)
\$24,000	\$175,483	\$151,483
15,721,030	1,327,040	(14,393,990)
<u>15,745,030</u>	<u>1,502,523</u>	<u>(14,242,507)</u>
4,601,415	2,369,707	2,231,708
27,150,470	3,263,067	23,887,403
<u>31,751,885</u>	<u>5,632,774</u>	<u>26,119,111</u>
<u>(16,006,855)</u>	<u>(4,130,251)</u>	<u>11,876,604</u>
<u><u>(\$16,006,855)</u></u>	<u>(4,130,251)</u>	<u><u>\$11,876,604</u></u>
	<u>6,595,121</u>	
	<u><u>\$2,464,870</u></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.

VEHICLE

Established to account for the purchase and replacement of vehicles utilized by City departments.

EQUIPMENT

Established to account for the purchase and replacement of equipment (including Information Systems equipment) utilized by City departments.

PAYROLL TAX BENEFIT ALLOCATION

Established to fund and account for the City's liability for compensated absences and employee benefits.

INSURANCE

Established to account for the self-insured portion of the City's workers' compensation and liability insurance programs.

CITY OF MANTECA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
ASSETS					
Current Assets:					
Cash and investments	\$598,412	\$895,049	\$10,069,989	\$5,638,311	\$17,201,761
Accounts receivable	20,051	6,407	6,887	3,000	36,345
Prepaid items				2,416	2,416
Employee notes receivable			58,335		58,335
Total Current Assets	<u>618,463</u>	<u>901,456</u>	<u>10,135,211</u>	<u>5,643,727</u>	<u>17,298,857</u>
Non-Current Assets:					
Restricted cash and investments		201,112			201,112
Capital assets not being depreciated	205,642				205,642
Capital assets (net of accumulated depreciation)	<u>424,219</u>	<u>1,008,201</u>			<u>1,432,420</u>
Total Non-Current Assets	<u>629,861</u>	<u>1,209,313</u>			<u>1,839,174</u>
Total Assets	<u>1,248,324</u>	<u>2,110,769</u>	<u>10,135,211</u>	<u>5,643,727</u>	<u>19,138,031</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions		325,089		103,876	428,965
Deferred outflows related to OPEB		<u>16,307</u>		<u>6,524</u>	<u>22,831</u>
Total Deferred Outflows of Resources		<u>341,396</u>		<u>110,400</u>	<u>451,796</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	1,219	100,910	133,912	127,092	363,133
Accrued liabilities			2,883,429		2,883,429
Refundable deposits				808	808
Compensated absences			709,334		709,334
Estimated claims liability				<u>673,042</u>	<u>673,042</u>
Total Current Liabilities	<u>1,219</u>	<u>100,910</u>	<u>3,726,675</u>	<u>800,942</u>	<u>4,629,746</u>
Long-term Liabilities:					
Compensated absences			6,384,006		6,384,006
Estimated claims liability				57,192	57,192
Net pension liability		2,070,049		574,599	2,644,648
Total OPEB Liability		<u>778,331</u>		<u>217,249</u>	<u>995,580</u>
Total Long-Term Liabilities		<u>2,848,380</u>	<u>6,384,006</u>	<u>849,040</u>	<u>10,081,426</u>
Total Liabilities	<u>1,219</u>	<u>2,949,290</u>	<u>10,110,681</u>	<u>1,649,982</u>	<u>14,711,172</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions		75,664		18,863	94,527
Deferred inflows related to OPEB		<u>21,031</u>		<u>8,411</u>	<u>29,442</u>
Total Deferred Inflows of Resources		<u>96,695</u>		<u>27,274</u>	<u>123,969</u>
NET POSITION					
Net investment in capital assets	629,861	1,209,313			1,839,174
Unrestricted	<u>617,244</u>	<u>(1,803,133)</u>	<u>24,530</u>	<u>4,076,871</u>	<u>2,915,512</u>
Total Net Position	<u>\$1,247,105</u>	<u>(\$593,820)</u>	<u>\$24,530</u>	<u>\$4,076,871</u>	<u>\$4,754,686</u>

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

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
OPERATING REVENUES					
Charges for services		\$2,799,628			\$2,799,628
Insurance premium contribution from other funds				\$3,293,951	3,293,951
Miscellaneous				186,793	186,793
Total Operating Revenues		2,799,628		3,480,744	6,280,372
OPERATING EXPENSES					
Personnel services	\$20,830	1,331,372	\$1,422,038	206,675	2,980,915
Contractual services		23,352	28,772	169,863	221,987
Supplies	79,525	216,082		36,100	331,707
Utilities	4,020	76,147		8,059	88,226
Repairs and maintenance		861,545		24,643	886,188
Interdepartmental	93,508	273,440		18,900	385,848
Insurance	15,190	32,740		2,708,709	2,756,639
Claims				372,402	372,402
Depreciation	197,692	1,348,582			1,546,274
Miscellaneous		74,174		45,994	120,168
Total Operating Expenses	410,765	4,237,434	1,450,810	3,591,345	9,690,354
Total Operating Income (Loss)	(410,765)	(1,437,806)	(1,450,810)	(110,601)	(3,409,982)
NONOPERATING REVENUES (EXPENSES)					
Interest income	15,050	698		163,383	179,131
Interest expense		(3,270)			(3,270)
Total Nonoperating Revenues (Expenses)	15,050	(2,572)		163,383	175,861
Income (Loss) Before Contributions and Transfers					
Contributions	34,754	93,261			128,015
Transfers in	313,500	120,000			433,500
Net Contributions and Transfers	348,254	213,261			561,515
Change in Net Position	(47,461)	(1,227,117)	(1,450,810)	52,782	(2,672,606)
BEGINNING NET POSITION	1,294,566	633,297	1,475,340	4,024,089	7,427,292
ENDING NET POSITION	\$1,247,105	(\$593,820)	\$24,530	\$4,076,871	\$4,754,686

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

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$7,235	\$2,793,221	\$1,706,463	\$3,477,744	\$7,984,663
Payments to suppliers	(191,178)	(1,634,482)		(3,003,086)	(4,828,746)
Payments to or on behalf of employees	(20,830)	(1,187,615)	(125,376)	(181,481)	(1,515,302)
Receipts from employee notes receivable			2,701		2,701
Claims paid				(546,952)	(546,952)
Cash Flows from (used by) Operating Activities	<u>(204,773)</u>	<u>(28,876)</u>	<u>1,583,788</u>	<u>(253,775)</u>	<u>1,096,364</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	<u>313,500</u>	<u>120,000</u>			<u>433,500</u>
Cash flows from (used by) Noncapital Financing Activities	<u>313,500</u>	<u>120,000</u>			<u>433,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(169,881)	(196,265)			(366,146)
Long-term debt payment - principal		(128,202)			(128,202)
Long-term debt payment - interest		(3,270)			(3,270)
Cash Flows from (used by) Capital and Related Financing Activities	<u>(169,881)</u>	<u>(327,737)</u>			<u>(497,618)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest earnings	<u>19,494</u>	<u>698</u>		<u>211,107</u>	<u>231,299</u>
Cash Flows from Investing Activities	<u>19,494</u>	<u>698</u>		<u>211,107</u>	<u>231,299</u>
Net Cash Flows	(41,660)	(235,915)	1,583,788	(42,668)	1,263,545
Cash and investments at beginning of period	<u>640,072</u>	<u>1,332,076</u>	<u>8,486,201</u>	<u>5,680,979</u>	<u>16,139,328</u>
Cash and investments at end of period	<u>\$598,412</u>	<u>\$1,096,161</u>	<u>\$10,069,989</u>	<u>\$5,638,311</u>	<u>\$17,402,873</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	(\$410,765)	(\$1,437,806)	(\$1,450,810)	(\$110,601)	(\$3,409,982)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	197,692	1,348,582			1,546,274
Change in assets and liabilities:					
Receivables, net	7,235	(6,407)	(6,762)	(3,000)	(8,934)
Prepaid items				(1,723)	(1,723)
Related party notes receivable			2,701		2,701
Accounts and other payables	1,065	(77,002)	109,804	10,905	44,772
Accrued liabilities		(6,538)	1,567,481		1,560,943
Compensated absences			1,361,374		1,361,374
Claims liability				(174,550)	(174,550)
Net pension liability, deferred outflows and inflows		137,149		19,936	157,085
Total OPEB liability, deferred outflows and inflows		<u>13,146</u>		<u>5,258</u>	<u>18,404</u>
Cash Flows from (used by) Operating Activities	<u>(\$204,773)</u>	<u>(\$28,876)</u>	<u>\$1,583,788</u>	<u>(\$253,775)</u>	<u>\$1,096,364</u>
NONCASH TRANSACTIONS:					
Contributions of capital assets, net	<u>\$34,754</u>	<u>\$93,261</u>			<u>\$128,015</u>

STATISTICAL SECTION

This part of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. 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 wellbeing have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balance of Governmental Funds
4. Changes in Fund Balances of Governmental Funds
5. General Revenues by Source
6. General Expenditures by Function

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections
5. Manteca Redevelopment Project Area No.1 – Top Twenty Assessed Values
6. Manteca Redevelopment Project Area No.2 – Top Twenty Assessed Values
7. Manteca Redevelopment Merged Project Area (2005 Merged Project Amended Area) – Top Twenty Assessed Values
8. Manteca Redevelopment Merged Project Area (2004 Amended Area) – Top Twenty Assessed Values
9. Taxable Sales by Category
10. Direct and Overlapping Sales Tax Rates
11. Principal Sales Tax Payers

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. Computation of Direct and Overlapping Debt
4. Computation of Legal Bonded Debt Margin
5. Revenue Bond Coverage – Water Revenue Bonds
6. Revenue Bond Coverage – Sewer Revenue Bonds
7. Bonded Debt Pledged Revenue Coverage -- Redevelopment Agency Tax Allocation Bonds

STATISTICAL SECTION (Continued)
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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

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:

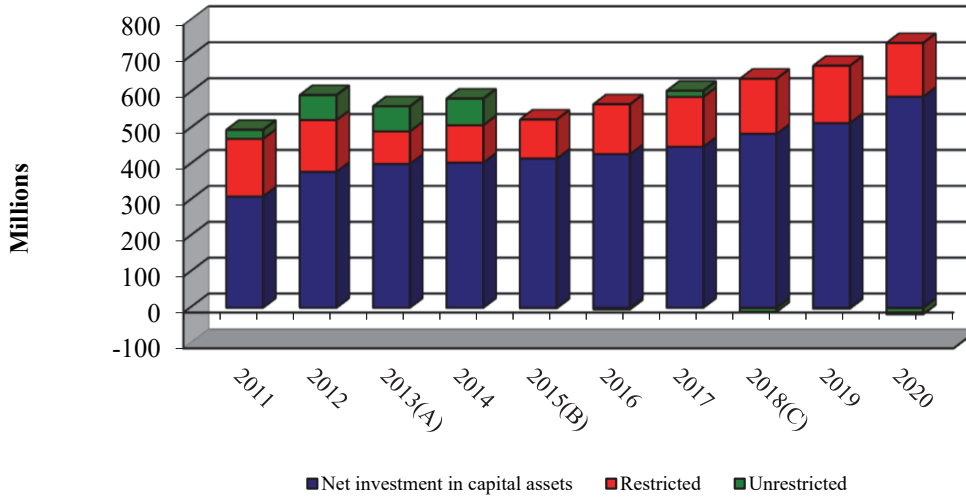
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program

Sources

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

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CITY OF MANTECA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)



	2011	2012	June 30, 2013(A)	2014	2015(B)
Governmental activities					
Net investment in capital assets	\$188,291,863	\$254,330,807	\$272,862,137	\$271,754,541	\$278,800,432
Restricted	160,477,438	144,103,748	90,527,590	104,193,296	108,825,262
Unrestricted	(26,952,930)	14,672,681	16,479,375	19,495,181	(41,846,484)
Total governmental activities net position	<u>\$321,816,371</u>	<u>\$413,107,236</u>	<u>\$379,869,102</u>	<u>\$395,443,018</u>	<u>\$345,779,210</u>
Business-type activities					
Net investment in capital assets	\$121,850,958	\$124,505,612	\$128,003,081	\$132,768,445	\$136,876,673
Unrestricted	52,096,899	54,957,132	53,338,111	54,770,104	40,706,859
Total business-type activities net position	<u>\$173,947,857</u>	<u>\$179,462,744</u>	<u>\$181,341,192</u>	<u>\$187,538,549</u>	<u>\$177,583,532</u>
Primary government					
Net investment in capital assets	\$310,142,821	\$378,836,419	\$400,865,218	\$404,522,986	\$415,677,105
Restricted	160,477,438	144,103,748	90,527,590	104,193,296	108,825,262
Unrestricted	25,143,969	69,629,813	69,817,486	74,265,285	(1,139,625)
Total primary government net position	<u>\$495,764,228</u>	<u>\$592,569,980</u>	<u>\$561,210,294</u>	<u>\$582,981,567</u>	<u>\$523,362,742</u>

- (A) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".
- (B) The City implemented the provisions of GASB Statement 68 in fiscal year 2015. Amounts prior to 2015 have not been restated.
- (C) The City implemented the provisions of GASB Statement 75 in fiscal year 2018. Amounts prior to 2018 have not been restated.

2016	2017	2018(C)	2019	2020
\$282,954,575	\$311,611,351	\$327,232,512	\$346,055,728	\$395,180,359
139,014,904	139,177,788	153,222,783	159,370,865	149,336,987
<u>(42,549,501)</u>	<u>(35,156,678)</u>	<u>(54,265,195)</u>	<u>(54,138,733)</u>	<u>(62,776,206)</u>
<u>\$379,419,978</u>	<u>\$415,632,461</u>	<u>\$426,190,100</u>	<u>\$451,287,860</u>	<u>\$481,741,140</u>
\$144,968,629	\$136,859,563	\$157,529,677	\$168,685,323	\$193,144,500
38,202,656	51,856,903	43,293,291	52,128,274	44,732,619
<u>\$183,171,285</u>	<u>\$188,716,466</u>	<u>\$200,822,968</u>	<u>\$220,813,597</u>	<u>\$237,877,119</u>
\$427,923,204	\$448,470,914	\$484,762,189	\$514,741,051	\$588,324,859
139,014,904	139,177,788	153,222,783	159,370,865	149,336,987
<u>(4,346,845)</u>	<u>16,700,225</u>	<u>(10,971,904)</u>	<u>(2,010,459)</u>	<u>(18,043,587)</u>
<u>\$562,591,263</u>	<u>\$604,348,927</u>	<u>\$627,013,068</u>	<u>\$672,101,457</u>	<u>\$719,618,259</u>

CITY OF MANTECA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2011	2012	2013(1)	2014	2015(2)
Expenses:					
Governmental Activities:					
General Government	\$3,174,292	\$3,072,865	\$3,471,459	\$3,662,065	\$3,312,873
Community Development	7,745,806	5,245,747	4,723,211	4,811,707	4,987,786
Public Safety	24,280,052	22,875,613	23,555,968	23,663,325	25,166,890
Library	109,752	85,762	156,209	99,369	114,291
Public Works	4,940,031	3,765,228	3,828,636	4,166,837	5,094,875
Parks and Recreation	6,482,442	6,456,949	6,827,567	7,083,257	7,403,446
Streets and Highways	5,882,611	6,248,464	7,258,013	8,359,402	7,969,409
Interest and Fiscal Charges	6,346,120	3,380,281	148,895	105,935	87,096
Total Governmental Activities Expenses	<u>58,961,106</u>	<u>51,130,909</u>	<u>49,969,958</u>	<u>51,951,897</u>	<u>54,136,666</u>
Business-Type Activities:					
Water	12,992,447	13,328,494	14,818,353	13,936,206	14,009,670
Sewer	13,103,679	13,184,836	14,658,322	13,720,540	13,853,066
Solid Waste	8,796,614	9,105,662	8,949,815	9,591,309	9,900,313
Golf	1,156,149	1,098,871	1,179,120	1,197,545	1,154,179
Total Business-Type Activities Expenses	<u>36,048,889</u>	<u>36,717,863</u>	<u>39,605,610</u>	<u>38,445,600</u>	<u>38,917,228</u>
Total Primary Government Expenses	<u>\$95,009,995</u>	<u>\$87,848,772</u>	<u>\$89,575,568</u>	<u>\$90,397,497</u>	<u>\$93,053,894</u>
Program Revenues:					
Governmental Activities:					
Charges for Services:					
General Government	\$2,903,308	\$2,994,366	\$3,851,426	\$3,482,110	\$4,513,841
Community Development	2,585,271	2,307,275	1,724,184	2,263,202	2,575,570
Public Safety	989,504	1,078,717	1,120,531	1,380,990	1,621,244
Public Works	2,003	62,029	57,103	177,929	41,889
Parks and Recreation	1,615,658	2,098,940	2,003,973	2,373,422	2,263,443
Streets and Highways	164,000				
Operating Grants and Contributions	6,560,679	5,968,148	10,700,485	7,862,956	6,991,694
Capital Grants and Contributions	20,103,722	10,372,326	10,979,228	20,231,150	20,220,600
Total Government Activities Program Revenues	<u>34,924,145</u>	<u>24,881,801</u>	<u>30,436,930</u>	<u>37,771,759</u>	<u>38,228,281</u>
Business-Type Activities:					
Charges for Services:					
Water	13,207,371	13,143,709	13,400,887	14,300,665	14,240,103
Sewer	19,001,593	17,478,380	17,432,082	18,095,530	19,270,009
Solid Waste	8,159,479	8,206,348	8,446,006	8,443,817	8,827,211
Golf		1,121,220	1,084,478	1,040,365	1,009,100
Operating Grants and Contributions		55,131			
Capital Grants and Contributions	2,305,694	411,377	1,751,102	1,447,128	2,401,413
Total Business-Type Activities Program Revenue	<u>42,674,137</u>	<u>40,416,165</u>	<u>42,114,555</u>	<u>43,327,505</u>	<u>45,747,836</u>
Total Primary Government Program Revenues	<u>\$77,598,282</u>	<u>\$65,297,966</u>	<u>\$72,551,485</u>	<u>\$81,099,264</u>	<u>\$83,976,117</u>
Net (Expense)/Revenue:					
Governmental Activities	(\$24,036,961)	(\$26,249,108)	(\$19,533,028)	(\$14,180,138)	(\$15,908,385)
Business-Type Activities	7,739,216	3,698,302	2,508,945	4,881,905	6,830,608
Total Primary Government Net Expense	<u>(\$16,297,745)</u>	<u>(\$22,550,806)</u>	<u>(\$17,024,083)</u>	<u>(\$9,298,233)</u>	<u>(\$9,077,777)</u>
General Revenues and Other					
Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property Taxes	\$23,066,757	\$16,866,055	\$10,674,783	\$11,051,871	\$13,054,963
Sales Taxes	10,067,580	10,622,542	11,566,467	12,361,731	13,271,312
Other Taxes	4,171,694	4,195,411	4,493,507	4,792,936	5,109,652
Interest Income	1,381,906	1,607,554	31,395	897,034	744,569
Intergovernmental:					
Motor Vehicle In-Lieu	236,814				
Other Revenue	314,968	522,320	1,219,181	775,632	1,484,667
Developer Contributions	60,109	61,962	64,158	40,000	69,231
Gain From Sale of Capital Assets	192,760				
Transfers, net	439,885				(1,606,375)
Special Item					
Extraordinary item		83,664,129	(43,670,205)		
Total Government Activities	<u>39,932,473</u>	<u>117,539,973</u>	<u>(15,620,714)</u>	<u>29,919,204</u>	<u>32,128,019</u>
Business-Type Activities:					
Interest Income	1,155,140	1,320,576	166,835	617,958	606,799
Other Revenue	933,153	496,009	499,913	532,344	462,941
Gain From Sale of Capital Assets	10,100				
Transfers, net	(439,885)				1,606,375
Total Business-Type Activities	<u>1,658,508</u>	<u>1,816,585</u>	<u>666,748</u>	<u>1,150,302</u>	<u>2,676,115</u>
Total Primary Government	<u>\$41,590,981</u>	<u>\$119,356,558</u>	<u>(\$14,953,966)</u>	<u>\$31,069,506</u>	<u>\$34,804,134</u>
Change in Net Position:					
Governmental Activities	\$15,895,512	\$91,290,865	(\$35,153,742)	\$15,739,066	\$16,219,634
Business-Type Activities	9,397,724	5,514,887	3,175,693	6,032,207	9,506,723
Total Primary Government	<u>\$25,293,236</u>	<u>\$96,805,752</u>	<u>(\$31,978,049)</u>	<u>\$21,771,273</u>	<u>\$25,726,357</u>

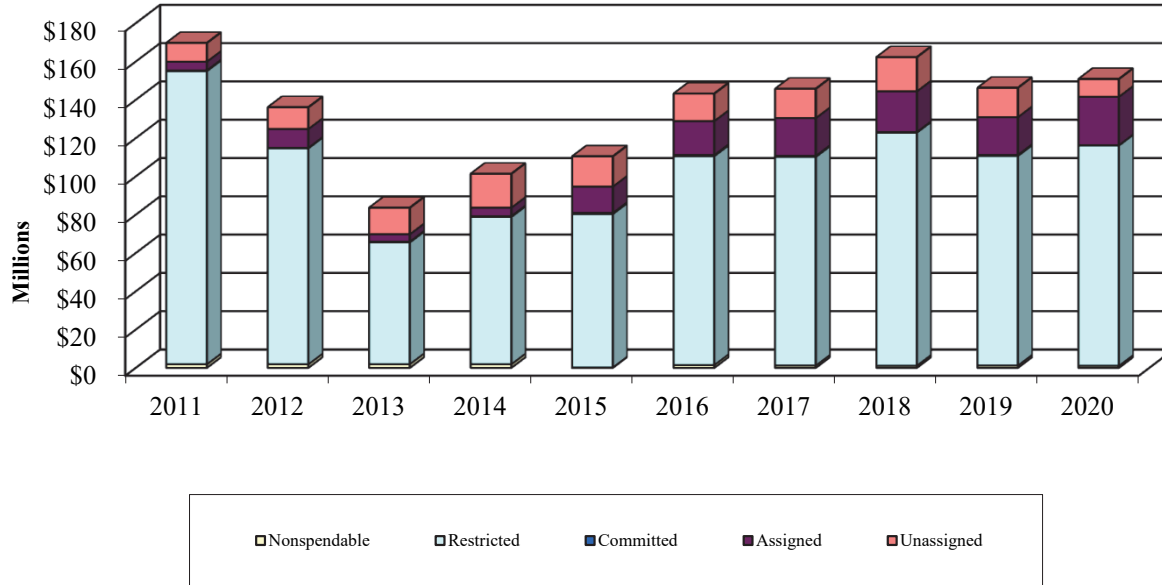
(1) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

(2) The City implemented the provisions of GASB Statement 68 in fiscal year 2015. Amounts prior to 2015 have not been restated.

(3) The City implemented the provisions of GASB Statement 75 in fiscal year 2018. Amounts prior to 2018 have not been restated.

2016	2017	2018(3)	2019	2020
\$3,629,365	\$3,483,457	\$5,906,891	\$6,053,229	\$7,054,126
6,616,224	6,196,786	9,669,910	7,701,286	8,242,158
25,193,524	22,357,675	34,883,973	36,204,202	42,395,447
118,809	124,185	120,222	134,006	145,310
4,843,276	5,274,495	7,091,236	8,645,927	7,137,403
8,331,503	9,295,263	10,651,329	10,125,867	11,710,512
10,856,381	9,817,010	8,850,328	11,513,804	10,268,116
101,562	89,384	84,784	80,021	129,403
59,690,644	56,638,255	77,258,673	80,458,342	87,082,475
14,996,267	16,753,545	17,520,196	17,818,593	18,967,868
14,274,230	22,082,085	16,478,268	17,479,631	18,596,722
10,566,029	12,126,537	11,491,357	12,622,724	12,752,503
1,178,770	1,347,568	1,121,928	1,284,914	1,327,641
41,015,296	52,309,735	46,611,749	49,205,862	51,644,734
\$100,705,940	\$108,947,990	\$123,870,422	\$129,664,204	\$138,727,209
\$4,337,680	\$5,136,836	\$5,994,217	\$6,266,735	\$6,038,904
2,877,168	4,624,314	7,306,692	7,640,377	6,545,381
1,360,473	1,542,872	1,874,561	3,232,381	1,580,738
183,422	273,903	288,452	398,437	239,053
2,772,184	3,458,096	3,337,139	4,247,649	4,173,698
6,085,529	6,698,385	8,695,800	9,575,549	9,952,561
41,118,815	33,113,697	33,768,730	26,345,923	38,154,802
58,735,271	54,848,103	61,265,591	60,632,914	66,685,137
13,901,722	15,396,799	17,841,323	16,620,397	17,576,060
19,969,107	22,953,356	26,572,846	26,305,512	22,510,081
9,131,837	10,483,066	12,593,379	13,429,983	13,875,762
978,427	908,639	1,193,170	1,112,976	1,044,323
935,948	6,660,347	4,487,162	3,577,598	10,233,700
44,917,041	56,402,207	62,687,880	61,046,466	65,239,926
\$103,652,312	\$111,250,310	\$123,953,471	\$121,679,380	\$131,925,063
(\$955,373)	(\$1,790,152)	(\$15,993,082)	(\$19,825,428)	(\$20,397,338)
3,901,745	4,092,472	16,076,131	11,840,604	13,595,192
\$2,946,372	\$2,302,320	\$83,049	(\$7,984,824)	(\$6,802,146)
\$12,633,502	\$14,476,480	\$15,511,281	\$17,158,387	\$19,385,771
14,552,582	17,550,799	18,971,755	20,298,214	22,292,924
5,006,171	3,012,505	3,325,769	3,761,139	3,434,933
1,635,220	850,024	1,175,293	5,026,389	4,501,680
937,712	1,327,689	1,867,047	848,738	215,694
72,154	326,216	209,612	350,696	1,144,141
(241,200)	(300,488)	(468,073)	(4,195,375)	(581,885)
759,410				
34,596,141	38,002,635	40,592,684	44,923,188	50,850,618
1,167,858	472,012	810,465	3,528,311	2,679,191
276,950	680,209	389,176	426,339	207,254
241,200	300,488	468,073	4,195,375	581,885
1,686,008	1,452,709	1,667,714	8,150,025	3,468,330
\$36,282,149	\$39,455,344	\$42,260,398	\$53,073,213	\$54,318,948
\$33,640,768	\$36,212,483	\$24,599,602	\$25,097,760	\$30,453,280
5,587,753	5,545,181	17,743,845	19,990,629	17,063,522
\$39,228,521	\$41,757,664	\$42,343,447	\$45,088,389	\$47,516,802

CITY OF MANTECA
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	June 30,				
	2011	2012	2013	2014	2015
General Fund:					
Nonspendable	\$1,716,914	\$1,773,218	\$1,914,952	\$1,926,248	\$227,542
Restricted					
Assigned	24,329	134,186	38,600	22,092	7,921,152
Unassigned	10,746,187	11,358,781	13,897,866	17,736,555	15,792,889
Total General Fund	\$12,487,430	\$13,266,185	\$15,851,418	\$19,684,895	\$23,941,583
All Other Governmental Funds:					
Nonspendable	\$182,800	\$121,865	\$60,930		
Restricted	153,102,767	112,765,524	63,581,446	\$76,888,357	\$80,121,549
Committed	383,968	267,919	347,995	443,166	542,435
Assigned	4,525,889	9,696,257	3,835,995	4,364,455	5,852,064
Unassigned	(980,085)		(1,168)		
Total All Other Governmental Funds	\$157,215,339	\$122,851,565	\$67,825,198	\$81,695,978	\$86,516,048

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

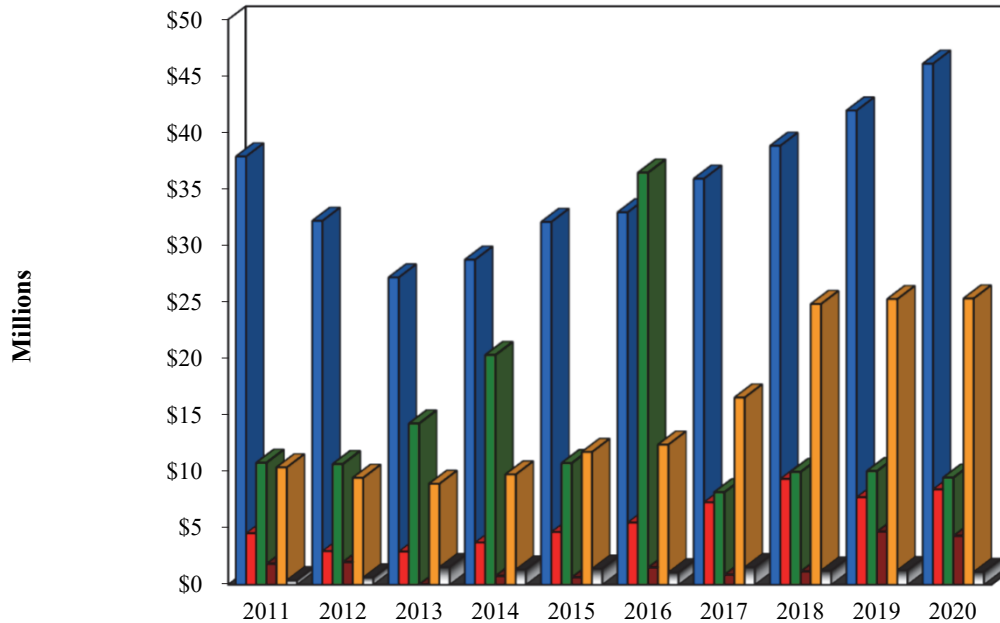
2016	2017	2018	2019	2020
\$1,140,121	\$1,236,685	\$1,174,248	\$1,167,635	\$1,081,780
	496,896	493,423	497,968	468,942
10,860,353	12,167,528	12,242,789	22,234,205	22,845,194
14,362,743	15,313,223	17,864,670	5,365,691	9,498,731
<u>\$26,363,217</u>	<u>\$29,214,332</u>	<u>\$31,775,130</u>	<u>\$29,265,499</u>	<u>\$33,894,647</u> (a)
\$367,368				
109,084,616	\$108,951,883	\$121,695,103	\$130,317,107	\$114,589,894
566,659	513,754	315,126	128,901	151,617
6,873,122	7,593,864	8,993,799	6,595,121	2,464,870
				(217,246)
<u>\$116,891,765</u>	<u>\$117,059,501</u>	<u>\$131,004,028</u>	<u>\$137,041,129</u>	<u>\$116,989,135</u> (a)

CITY OF MANTECA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2011	2012	2013	2014	2015
Revenues					
Taxes	\$37,885,239	\$32,190,532	\$27,184,087	\$28,753,641	\$32,094,372
Licenses and permits	4,550,326	2,970,397	2,934,737	3,731,526	4,662,438
Fines and forfeitures	182,835	322,653	296,262	337,288	283,690
Use of money and property	1,851,487	2,007,087	24,727	775,017	657,340
Revenue from other agencies	10,792,463	10,672,408	14,262,235	20,324,768	10,759,079
Charges for services	10,379,307	9,453,285	8,928,001	9,755,068	11,740,989
Other revenue	222,860	321,242	1,268,428	1,010,619	1,136,856
Total Revenues	65,864,517	57,937,604	54,898,477	64,687,927	61,334,764
Expenditures					
Current:					
General government	2,741,890	2,388,310	2,667,341	2,585,212	3,179,851
Community development	18,246,166	4,268,143	2,022,147	2,076,066	2,186,882
Public safety	23,015,102	21,935,765	22,237,001	22,661,015	24,376,036
Library	112,092	87,158	105,483	104,939	115,182
Public works	3,636,835	2,942,711	3,116,806	3,074,652	2,936,956
Parks and recreation	4,864,431	4,874,253	5,098,332	5,303,386	5,820,120
Streets and highways	1,978,593	1,995,725	2,486,394	1,903,753	1,944,873
Nondepartmental	2,334,370	2,276,198	2,323,236	2,602,469	2,745,157
Supplemental Educational Revenue					
Augmentation Fund payment	1,372,053				
Capital outlay	12,950,145	14,539,693	22,003,541	5,963,377	7,098,897
Debt service:					
Principal repayment	2,724,044	3,000,250	2,181,486	450,222	310,581
Interest and fiscal charges	6,380,457	3,415,000	148,895	105,935	87,096
Total Expenditures	80,356,178	61,723,206	64,390,662	46,831,026	50,801,631
Excess (deficiency) of revenues over (under) expenditures	(14,491,661)	(3,785,602)	(9,492,185)	17,856,901	10,533,133
Other Financing Sources (Uses)					
Transfers in	59,989,059	1,603,423	5,271,444	2,015,513	431,526
Transfers (out)	(59,549,174)	(1,624,923)	(5,271,444)	(2,180,663)	(2,037,901)
Issuance of long-term debt	969,360				150,000
Proceeds from sale of property	192,760	500	721,883	12,506	
Extraordinary item		(29,778,417)	(43,670,205)		
Total other financing sources (uses)	1,602,005	(29,799,417)	(42,948,322)	(152,644)	(1,456,375)
Net Change in Fund Balances	(\$12,889,656)	(\$33,585,019)	(\$52,440,507)	\$17,704,257	\$9,076,758
Debt service as a percentage of noncapital expenditures	13.2%	13.5%	5.5%	1.4%	0.9%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$32,947,680	\$35,923,482	\$38,836,074	\$41,952,454	\$46,095,783
5,500,733	\$7,297,736	\$9,361,925	7,741,377	8,434,426
251,348	242,370	274,079	495,618	592,613
1,524,560	887,642	1,178,617	4,702,952	4,322,549
36,458,520	8,181,175	9,979,594	10,055,955	9,472,396
12,393,596	16,563,471	24,833,693	25,269,605	25,323,831
840,611	1,310,923	978,783	792,282	547,619
<u>89,917,048</u>	<u>70,406,799</u>	<u>85,442,765</u>	<u>91,010,243</u>	<u>94,789,217</u>
3,426,132	4,213,380	3,908,666	4,489,437	5,257,415
3,969,714	3,427,208	6,062,166	4,642,422	5,057,407
26,515,201	28,149,443	29,913,998	32,607,974	36,853,715
119,733	124,621	116,993	128,069	130,899
2,943,548	3,437,585	4,235,394	4,805,032	5,093,797
6,447,370	6,811,941	7,619,147	8,074,112	8,142,074
3,657,370	3,911,368	2,406,785	6,976,028	4,553,139
2,620,108	2,853,407	3,087,315	2,996,435	2,624,979
6,582,238	13,440,297	11,593,401	19,115,918	41,854,768
277,308	129,708	134,307	139,070	144,002
101,562	89,384	84,784	80,021	129,403
<u>56,660,284</u>	<u>66,588,342</u>	<u>69,162,956</u>	<u>84,054,518</u>	<u>109,841,598</u>
<u>33,256,764</u>	<u>3,818,457</u>	<u>16,279,809</u>	<u>6,955,725</u>	<u>(15,052,381)</u>
4,773,733	346,972	753,989	217,000	540,000
(5,814,933)	(1,147,460)	(1,117,564)	(4,645,255)	(1,451,875)
580,000				
1,787	882	589,091	1,000,000	541,410
<u>(459,413)</u>	<u>(799,606)</u>	<u>225,516</u>	<u>(3,428,255)</u>	<u>(370,465)</u>
<u>\$32,797,351</u>	<u>\$3,018,851</u>	<u>\$16,505,325</u>	<u>\$3,527,470</u>	<u>(\$15,422,846)</u>
0.7%	0.4%	0.4%	0.3%	0.4%

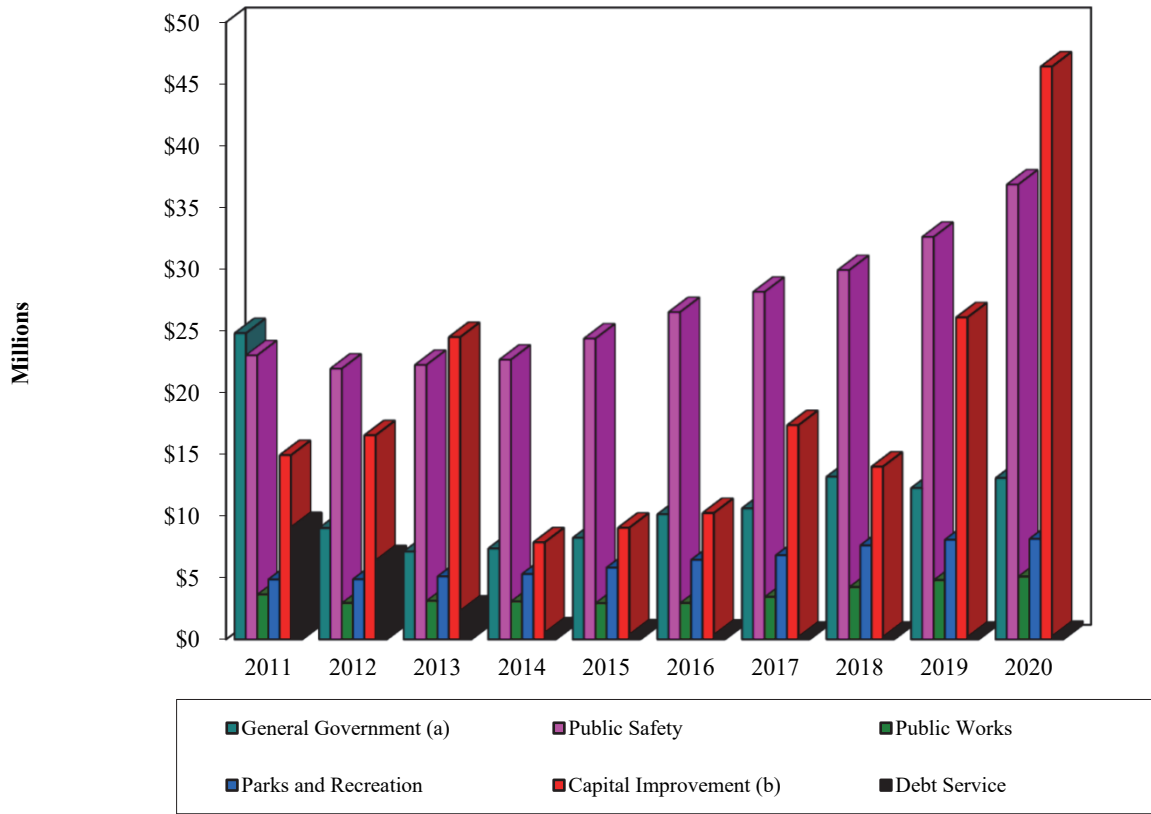
**CITY OF MANTECA
GENERAL REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS**



Fiscal Year	Taxes	Licenses and Permits	Revenue From Other Agencies	Use of Money and Property	Charges for Services	Fines, Forfeits and Other Revenue	Total
2011	\$37,885,239	\$4,550,326	\$10,792,463	\$1,851,487	\$10,379,307	\$405,695	\$65,864,517
2012	32,190,532	2,970,397	10,672,408	2,007,087	9,453,285	643,895	57,937,604
2013	27,184,087	2,934,737	14,262,235	24,727	8,928,001	1,564,690	54,898,477
2014	28,753,641	3,731,526	20,324,768	775,017	9,755,068	1,347,907	64,687,927
2015	32,947,680	4,662,438	10,759,079	657,340	11,740,989	1,420,546	61,334,764
2016	32,094,372	5,500,733	36,458,520	1,524,560	12,393,596	1,091,959	89,917,048
2017	35,923,482	7,297,736	8,181,175	887,642	16,563,471	1,553,293	70,406,799
2018	38,836,074	9,361,925	9,979,594	1,178,617	24,833,693	1,252,862	85,442,765
2019	41,952,454	7,741,377	10,055,955	4,702,952	25,269,605	1,287,900	91,010,243
2020	46,095,783	8,434,426	9,472,396	4,322,549	25,323,831	1,140,232	94,789,217

Source: City Operating Budget and City Annual Financial Report

**CITY OF MANTECA
GENERAL EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS**

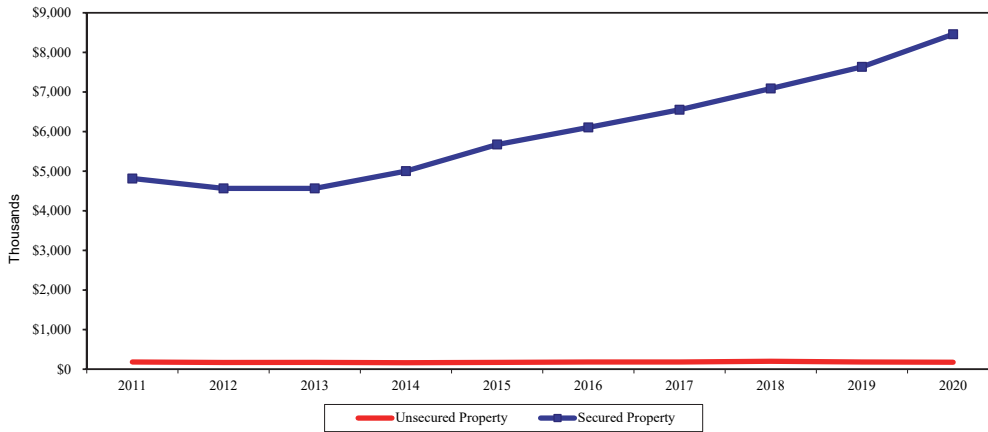


<u>Fiscal Year</u>	<u>General Government (a)</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Parks and Recreation</u>	<u>Capital Improvement (b)</u>	<u>Debt Service</u>	<u>Total</u>
2011	\$24,806,571	\$23,015,102	\$3,636,835	\$4,864,431	\$14,928,738	\$9,104,501	\$80,356,178
2012	9,019,809	21,935,765	2,942,711	4,874,253	16,535,418	6,415,250	61,723,206
2013	7,118,207	22,237,001	3,116,806	5,098,332	24,489,935	2,330,381	64,390,662
2014	7,368,686	22,661,015	3,074,652	5,303,386	7,867,130	556,157	46,831,026
2015	8,227,072	24,376,036	2,936,956	5,820,120	9,043,770	397,677	50,801,631
2016	10,135,687	26,515,201	2,943,548	6,447,370	10,239,608	378,870	56,660,284
2017	10,618,616	28,149,443	3,437,585	6,811,941	17,351,665	219,092	66,588,342
2018	13,175,140	29,913,998	4,235,394	7,619,147	14,000,186	219,091	69,162,956
2019	12,256,363	32,607,974	4,805,032	8,074,112	26,091,946	219,091	84,054,518
2020	13,070,700	36,853,715	5,093,797	8,142,074	46,407,907	273,405	109,841,598

Source: City Operating Budget and City Annual Financial Report

Notes: (a) Includes all General Government, Community Development, Library and Nondepartmental Expenditures
(b) Includes Streets and Highways and Capital Outlay Expenditures

CITY OF MANTECA
ASSESSED AND ESTIMATED
VALUE OF TAXABLE PROPERTY (in thousands)
LAST TEN FISCAL YEARS

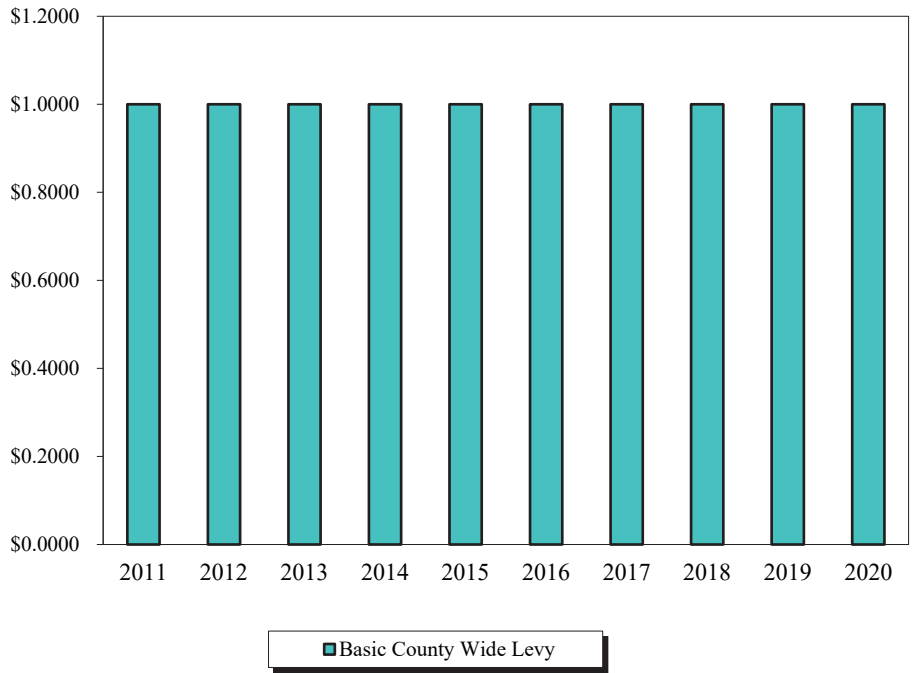


Fiscal Year	Real Property			Total Real Secured Property	(Less) Exemption	Public Utility	Net Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Land Property	Improvements Property	Personal Property								
2011	\$1,360,034	\$3,328,133	\$50,012	\$4,738,179	(\$107,194)	\$1,536	\$4,632,521	\$182,398	\$4,814,919	\$4,814,919	1%
2012	1,298,422	3,226,786	41,833	4,567,041	(172,348)	1,536	4,396,229	169,664	4,565,893	4,565,893	1%
2013	1,303,784	3,227,682	41,881	4,573,347	(180,202)	1,536	4,394,681	171,505	4,566,186	4,566,186	1%
2014	1,557,732	3,408,740	56,548	5,023,020	(186,738)	1,346	4,837,628	164,543	5,002,171	5,002,171	1%
2015	1,780,920	3,851,282	56,842	5,689,044	(188,463)	1,346	5,501,927	172,348	5,674,275	5,674,275	1%
2016	1,936,284	4,145,924	56,729	6,138,937	(216,669)	1,346	5,923,614	181,734	6,105,348	6,105,348	1%
2017	2,098,268	4,433,045	56,943	6,588,256	(219,922)	1,282	6,369,616	182,277	6,551,893	6,551,893	1%
2018	2,300,404	4,760,891	48,467	7,109,762	(224,278)	1,282	6,886,766	201,060	7,087,826	7,087,826	1%
2019	2,412,089	5,220,890	48,882	7,681,861	(231,360)	1,282	7,451,783	182,024	7,633,807	7,633,807	1%
2020	2,595,124	5,785,690	53,707	8,434,521	(153,256)	1,282	8,282,547	175,612	8,458,159	8,458,159	1%

Source: San Joaquin County Auditor Controller Office Certificate of Assessed Valuations

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Manteca encompasses more than 15 tax rate areas.

**CITY OF MANTECA
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>Basic County Wide Levy</u>	<u>Total</u>
2011	\$1.0000	\$1.0000
2012	1.0000	1.0000
2013	1.0000	1.0000
2014	1.0000	1.0000
2015	1.0000	1.0000
2016	1.0000	1.0000
2017	1.0000	1.0000
2018	1.0000	1.0000
2019	1.0000	1.0000
2020	1.0000	1.0000

Source: San Joaquin County Assessors Office

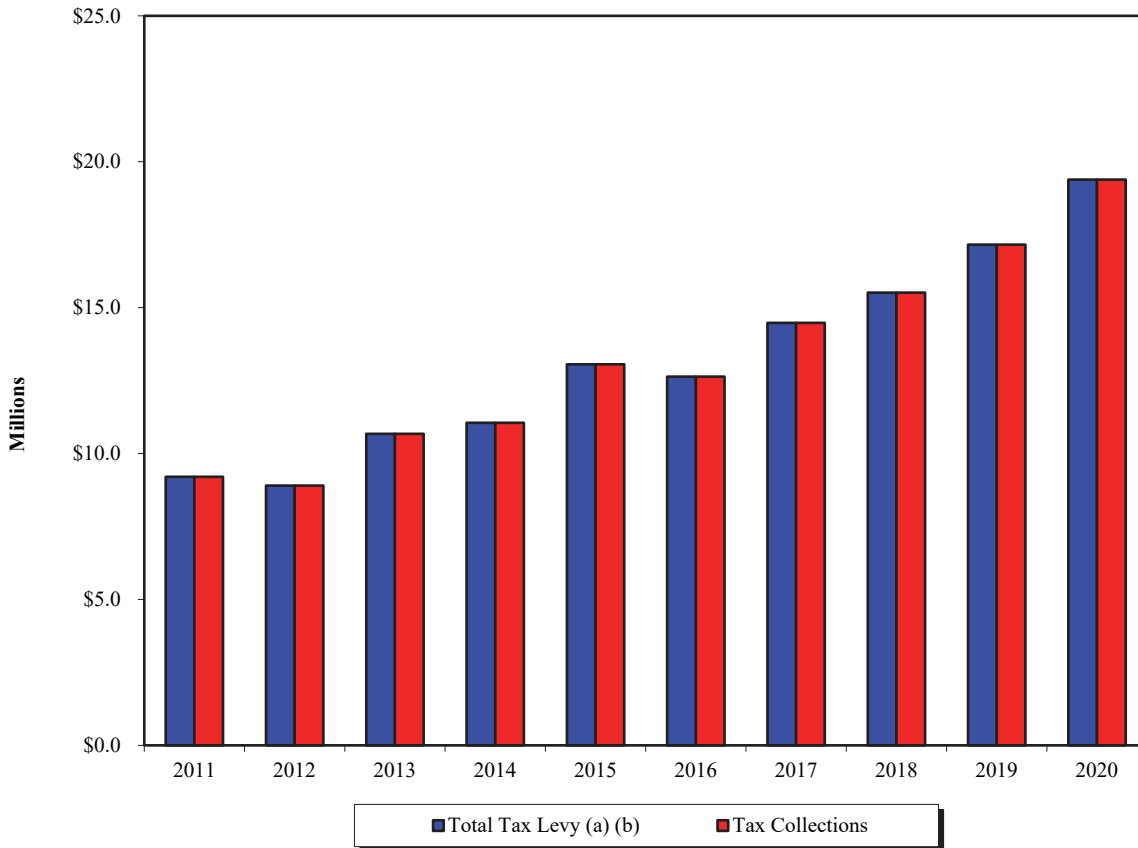
Note: The above ratios are expressed as dollars assessed per \$100 of assessed valuation

CITY OF MANTECA
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2019-2020		2010-2011	
	Type of Business	Percentage of Total City Taxable Assessed Value	Type of Business	Percentage of Total City Taxable Assessed Value
Centerpoint Properties Trust	Industrial	1.09%		
Anson Logistics Assets LLC	Warehouse	0.69%		
Manteca Lifestyle Center LLC	Shopping Center	0.63%	Shopping Center	1.70%
DP & DK Investment Inc.	Shopping Center	0.59%		
LLH MRS Master RE LLC	Cold Storage	0.56%		
Paseo Apartments LLC	Apartments	0.39%	Apartments	0.64%
Prologis	Warehouse	0.36%	Warehouse	0.46%
Edward J & Dolores M Cardoza	Shopping Center	0.33%	Shopping Center	0.51%
Stonegate Apartments LLC	Apartments	0.33%	Apartments	0.32%
Duke Realty LP	Warehouse	0.32%		
Costco Wholesale Corporation	Commercial Store	0.31%	Commercial Store	0.51%
Colfin 2019 2E Industrial Owner	Warehouse	0.30%		
Doctors Hospital of Manteca Inc.	Hospital	0.26%	Hospital	0.51%
Ryba Real Estate Inc.	Shopping Center	0.21%		
VFT Family Partnership LP	Residential Properties	0.21%		
Pillsburg Road Partners LLC	Residential Development	0.20%		
Brocchini Family Partnership	Commercial	0.19%		
Wal Mart Realty Company	Commercial Store	0.18%		
VET Family Partnership LP	Residential Properties	0.17%		
Yip Holdings Five LLC	Shopping Center	0.17%		
Pivotal 650 California St LLC			Shopping Center	0.88%
Millard Refrigerated Services Inc.			Cold Storage	0.72%
Pulte Home Corp			Residential Development	0.69%
Metropolitan Life Insurance Co.			Industrial - Warehouse	0.48%
SRB Investments LLC			Shopping Center	0.43%
Western Properties Trust			Shopping Center	0.35%
J.C.Penney Properties Inc.			Shopping Center	0.33%
Commons at Woodbridge LLC			Office Building	0.31%
John J & Eleanor L Vierra			Residential Properties	0.31%
430 North Union Road LLC			Office Building	0.30%
Manteca Ventures LLC			Office Building	0.30%
Jackson Retail Venture LLC			Shopping Center	0.29%
Assien Development Corp			Light Industrial	0.27%
Total		7.49%		10.31%

Source: California Municipal Statistics

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



Fiscal Year	Total Tax Levy (a) (b)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2011	\$9,200,379	\$9,200,379	100.00%	\$0	\$9,200,379	100.00%
2012	8,901,066	8,901,066	100.00%	0	8,901,066	100.00%
2013	10,674,783	10,674,783	100.00%	0	10,674,783	100.00%
2014	11,051,871	11,051,871	100.00%	0	11,051,871	100.00%
2015	13,054,963	13,054,963	100.00%	0	13,054,963	100.00%
2016	12,633,502	12,633,502	100.00%	0	12,633,502	100.00%
2017	14,476,479	14,476,479	100.00%	0	14,476,479	100.00%
2018	15,511,281	15,511,281	100.00%	0	15,511,281	100.00%
2019	17,158,387	17,158,387	100.00%	0	17,158,387	100.00%
2020	19,385,771	19,385,771	100.00%	0	19,385,771	100.00%

Source: City of Manteca Records

NOTE: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California

(a) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

(b) Includes State Mandated Vehicle License Fee in lieu of property taxes

**CITY OF MANTECA
 MANTECA REDEVELOPMENT PROJECT AREA NO. 1
 TOP TWENTY ASSESSED VALUES
 June 30, 2020**

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2019-20 Assessed Valuation</u>	<u>% Total of Assessed Valuation</u>
		2019-20 Total Local Secured Assessed Valuation Project Area No. 1	\$790,275,625
1 Doctors Hospital of Manteca Inc.	Hospital	\$21,760,567	2.75
2 Stonegate Apartments LLC	Apartments	20,206,790	2.56
3 Edward J. and Dolores M. Cardoza Trust	Shopping Center	16,825,256	2.13
4 Wal Mart Realty Company	Commercial Stores	13,905,429	1.76
5 B.R. Funsten & Co. Corp.	Warehouse	13,522,568	1.71
6 Laurel Glen LLC	Apartments	12,868,116	1.63
7 VFT Properties LLC	Apartments	12,683,759	1.60
8 Sienna Place LLC	Apartments	7,043,885	0.89
9 Lexington Trank Manteca Remainderman LP	Commercial Store	6,500,000	0.82
10 Brocchini Family Partnership	Commercial	6,010,051	0.76
11 Eckert Engineering Corp.	Warehouse	6,003,682	0.76
12 KDDC Properties LLC	Commercial	5,855,638	0.74
13 Khatri Brothers Ptp.	Hotel/Motel	5,777,979	0.73
14 North Main Storage LLC	Public Storage	5,661,218	0.72
15 Store Master Funding XVI	Bowling Alley & Sports Bar	5,400,000	0.68
16 MN Gianni LLC	Commercial	5,183,757	0.66
17 SFP B Partnership	Commercial	4,533,527	0.57
18 Hensley Investment Company	Office Building	4,500,000	0.57
19 Storage Solutions Manteca LLC	Public Storage	4,330,144	0.55
20 MBLG LLC	Public Storage	4,200,000	0.53
		<u>\$182,772,366</u>	<u>23.12%</u>

Source: California Municipal Statistics, Inc

CITY OF MANTECA
MANTECA REDEVELOPMENT PROJECT AREA NO. 2
TOP TWENTY ASSESSED VALUES
June 30, 2020

		2019-20 Total Local Secured Assessed Valuation Project Area No. 2	
		\$1,510,886,079	
Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total Assessed Valuation
1 DP & DK Investments Inc.	Shopping Center	\$49,000,000	3.24
2 LLH MRS Master RE LLC	Cold Storage	46,036,202	3.05
3 Prologis	Warehouse	29,860,665	1.98
4 Duke Realty LP	Warehouse	26,493,493	1.75
5 Costco Wholesale Corporation	Commercial Store	25,857,015	1.71
6 Colfin 2019 2E Industrial Owner	Warehouse	24,603,000	1.63
7 Yip Holdings Five LLC	Shopping Center	14,196,094	0.94
8 Argo Manteca LLC	Shopping Center	13,908,103	0.92
9 Manteca Associates LP	Light Industrial	13,242,496	0.88
10 Target Corp.	Shopping Center	11,660,936	0.77
11 Kohl's Department Stores Inc.	Shopping Center	11,500,000	0.76
12 Cranbrook Realty Invest Fund LP	Warehouse	10,623,078	0.70
13 HD Development of Maryland Inc.	Commercial Store	9,999,428	0.66
14 Daniel M. & Belinda A. Sarich, Trust	Light Industrial	9,524,411	0.63
15 Brocchini Family Partnership LP	Office Building	8,843,822	0.59
16 Nestle Dreyers Ice Cream Co.	Cold Storage	8,500,000	0.56
17 277 Commerce Ave. LLC	Shopping Center	8,400,000	0.56
18 Realty Income Properties 23	Commercial Store	7,974,541	0.53
19 RBL Manteca LLC	Shopping Center	7,959,059	0.53
20 VFT Family Partnership LP	Apartments	7,295,687	0.48
		\$345,478,030	22.87%

Source: California Municipal Statistics, Inc

CITY OF MANTECA
MANTECA REDEVELOPMENT MERGED PROJECT AREA
TOP TWENTY ASSESSED VALUES
June 30, 2020

		2019-20 Total Local Secured Assessed Valuation 2005 Merged Project Amended Area	\$20,301,987	
Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total Assessed Valuation	
1 AGS Gasoline LLC	Service Station	\$3,024,222	14.90	
2 AP&H Inc.	Assisted Living	1,007,616	4.96	
3 Jaswant S. Pannu	Commercial Land	969,000	4.77	
4 Major Singh Brar	Commercial Land	940,000	4.63	
5 David L. Peters	Truck Terminal	672,556	3.31	
6 Jasvir and Sarbjit K. Singh Trust	Light Industrial	601,268	2.96	
7 Robert L. and Dorothy F. Mack	Residential	550,185	2.71	
8 Chattarpal S. Pabla	Multi-Family Residential	460,000	2.27	
9 Natalyn J. and Thomas E. Bergman, Jr.	Residential	431,000	2.12	
10 Hiway Farm LLC	Commercial Land	386,363	1.90	
11 James H. Zimmerman	Residential	383,000	1.89	
12 Kyung Han and Mi Jwa Yoon	Residential	375,592	1.85	
13 Dale A. and April D. Matts	Residential	359,218	1.77	
14 Nicolas and Heather D. Hernandez	Residential	343,332	1.69	
15 Taurino Sanchez Chavez	Residential	342,769	1.69	
16 Bachan Singh	Residential	332,161	1.64	
17 Benny Singh Dhanda	Residential	326,400	1.61	
18 Ranjit and Jaswinder Khangura	Residential	320,000	1.58	
19 Roger O. Beugre	Residential	312,441	1.54	
20 John N. and Galatia Aretakis Trust	Residential	312,419	1.54	
		<u>\$12,449,542</u>	<u>61.33%</u>	

Source: California Municipal Statistics, Inc

CITY OF MANTECA
MANTECA REDEVELOPMENT AMENDED MERGED PROJECT AREA
TOP TWENTY ASSESSED VALUES
June 30, 2020

		2019-20 Total Local Secured Assessed Valuation 2004 Amended Area	
Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total Assessed Valuation
1 Anson Logistics Assets LLC	Warehouse	\$57,000,000	29.95
2 Manteca Lifestyle Center LLC	Shopping Center	52,491,059	27.58
3 Big Box Property Owner A LLC	Light Industrial	11,726,347	6.16
4 DTST2 Holdings LLC	RV Sales	11,411,899	6.00
5 Manteca Lodging LLC	Shopping Center	9,464,916	4.97
6 JC Penney Properties Inc.	Shopping Center	7,864,276	4.13
7 Lanting Family LLC	Truck Terminal	7,010,732	3.68
8 Andreetta Properties LP	Food Processing	6,837,996	3.59
9 Ergonis Land Co. LP	Light Industrial	2,206,922	1.16
10 Tesoro Commons LLC	Residential Properties	2,200,000	1.16
11 Atherton Woodward Partners LLC	Commercial Land	1,986,393	1.04
12 D'Ambrosio Brothers Invest. Co. LP	Industrial Land	1,620,875	0.85
13 Rajinder Aulakh	Commercial Land	1,427,679	0.75
14 John N. and Galatia Aretakis Trust	Residential	971,256	0.51
15 Clifford Luengo	Industrial Land	931,678	0.49
16 West Yosemite Properties LLC	Light Industrial	844,474	0.44
17 Gateway Solar RV & Boat Storage LLC	Industrial Land	754,169	0.40
18 Rajwinder Singh Bahia	Commercial Land	721,478	0.38
19 Harold and Dorothy Hahn Family LP	Light Industrial	707,834	0.37
20 RLD Partners	Vacant	635,000	0.33
		\$178,814,983	93.94%

Source: California Municipal Statistics, Inc

**CITY OF MANTECA
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS
(in thousands of dollars)**

	2010	2011	2012	2013	2014
Apparel Stores	\$27,920	\$29,987	\$34,079	\$38,644	\$39,906
General Merchandise	170,761	174,048	184,040	187,691	191,787
Food Stores	26,603	26,264	26,844	26,425	27,533
Eating and Drinking Places	76,813	78,211	85,342	91,574	98,018
Building Materials	91,495	93,770	98,439	107,576	109,006
Auto Dealers and Supplies	85,802	90,055	100,576	119,884	125,807
Service Stations	80,736	96,107	104,083	103,613	106,855
Other Retail Stores	110,735	117,588	114,149	124,666	125,611
All Other Outlets	151,480	155,628	173,673	181,589	213,270
Total	\$822,345	\$861,658	\$921,225	\$981,662	\$1,037,793

Sources: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

2015	2016	2017	2018	2019
\$42,537	\$44,158	\$46,781	\$50,143	\$51,211
198,554	203,016	212,248	214,730	220,108
28,535	30,245	30,401	31,540	32,195
107,809	116,177	125,661	130,613	140,213
113,578	121,128	128,925	129,723	135,369
151,717	163,496	168,973	179,318	179,014
90,313	89,246	102,907	122,935	130,431
128,152	130,676	126,974	126,018	126,131
226,773	245,295	263,859	294,936	322,087
<u>\$1,087,968</u>	<u>\$1,143,437</u>	<u>\$1,206,729</u>	<u>\$1,279,956</u>	<u>\$1,336,759</u>

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

Fiscal Year	City Direct Rate	Measure M	Measure K	State of California
2010-11	1.00	0.50	0.50	7.25
2011-12	1.00	0.50	0.50	6.25 (a)
2012-13	1.00	0.50	0.50	6.50 (b)
2013-14	1.00	0.50	0.50	6.50
2014-15	1.00	0.50	0.50	6.50
2015-16	1.00	0.50	0.50	6.50
2016-17	1.00	0.50	0.50	6.25 (c)
2017-18	1.00	0.50	0.50	6.25
2018-19	1.00	0.50	0.50	6.25
2019-20	1.00	0.50	0.50	6.25

Source: California State Board of Equalization

- (a) July 1, 2011 the State decreased the State Rate 1%
- (b) On both July 1, 2012 and April 1, 2013 the State increased the State Rate 0.125%
- (c) On January 1, 2017, the State decreased the the State Rate 0.25%

**CITY OF MANTECA
 PRINCIPAL SALES TAX PAYERS
 CURRENT YEAR AND NINE YEARS AGO
 IN ALPHABETICAL ORDER**

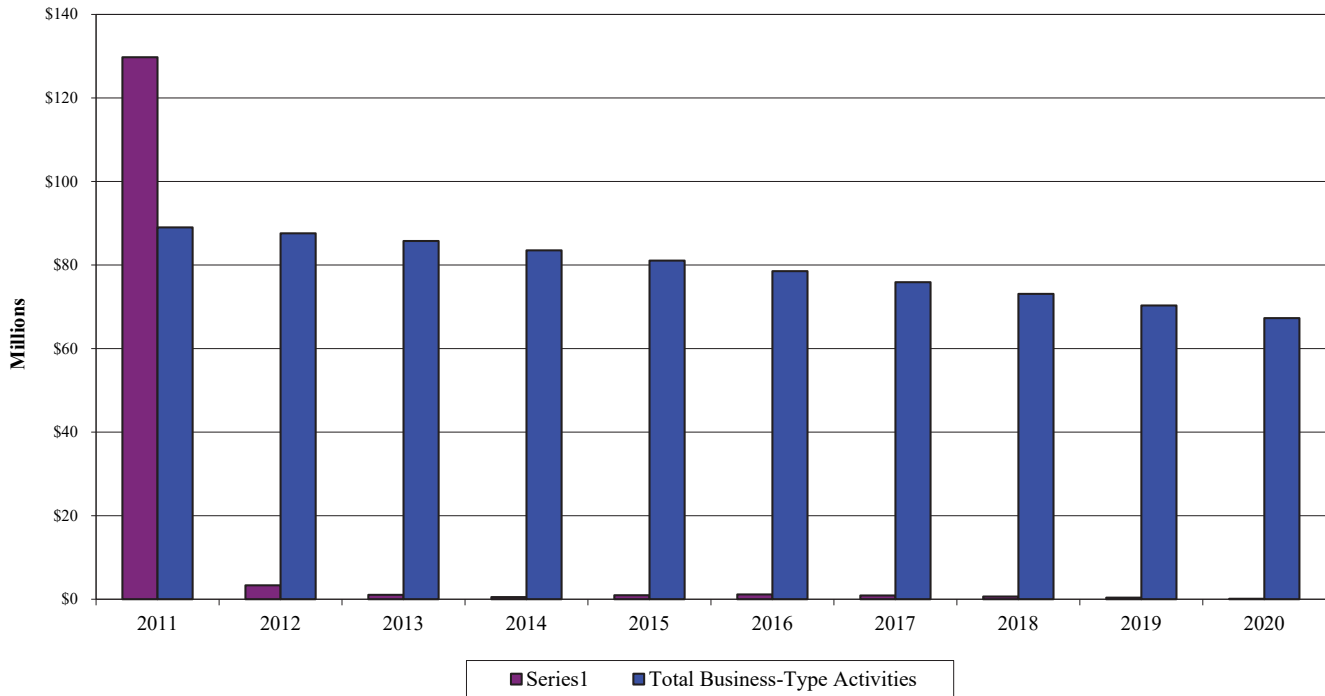
2019-2020	2010-2011
5. 11 Tactical Series	American Modular Systems
American Modular Systems	Arco
Arco	B R Funsten & Company
Arco AM PM	Bass Pro Shops Outdoor World
B. R. Funsten & Company	Best Buy
Bass Pro Shops Outdoor World	Cabral Chrysler Jeep Dodge Ram Fiat
Cabral Chrysler Jeep Dodge Ram Fiat	Chevron Service Stations
Chevron Service Stations	Costco Wholesale
Costco Wholesale	Cruisers Manteca
Country Kia	Global HVAC Distributors Inc.
Cruisers Manteca	Home Depot
Home Depot	J. M. Equipment Company
J. M. Equipment Company	J C Penney
J C Penney Company	K Mart Stores
Kohl's Department Stores	Kohl's Department Stores
Manteca Ford	Manteca Arco
Manteca Trailer & Motorhome	Manteca Auto Plaza Buick Pontiac GMC
Quik Stop	Manteca Ford
Roberts & Brune Company	Manteca Trailer & Camper
Ross Stores	Old Navy
Save Mart Supermarkets	Quik Stop
Target Stores	Ross Stores
TJ Maxx	Save Mart Supermarkets
Tracker Boat Center	Target Stores
Walmart Supercenter	Walmart Supercenter

Percent of fiscal year total paid by top 25 accounts:
 51.77%

55.77%

Sources: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, TheHdL Companies

**CITY OF MANTECA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**



Governmental Activities

Fiscal Year	Tax Allocation Bonds	Capital Leases	Loan Payable	Total
2011	\$127,555,000	\$2,186,020		\$129,741,020
2012	(b)	1,632,972	\$1,700,000 (c)	3,332,972
2013		1,054,948		1,054,948
2014		520,937		520,937
2015		960,356		960,356
2016		1,150,979		1,150,979
2017		905,370		905,370
2018		651,199		651,199
2019		388,165		388,165
2020		115,961		115,961

Business-Type Activities

Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Capital Leases	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2011	\$42,235,000	\$46,610,000	\$165,119	\$89,010,119	\$218,751,139	14.03%	\$3,177
2012	41,625,000	45,855,000	101,650	87,581,650	90,914,622	5.73%	1,302
2013	41,542,809	44,170,769	34,773	85,748,351	86,803,299	5.51%	1,220
2014	40,444,293	43,056,675		83,500,968	84,021,905	5.23%	1,153
2015	39,125,778	41,937,581		81,063,359	82,023,715	5.04%	1,128
2016	37,787,462	40,748,487		78,535,949	79,686,928	4.74%	1,079
2017	36,404,147	39,484,393		75,888,540	76,793,910	4.47%	1,007
2018	34,970,831	38,135,300		73,106,131	73,757,330	4.09%	907
2019	33,487,516	36,831,206		70,318,722	70,706,887	3.68%	844
2020	31,954,201	35,337,112		67,291,313	67,407,274	3.22%	795

Sources: City of Manteca
State of California, Department of Finance (population)
Bureau of Economic Analysis

Note: Debt amounts exclude any premiums, discounts, or other amortization amounts.
(a) See Demographic Statistics for personal income and population data.
(b) Due to the dissolution of the Redevelopment Agency as of January 31, 2012, the Tax Allocation Bonds are no longer a governmental commitment. See Note 16D to the financial statements
(c) Due to the dissolution of the Redevelopment Agency the City's previous advance with the Agency became a loan payable to the Successor Agency.

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

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita
	Tax Allocation Bonds	Total		
2011	\$127,555,000	\$127,555,000	2.65%	\$1,864.57
2012	(a)	(a)	(a)	(a)
2013	(a)	(a)	(a)	(a)
2014	(a)	(a)	(a)	(a)
2015	(a)	(a)	(a)	(a)
2016	(a)	(a)	(a)	(a)
2017	(a)	(a)	(a)	(a)
2018	(a)	(a)	(a)	(a)
2019	(a)	(a)	(a)	(a)
2020	(a)	(a)	(a)	(a)

Note: (a) Due to the dissolution of the Redevelopment Agency as of January 31, 2012, the Tax Allocation Bonds are no longer a governmental commitment. See Note 16D to the financial statements.

**CITY OF MANTECA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2020**

2019-20 Assessed Valuation: \$8,485,159,152

JURISDICTION	Total Debt 6/30/2020	% Applicable (1)	City's Share of Debt 6/30/20
OVERLAPPING TAX AND ASSESSMENT DEBT			
San Joaquin Delta Community College District	\$199,370,000	9.522%	\$18,984,011
Yosemite Community College District	263,383,748	0.324%	853,363
Manteca Unified School District	174,884,885	52.616%	92,017,431
Ripon Unified School District	28,024,394	7.423%	2,080,251
Manteca Unified School District Community Facilities District No. 1989-2	23,005,000	79.150%	18,208,458
Manteca Unified School District Community Facilities District No. 2000-3	21,765,000	100.000%	21,765,000
California Statewide Communities Development Authority CFD No. 2012-2	6,045,000	100.000%	6,045,000
California Statewide Communities Development Authority 1915 Act Bonds	34,809,117	100.000%	34,809,117
Reclamation District No 17 Assessment District	22,171,966	6.969%	1,545,164
TOTAL OVERLAPPING DEBT	\$773,459,110		\$196,307,795
DIRECT AND OVERLAPPING GENERAL FUND DEBT			
San Joaquin County Certificates of Participation	\$70,545,000	10.670%	\$7,527,152
Manteca Unified School District Certificates of Participation	19,970,000	52.616%	10,507,415
CITY OF MANTECA GENERAL FUND OBLIGATIONS	0	100.000%	0
Total Gross Direct and Overlapping General Fund Debt	<u>\$90,515,000</u>		<u>18,034,567</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$18,034,567</u> (2)
OVERLAPPING TAX INCREMENT DEBT:	<u>\$97,930,000</u>	100.000%	<u>\$97,930,000</u>
TOTAL DIRECT DEBT			<u>\$0</u> (2)
TOTAL OVERLAPPING DEBT			<u>\$312,272,362</u> (2)
COMBINED TOTAL DEBT			<u>\$312,272,362</u> (2)

(1) 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 city's total taxable assessed value.

(2) 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	2.31%
Total Direct Debt	0.00%
Combined Total Debt	3.68%

Ratios to Redevelopment Incremental Valuation (\$2,207,639,789)	
Total Overlapping Tax Increment Debt	4.44%

Source: California Municipal Statistics, Inc.

CITY OF MANTECA
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2020

ASSESSED VALUATION:

Assessed Value	\$8,458,159,152
Add back: Exempt real property	0
Total Assessed Valuation	\$8,458,159,152

BONDED DEBT LIMIT (15.0% OF ASSESSED VALUE) (a) \$1,268,723,873

AMOUNT OF DEBT SUBJECT TO LIMIT: 0

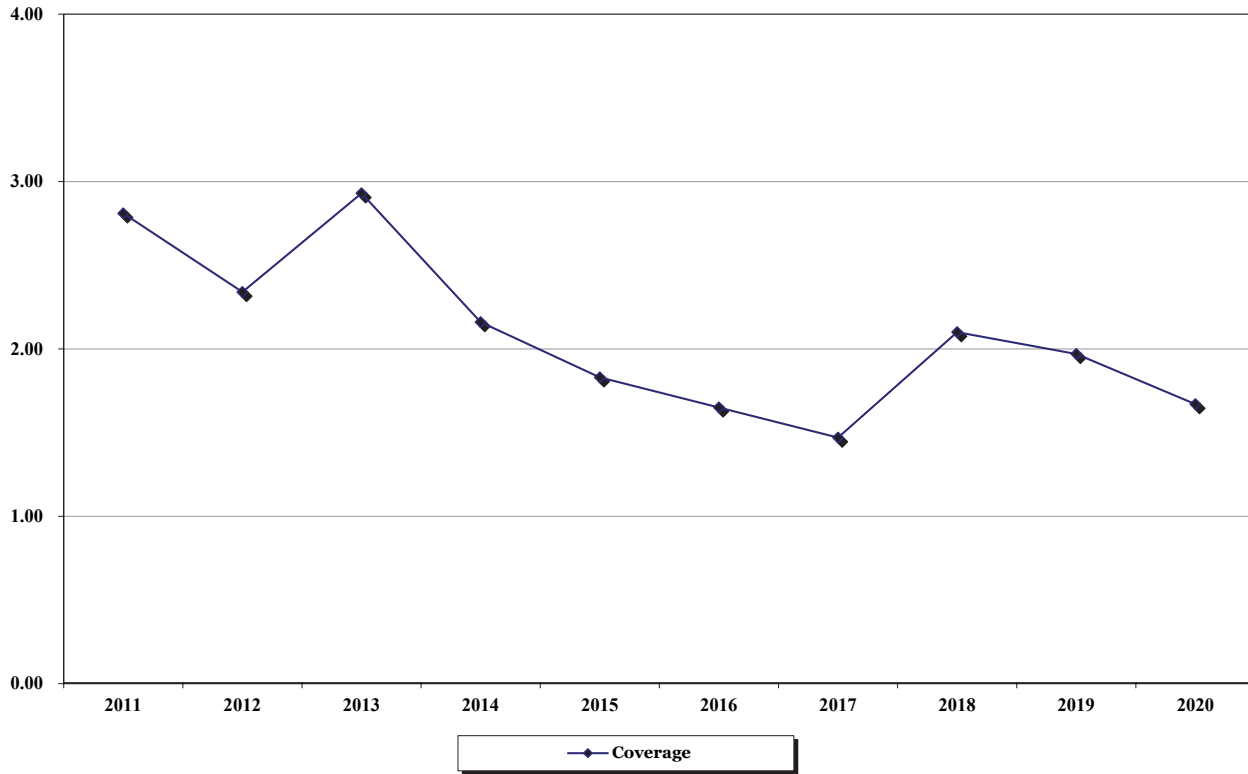
LEGAL BONDED DEBT MARGIN \$1,268,723,873

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2011	\$732,757,271	\$0	\$732,757,271	0.00%
2012	706,125,659	0	706,125,659	0.00%
2013	711,958,278	0	711,958,278	0.00%
2014	780,712,116	0	780,712,116	0.00%
2015	881,503,451	0	881,503,451	0.00%
2016	926,579,505	0	926,579,505	0.00%
2017	993,777,916	0	993,777,916	0.00%
2018	1,074,262,278	0	1,074,262,278	0.00%
2019	1,156,369,671	0	1,156,369,671	0.00%
2020	1,268,723,873	0	1,268,723,873	0.00%

NOTE:

- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

**CITY OF MANTECA
REVENUE BOND COVERAGE
WATER REVENUE BONDS
LAST TEN FISCAL YEARS**



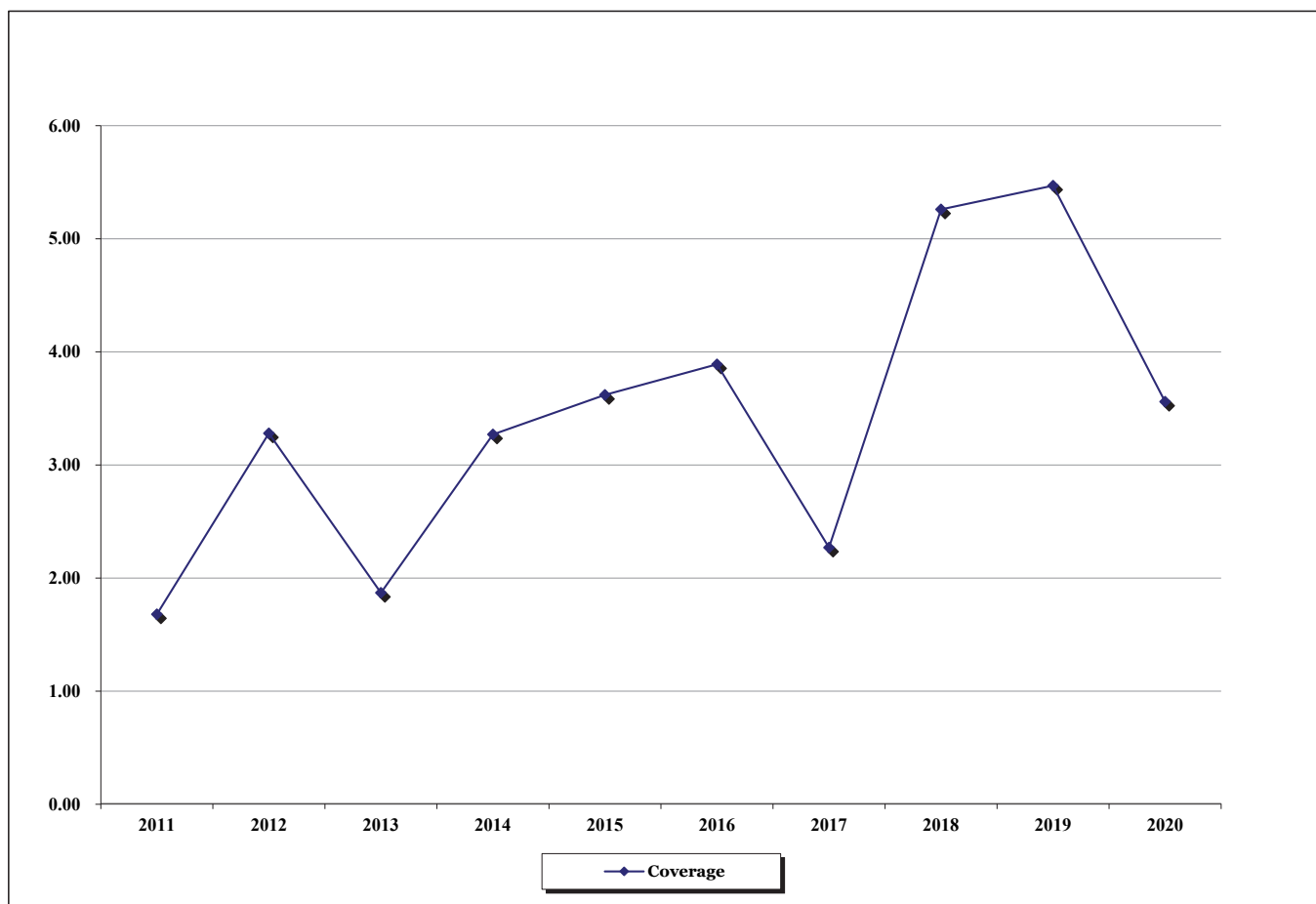
Fiscal Year	Gross Revenue	Operating Expenses	Depreciation Non-Operating Revenues (b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2011	\$13,917,366	(\$11,006,351)	\$3,863,597	\$6,774,612	\$480,000	\$1,934,964	\$2,414,964	2.81
2012	13,285,244	(11,395,400)	4,029,951	5,919,795	610,000	1,920,336	2,530,336	2.34
2013	13,534,427	(11,824,834)	3,293,169	5,002,762	750,000 (a)	955,974	1,705,974	2.93
2014	14,386,302	(12,424,475)	3,713,168	5,674,995	905,000	1,724,808	2,629,808	2.16
2015	14,253,339	(12,560,076)	3,394,634	5,087,897	1,125,000	1,653,100	2,778,100	1.83
2016	13,911,824	(13,569,363)	4,219,136	4,561,597	1,145,000	1,618,950	2,763,950	1.65
2017	15,475,870	(15,374,241)	3,955,645	4,057,274	1,190,000	1,572,250	2,762,250	1.47
2018	17,874,779	(16,190,492)	4,115,119	5,799,406	1,240,000	1,523,650	2,763,650	2.10
2019	16,630,981	(16,540,348)	5,353,867	5,444,500	1,290,000	1,473,050	2,763,050	1.97
2020	17,460,808	(17,781,017)	4,918,205	4,597,996	1,340,000	1,413,750	2,753,750	1.67

Source: City of Manteca Annual Financial Statements

- Note: (a) The 2003A Water Revenue Bonds were refunded and defeased by the 2012 Water Revenue Refunding Bonds during the fiscal year. Retirements exclude the refunded bond principal of \$40,875,000.
(b) Depreciation expense is added back to exclude it from net revenues. Interest income is included the calculation of net revenues.

Source: City of Manteca Annual Financial Statements

**CITY OF MANTECA
REVENUE BOND COVERAGE
SEWER REVENUE BONDS
LAST TEN FISCAL YEARS**

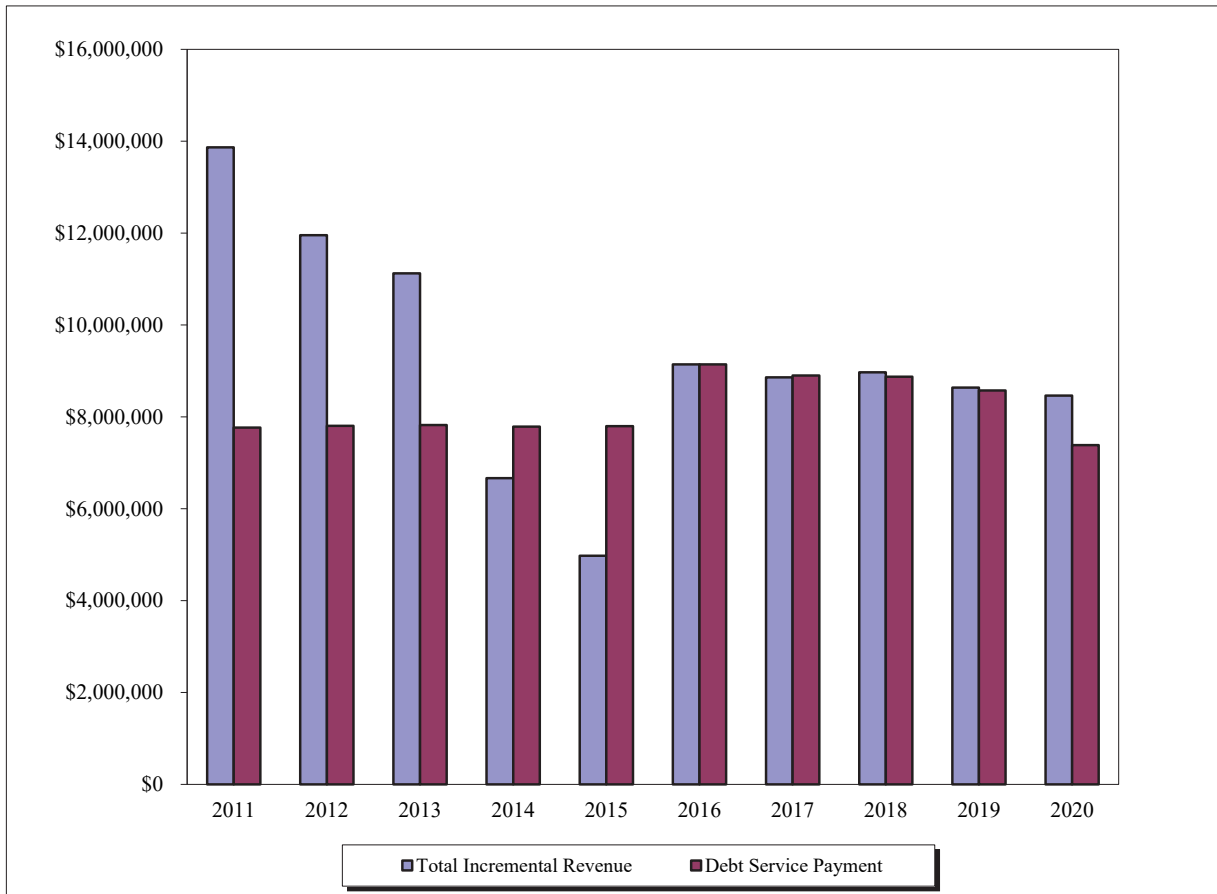


Fiscal Year	Operating Revenue	Operating Expenses	Depreciation Non-Operating Revenues (c)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2011	\$19,047,755	(\$10,500,075)	\$3,010,880	\$11,558,560	\$4,390,000 (a)	\$2,474,759	\$6,864,759	1.68
2012	17,506,803	(10,638,966)	3,253,372	10,121,209	755,000	2,331,779	3,086,779	3.28
2013	17,506,393	(11,104,886)	3,108,517	9,510,024	3,020,000 (a)(b)	2,066,197	5,086,197	1.87
2014	18,178,282	(11,834,974)	3,207,615	9,550,923	1,030,000	1,891,791	2,921,791	3.27
2015	19,358,013	(11,980,756)	3,151,337	10,528,594	1,035,000	1,871,141	2,906,141	3.62
2016	20,088,298	(12,427,362)	3,823,516	11,484,452	1,105,000	1,844,216	2,949,216	3.89
2017	23,353,626	(20,270,910)	3,693,782	6,776,498	1,180,000	1,809,941	2,989,941	2.27
2018	26,752,536	(14,696,631)	3,953,777	16,009,682	1,265,000	1,779,591	3,044,591	5.26
2019	26,407,556	(15,734,144)	5,554,762	16,228,174	1,220,000	1,744,741	2,964,741	5.47
2020	22,632,685	(16,910,860)	5,314,430	11,036,255	1,410,000	1,687,291	3,097,291	3.56

Note (a) Principal includes early redemption payment for bonds called during the fiscal year.
(b) The 2003 A&B Sewer Revenue Bonds were refunded and defeased by the 2012 Sewer Revenue Refunding Bonds during the fiscal year. Retirements exclude the refunded bond principal of \$23,835,000.
(c) Depreciation expense is added back to exclude it from net revenues. Interest income is included the calculation of net revenues.

Source: City of Manteca Annual Financial Statements

**CITY OF MANTECA
BONDED DEBT PLEDGED-REVENUE COVERAGE
REDEVELOPMENT AGENCY TAX ALLOCATION BONDS
LAST TEN FISCAL YEARS**



Fiscal Year	Tax Increment Revenue	Debt Service Requirements		Total	Coverage
		Principal	Interest (c)		
2011	\$13,866,378	\$2,455,000	\$5,311,074	\$7,766,074	1.79
2012	11,953,924 (a) (b)	2,540,000 (a)	5,265,299 (a)	7,805,299	1.53
2013	11,125,234 (a) (b)	2,640,000 (a)	5,181,408 (a)	7,821,408	1.42
2014	6,666,009 (a) (b)	2,750,000 (a)	5,037,006 (a)	7,787,006	0.86
2015	4,975,892 (a) (b)	2,875,000 (a)	4,923,045 (a)	7,798,045	0.64
2016	9,143,768 (a) (b)	3,000,000 (a)	5,003,356 (a)	9,143,768	1.00
2017	8,860,814 (a) (b)	3,135,000 (a)	5,765,392 (a)	8,900,392	1.00
2018	8,970,904 (a) (b)	3,275,000 (a)	5,599,995 (a)	8,874,995	1.01
2019	8,638,662 (a) (b)	3,420,000 (a)	5,155,090 (a)	8,575,090	1.01
2020	8,463,615 (a) (b)	3,570,000 (a) (d)	3,815,396 (a) (d)	7,385,396	1.15

Note: (a) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.

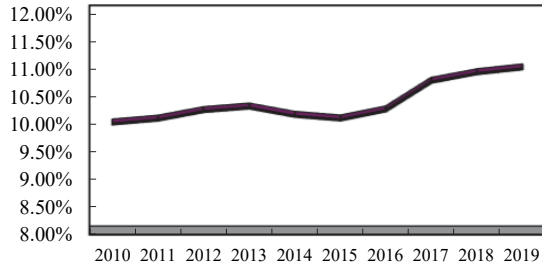
(b) Beginning in fiscal year 2012, tax increment reported in this table is the amount calculated by the County Auditor-Controller. Under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.

(c) Excludes the letter of credit and remarketing fees on the 2005 Tax Allocation Bonds.

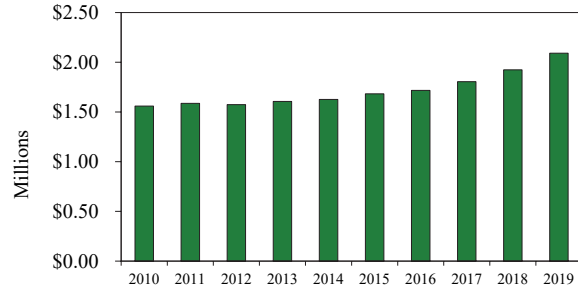
(d) Excludes principal retirements related to the issuance of the Series 2020A and 2020B Refunding Bonds.

Source: City of Manteca Annual Financial Statements

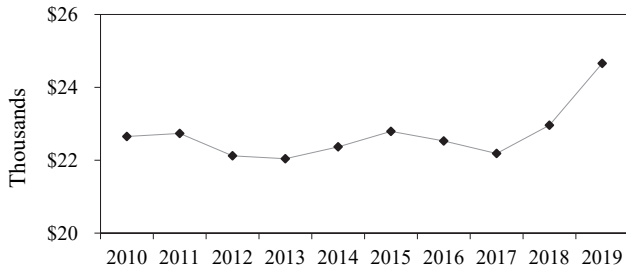
**CITY OF MANTECA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**



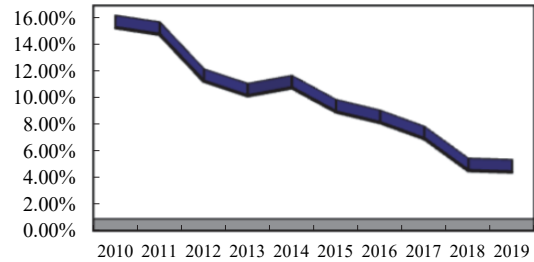
■ City Population as a % of County Population



■ Personal Income (in thousands)



◆ Per Capita Personal Income



■ Unemployment Rate

Calendar Year	City Population	Total Personal Income (in thousands)	Per Capita Personal Income (a)	Unemployment Rate (%)	San Joaquin County Population	City Population % of County
2010	68,847	\$1,559,453	\$22,651	15.2%	690,899	9.96%
2011	69,815	1,587,174	22,734	14.7%	695,750	10.03%
2012	71,164	1,574,219	22,121	11.2%	698,414	10.19%
2013	72,880	1,606,348	22,041	10.1%	710,731	10.25%
2014	72,701	1,626,176	22,368	10.7%	719,511	10.10%
2015	73,841	1,682,925	22,791	8.9%	735,677	10.04%
2016	76,247	1,717,719	22,528	8.1%	747,263	10.20%
2017	81,345	1,804,801	22,186	6.9%	758,744	10.72%
2018	83,781	1,923,643	22,960	4.5%	770,385	10.88%
2019	84,800	2,091,006	24,658	4.4%	773,505	10.96%

Source: California State Department of Finance - City Population (1/1/19)
Bureau of Labor Statistics - Unemployment Rate (Not Seasonally Adjusted)
Bureau of Economic Analysis - Per Capita (San Joaquin County)

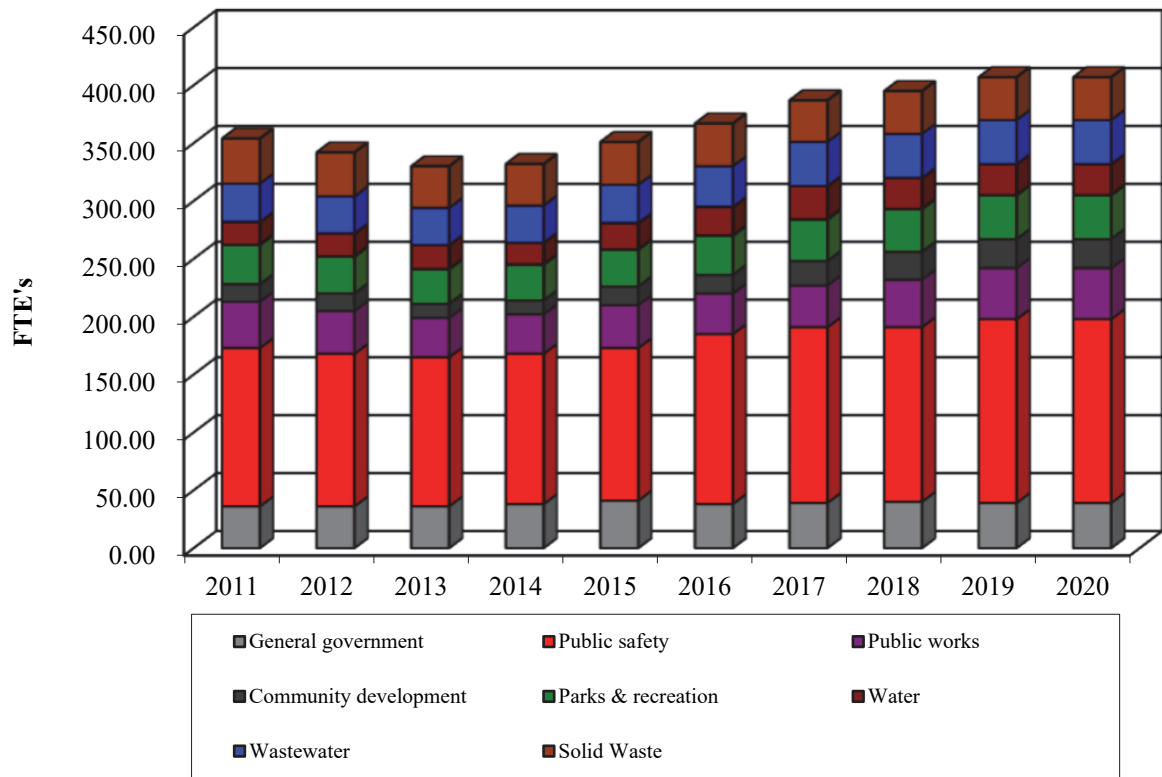
Note: Data for Per Capita 2016 and 2017 is not available. Numbers are projections
(a) Personal income is a product of the countywide per capita amount and the City's population

CITY OF MANTECA
Principal Employers
Current Year and Nine Years Ago

Employer	2019-20			2010-11		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Manteca Unified School District	2,242	1	2.6%	1,350	1	2.0%
Tennant Sales and Service Co.	800	2	0.9%			
City of Manteca	407	3	0.5%	360	4	0.5%
Doctors Hospital of Manteca	385	4	0.5%	370	3	0.5%
Wal-Mart	316	5	0.4%	301	5	0.4%
Kaiser Permanente Medical Offices & Hospital	314	6	0.4%	590	2	0.9%
COSTCO Wholesale #1031	312	7	0.4%	169	9	0.2%
Permanente Medical Group, Inc.	263	8	0.3%			
Lassen Canyon Nursery	250	9	0.3%			
Eckert Cold Storage	250	9	0.3%	300	6	0.4%
C. Overaa & Co.	250	9	0.3%	250	7	0.4%
Teichert Construction	244	10	0.3%			
Advance Packaging Distribution Specialist Inc.				200	8	0.3%
Target Stores				151	10	0.2%
Total Employees - Principal Employers	6,033		7.1%	4,041		5.9%
Total City Population	84,842			68,847		

Source: City of Manteca Community Development Department (Business License)

**CITY OF MANTECA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**



	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Function										
General government	36.00	36.00	36.00	38.00	41.00	38.00	39.00	40.00	39.00	39.00
Public safety	137.00	132.00	129.00	130.00	132.00	147.00	152.00	151.00	159.00	159.00
Public works	40.00	37.00	34.00	34.00	37.00	35.00	36.00	41.00	44.00	44.00
Community development	15.00	15.00	12.00	12.00	16.00	16.00	21.00	24.00	25.00	25.00
Parks & recreation	34.00	32.00	30.00	31.00	32.00	34.00	36.00	37.00	38.00	38.00
Water	20.00	20.00	21.00	19.00	23.00	25.00	29.00	27.00	27.00	27.00
Wastewater	33.00	32.00	32.00	32.00	33.00	35.00	38.00	38.00	38.00	38.00
Solid Waste	39.00	38.00	36.00	36.00	37.00	37.00	36.00	37.00	37.00	37.00
Total	<u>354.00</u>	<u>342.00</u>	<u>330.00</u>	<u>332.00</u>	<u>351.00</u>	<u>367.00</u>	<u>387.00</u>	<u>395.00</u>	<u>407.00</u>	<u>407.00</u>

Source: City of Manteca Budget Document

CITY OF MANTECA
OPERATING INDICATORS AND CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year				
	2011	2012	2013	2014**	2015**
Population					
Citizens	68,410	69,815	71,164	72,880	73,787
Date of Incorporation	May 28,1918	May 28,1918	May 28,1918	May 28,1918	May 28,1918
Form of Government	Council/Manager	Council/Manager	Council/Manager	Council/Manager	Council/Manager
Area	20.1 Sq Miles	20.61 Sq Miles	20.61 Sq Miles	20.61 Sq Miles	20.92 Sq Miles
Registered Voters	27,562	27,999	30,731	30,930	30,975
Building Permits Issued	1,675	1,783	1,891	2,134	3,027
Employees from Budget Document	354	342	330	336	351
Fire Protection					
Number of Stations	3	3	3	4	4
Number of Reserve Personnel	20	12	13	25	25
Number of Sworn Fire Personnel *	41	39	39	40	41
Number of Calls Answered	4,800	5,448	5,937	5,854	6,252
Police Protection					
Number of Stations	1	1	1	1	1
Number of Police Officers	58	63	63	63	64
Number of Volunteers	211	102	124	115	94
Number of Support Personnel	28	21	23	23	24
Number of Calls Answered	35,331	32,964	37,161	33,885	35,036
Parks & Recreation					
Park Sites	53	53	55	56	58
Acres of Parks	335	329	357	362	367
Senior Centers	1	1	1	1	1
Swimming Pools	2	2	2	2	2
Tennis Courts	8	8	8	8	8
Number of Park/Golf Trees	7,320	7,320	7,520	7,600	7,600
Number of Street Trees	10,680	10,680	10,980	17,000	18,000
Acres of Golf Course	111	111	111	111	111
Public Libraries	1	1	1	1	1
Landscape Maintenance Districts	23	24	27	29	29
Benefit Area District	4	4	4	4	4
Community Facility Districts			1	1	6
Public Works					
Miles of Streets	197	222	238	241	250
Number of Street Lights	4,800	4,681	4,822	4,856	5,143
Water Utility					
Number of Meters	20,071	20,338	20,675	20,876	21,161
Miles of Water Mains	257	258	258	259	266
Average Daily Consumptions (Gal)	11.83 MGD	11.83 MGD	13.25 MGD	14.06 MGD	11.11 MGD
Wastewater					
Number of Connections		23,738	24,178	24,940	20,791
Miles of Sewer Lines	184	223	226	227	243
Number of Treatment Plants	1	1	1	1	1
Average Daily Treatment	6.18 MGD	5.98 MGD	6.25 MGD	6.29 MGD	6 MGD
Treatment Capacity	9.87 MGD	9.87 MGD	9.87 MGD	9.87 MGD	9.87 MGD
Solid Waste					
Number of Accounts	19,400	23,397	20,066	20,399	20,879
Education					
Elementary Schools	24	20	20	20	23
High Schools	8	5	5	5	5
Alternative Schools			3	3	3
Adult Education	1	1	2	2	1
Charter School					1
Teachers	953	934	978	1,094	1,019
Elementary Classrooms	900	903	903	897	895
High School Classrooms	390	464	438	451	461
Adult Education Classrooms	47	10	27	10	42
Current Enrollment	23,283	23,325	22,061	23,145	22,909

Source: City of Manteca Budget Document
Manteca Fire Department Annual Report
Various Manteca Unified School District Records
City of Manteca

Note: n/a denotes information not available.

* Includes the Fire Department's Chief Officers

** Updated numbers from Muni Service Sales Tax Analysis

	Fiscal Year				
	2016	2017	2018	2019	2020
Population					
Citizens	73,841	76,247	81,345	83,781	84,842
Date of Incorporation	May 28,1918	May 28,1918	May 28,1918	May 28,1918	May 28,1918
Form of Government	Council/Manager	Council/Manager	Council/Manager	Council/Manager	Council/Manager
Area	20.92 Sq Miles	20.92 Sq Miles	21.45	21.45	21.45
Registered Voters	33,105	36,327	37,775	38,575	43,642
Building Permits Issued	3,418	3,565	4,312	3,653	3,740
Employees from Budget Document	351	384	395	407	407
Fire Protection					
Number of Stations	4	4	4	4	5
Number of Reserve Personnel	22	20	24	23	15
Number of Sworn Fire Personnel	49	60	48	48	49
Number of Calls Answered	6,682	7,132	7,579	8,230	9,052
Police Protection					
Number of Stations	1	1	1	1	1
Number of Police Officers	65	65	67	73	73
Number of Volunteers	87	62	71	65	17 (1)
Number of Support Personnel	29	33	33	40	36
Number of Calls Answered	42,717	43,229	42,114	50,094	46,874
Parks & Recreation					
Park Sites	65	69	69	69	70
Acres of Parks	382	382	465	465	470
Senior Centers	1	1	1	1	1
Swimming Pools	2	2	2	2	2
Tennis Courts	8	8	8	8	8
Number of Park/Golf Trees	7,600	7,600	7,600	5,000	5,000
Number of Street Trees	18,500	18,700	18,700	12,500	12,675
Acres of Golf Course	111	111	111	111	111
Public Libraries	1	1	1	1	1
Landscape Maintenance Districts	29	29	29	29	29
Benefit Area District	4	4	4	4	4
Community Facility Districts	9	10	12	12	16
Public Works					
Miles of Streets	250	259	271	271	275
Number of Street Lights	5,405	5,443	5,603	5,603	5,650
Water Utility					
Number of Meters	21,696	22,380	22,920	23,329	24,906
Miles of Water Mains	280	298	299	299	320
Average Daily Consumptions (Gal)	9.89 MGD	10.498 MGD	10.498 MGD	11.943 MGD	13.643 MGD
Wastewater					
Number of Connections	21,325	21,951	22,529	23,094	24,411
Miles of Sewer Lines	250	257	258	258	272
Number of Treatment Plants	1	1	1	1	1
Average Daily Treatment	6.25 MGD	6.21 MGD	6.21 MGD	6.21 MGD	6.83 MGD
Treatment Capacity	9.87 MGD	9.87 MGD	9.87MGD	9.87MGD	9.87 MGD
Solid Waste					
Number of Accounts	21,411	22,080	22,641	23,215	24,541
Education					
Elementary Schools	23	20	20	20	19
High Schools	5	5	5	5	5
Alternative Schools	3	3	3	3	2
Adult Education	1	1	1	1	1
Charter School	1	1	1	1	1
Teachers	1,041	1,092	1,099	1,099	1,242
Elementary Classrooms	895	899	884	884	550
High School Classrooms	457	457	445	445	272
Adult Education Classrooms	3	3	3	3	Not Available
Current Enrollment	23,981	23,852	23,599	23,599	24,061

Source: City of Manteca Budget Document
Manteca Fire Department Annual Report
Various Manteca Unified School District Records
City of Manteca

Note: n/a denotes information not available.

* Includes the Fire Department's Chief Officers

** Updated numbers from Muni Service Sales Tax Analysis

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**MANTECA FINANCING AUTHORITY
BASIC COMPONENT UNIT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the
Board of Directors of the Manteca Financing Authority
Manteca, California

Report on Financial Statements

We have audited the accompanying financial statements of the 2009 Sewer Revenue Bonds Fund (Fund) of the Manteca Financing Authority (Authority), California, a component unit of the City of Manteca, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority'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 from 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 Authority'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 Authority'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 financial position of the 2009 Sewer Revenue Bonds Fund of the Authority, a component unit of the City, as of June 30, 2020, and the change in financial position and, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 1, the financial statements present only the Authority and do not purport to, and do not present fairly the financial position of the City of Manteca as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

The Authority has omitted the Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2022, 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California
March 10, 2022

MANTECA FINANCING AUTHORITY

**STATEMENT OF NET POSITION AND
STATEMENT OF REVENUES AND
CHANGES IN NET POSITION**

The purpose of The Statement of Net Position and the Statement of Revenues and Changes in Net Position is to summarize the entire Authority's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the Authority's assets and deferred outflows of resources and all its liabilities and deferred inflows of resources, as well as all its revenues and expenses.

The Statement of Net Position reports the difference between the Authority's total assets and deferred outflows of resources and the Authority's total liabilities and deferred inflows of resources, including all the Authority's long-term debt. The Statement of Net Position summarizes the financial position of all the Authority's activities in a single column.

The Statement of Revenues, Expenses, and Changes in Net Position reports increases and decreases in the Authority's net position. It is also prepared on the full accrual basis, which means it includes all the Authority's revenues and all its expenses, regardless of when cash changes hands.

MANTECA FINANCING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2020

	2009 Sewer <u>Revenue Bonds</u>
ASSETS	
Current Assets:	
Investments held by trustee (Note 2)	\$1,926,201
Interest receivable	<u>88,231</u>
Total Current Assets	2,014,432
Receivable from the City of Manteca (Note 3)	<u>17,073,799</u>
Total Assets	<u>19,088,231</u>
LIABILITIES	
Current Liabilities:	
Accrued interest payable	<u>88,231</u>
Total Current Liabilities	<u>88,231</u>
Non-Current Liabilities:	
Lease revenue bonds payable (Note 4)	
Due in more than one year	<u>19,000,000</u>
Total Liabilities	<u>19,088,231</u>
NET POSITION	
Restricted for Debt Service	<u> </u>
Total Net Position	<u><u> </u></u>

See accompanying notes to financial statements

MANTECA FINANCING AUTHORITY
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	<u>2009 Sewer Revenue Bonds</u>
OPERATING REVENUE	
Interest on base rental payments	<u>\$1,032,273</u>
Operating Revenue	<u>1,032,273</u>
OPERATING EXPENSES	
Interest and fiscal fees	<u>1,058,763</u>
Total Operating Expenses	<u>1,058,763</u>
Operating Loss	<u>(26,490)</u>
NONOPERATING INCOME	
Interest on investments	<u>26,490</u>
Net Nonoperating Income	<u>26,490</u>
Change in net position	
Net position at beginning of year	<u> </u>
Net position at end of year	<u><u> </u></u>

See accompanying notes to financial statements

MANTECA FINANCING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2009 Sewer <u>Revenue Bonds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from the City	\$1,034,623
Payments to bond trustees	<u>(1,058,763)</u>
Cash Flows from Operating Activities	<u>(24,140)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment interest received	<u>26,490</u>
Cash Flows from Investing Activities	<u>26,490</u>
Net Cash Flows	2,350
Cash and investments at beginning of period	<u>1,923,851</u>
Cash and investments at end of period	<u><u>\$1,926,201</u></u>
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	(\$26,490)
Change in assets:	
Receivables, net	<u>2,350</u>
Cash Flows from Operating Activities	<u><u>(\$24,140)</u></u>

See accompanying notes to financial statements

MANTECA FINANCING AUTHORITY
NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Organization and Purpose*

The Manteca Financing Authority is a Joint Powers Authority organized by the City of Manteca and the Manteca Redevelopment Agency on May 1, 1991 under the laws of the State of California. The Authority was organized to provide assistance to the City and Agency in financing public improvements for the benefit of the residents of the City and surrounding areas. Administrative and related normal business expenses incurred in the day-to-day operations of the Authority are provided by the City and are not included in the accompanying financial statements. Such expenses are insignificant to the Authority's operations.

The Authority is an integral part of the City and the accompanying financial statements are included as a component of the basic financial statements prepared by the City. A component unit is a separate governmental unit, agency, or nonprofit corporation which, when combined with all other component units, constitutes the reporting entity as defined in the City's basic financial statements.

B. *Basis of Presentation*

The Authority's Basic Component Unit Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

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

Fund Financial Statements: The fund financial statements provide information about the Authority's funds. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. The Authority considers its only fund to be a major fund.

C. *Basis of Accounting*

The Authority accounts for all transactions in a single enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of the private sector in which the purpose is to conserve and add to economic resources. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

The 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.

D. *Major Fund*

The Authority's only fund is required to be identified as a major fund and presented in the fund financial statements. Major funds are defined as funds that have either assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenses equal to ten percent of their fund-type total and five percent of the grand total.

MANTECA FINANCING AUTHORITY
NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority reported the following major enterprise fund in the accompanying financial statements:

2009 SEWER REVENUE BONDS – To account for Bond transactions.

E. 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 Authority 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.

F. 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.

NOTE 2 - INVESTMENTS HELD BY TRUSTEE

The Authority 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.

The Authority's investments are carried at fair value, as required by generally accepted accounting principles. The Authority 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.

MANTECA FINANCING AUTHORITY
NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 - INVESTMENTS HELD BY TRUSTEE (Continued)

A. Investments Authorized by Debt Agreements

In accordance with the Lease Revenue Bond Indenture of Trust, a Trustee holds the portion of Bond proceeds established as reserves for debt service on these Bonds. The California Government Code requires these funds to be invested in accordance with bond indentures or State statutes. The table below identifies the investment types and their minimum credit ratings that are authorized for investments held by trustee and certain provisions of the debt agreement. The bond indenture contains no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
United States Treasury Bill, Bonds, Notes	5 years	N/A
United States Government Agency Obligations	5 years	N/A
Bankers' Acceptances	30 days to 1 year	A-1
Commercial Paper	270 days to 1 year	A-1
Certificates of Deposit	30 days to 5 years	None to A
Repurchase Agreements	None to 30 days	A-1
Local Agency Investment Fund	n/a	Not rated
Money Market Funds	n/a	AA-m
Investment Agreements	None	None to AA
State and Municipal Bonds, Notes	None	Two Highest Categories

B. Interest Rate Risk

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

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

Investment Type	12 Months or Less
Held by Trustees:	
Money Market Funds (U.S. Securities)	<u>\$1,926,201</u>

C. 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. The actual rating as of June 30, 2020 for the Money Market Funds was AAAM as provided by Standard & Poor's investment rating system. Money market funds are available for withdrawal on demand and at June 30, 2020 have an average maturity of 41 days.

MANTECA FINANCING AUTHORITY
NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 - INVESTMENTS HELD BY TRUSTEE (Continued)

D. Fair Value Hierarchy

The Authority 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 Authority's money market funds are measured at amortized cost and are categorized as Level 2 as of June 30, 2020.

NOTE 3 - RECEIVABLE FROM THE CITY OF MANTECA

The Authority used the proceeds from its Bond issues to finance capital improvements throughout the City. The City leases these improvements from the Authority under the terms of the lease agreement that expires in 2037.

Anticipated receipts of the base rental payments, net of cash and investments held by trustee, capitalized interest proceeds and interest expense net of anticipated interest earned on the investments, are as follows:

Year ending June 30	Principal	Interest	Total
2021		\$1,032,842	\$1,032,842
2022		1,032,842	1,032,842
2023		1,032,842	1,032,842
2024		1,032,842	1,032,842
2025	\$560,000	1,019,191	1,579,191
2026-2030	4,030,000	4,556,991	8,586,991
2031-2035	7,535,000	3,173,526	10,708,526
2036-2037	6,875,000	271,312	7,146,312
	<u>\$19,000,000</u>	<u>\$13,152,388</u>	<u>32,152,388</u>
		<u>Less:</u>	
		Investments held by trustee	1,926,201
		Amount representing interest	13,152,388
			<u>17,073,799</u>
		Receivable from the City of Manteca at June 30, 2020	<u>\$17,073,799</u>

MANTECA FINANCING AUTHORITY
NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 4 - LONG TERM DEBT

On May 27, 2009 the Authority issued the 2009 Sewer Revenue Bonds Series 2009 in the amount of \$19,000,000 to finance the City's expansion and upgrade of its Wastewater Quality Control Facility. The 2009 Revenue Bonds are secured by installment payments payable by the City of Manteca under the Installment Sales Agreement dated December 1, 2003, as amended by Amendment 1 dated June 1, 2009. The installment payments are special limited obligations of the City and are secured by a pledge of and lien on the net revenues of the City's sewer system.

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

Year	Principal	Interest	Total
2021		\$1,058,763	\$1,058,763
2022		1,058,763	1,058,763
2023		1,058,763	1,058,763
2024		1,058,763	1,058,763
2025	\$560,000	1,045,112	1,605,112
2026-2030	4,030,000	4,686,596	8,716,596
2031-2035	7,535,000	3,303,131	10,838,131
2036-2037	6,875,000	400,917	7,275,917
Total	<u>\$19,000,000</u>	<u>\$13,670,808</u>	<u>\$32,670,808</u>

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