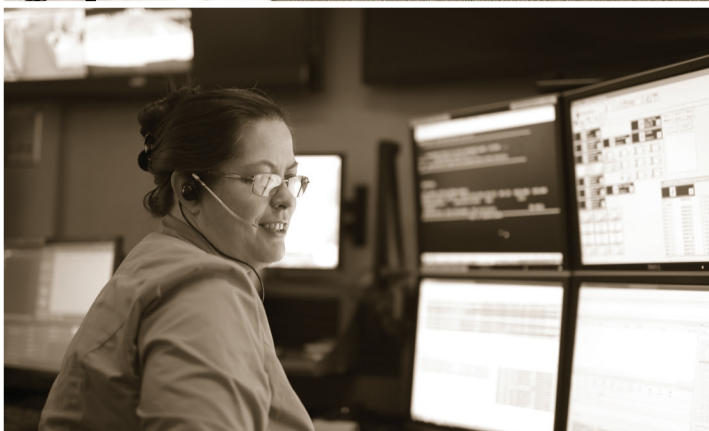


KEEPING MANTECA SAFE & PREPARED

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE, 2019



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CITY OF MANTECA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

Prepared by
FINANCE DEPARTMENT

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

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CITY OF MANTECA

FINANCE DEPARTMENT

January 7, 2021

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

We are pleased to submit the Comprehensive Annual Financial Report for the City of Manteca, California, for the fiscal year (FY) ended June 30, 2019. 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 fairly 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 should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Reporting Entity

The financial statements included in this CAFR 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 seven member 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, which 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 well 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. 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 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 waste water 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 four-year terms. All elections are conducted on a non-partisan basis. The City Council is financially accountable for the Manteca Financing Authority.

Economic Conditions and Outlook

The City of Manteca's continued recovery from the recession had been sustained throughout 2018 and 2019. Positive indicators included increased consumer spending, continued growth in new and resale home values, and decline in unemployment rates to historically low levels. Through strong economic development and bolstered consumer spending, general sales tax was 8% higher than revenues for the same period last year. Of the total property tax received \$17.2 million, \$1.7 million was attributable to receipts distributed to the city as one of the Affected Taxing Entities (ATE) that prior to the dissolution of redevelopment would have been distributed to the former Manteca Redevelopment Agency.

In 2018-19 the Building Safety division issued 418 permits for new residential construction, with 522 permits issued for 2019-20. During the first six months of FY 2020-21 there were 393 residential permits issued. 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.

As of June 30, 2019, employment levels in California have continued to increase. The California Economic Development Department listed the June 2019 statewide unemployment rate at 4.2%, San Joaquin County at 6% and 4.7% for Manteca. However, unemployment grew significantly in early 2020 due to COVID-19 impacts and workplace restrictions imposed by the State and County. 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. The unemployment rate in November 2020 fell to 7.4% for Manteca and 9% 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. Grand opening of the Great Wolf property has been delayed due to COVID-19 restrictions, but the property is expected to open in mid-2021 when those restrictions are lifted. Additionally, the City continues to promote commercial and industrial development and job creation, including new industrial facilities being developed by CenterPoint Properties, and new commercial investment at Union Crossing adjacent to the new highway interchange, including the 120,000 sq.ft. Living Spaces furniture store under construction along with proposed and adjacent commercial suites.

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 in 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.

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 generally accepted accounting principles.

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.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the thirtieth year the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one (1) year. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Programs' requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

Completion of the Comprehensive Annual 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,

Stephanie Beauchaine

Stephanie N. Beauchaine
Interim Finance Director

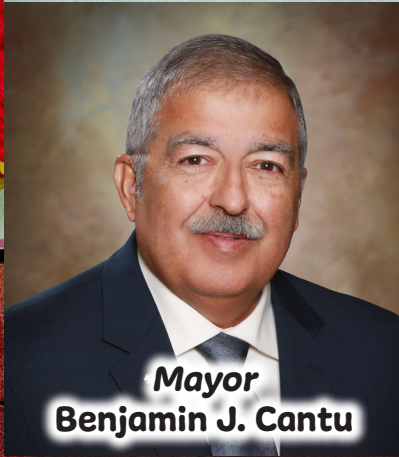
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**Councilmember
Debby Moorhead**



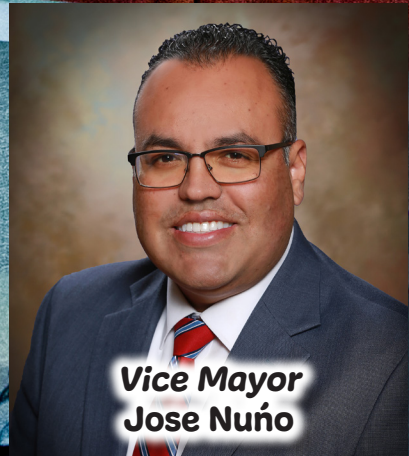
**Councilmember
Gary Singh**



**Mayor
Benjamin J. Cantu**



**Councilmember
David Breitenbucher**



**Vice Mayor
Jose Nuño**

CITY OF MANTECA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019

EXECUTIVE TEAM

Miranda Lutzow, *City Manager*

Brendan Kearns, *Interim City Attorney*

Lisa Blackmon, *Assistant City Manager*

Toni Lundgren, *Deputy City Manager*

Stephanie Beauchaine, *Interim Finance Director*

Cassandra Candini, *Acting Director of Legislative Services*

Aaron Slater, *Director of Employee Services & Engagement*

Chris Erias, *Development Services Director*

Leigh Ann Sutton, *Engineering Director*

Panos Kokkas, *Public Works Director*

Mike Harden, *Interim Chief of Police*

Kyle Shipherd, *Fire Chief*

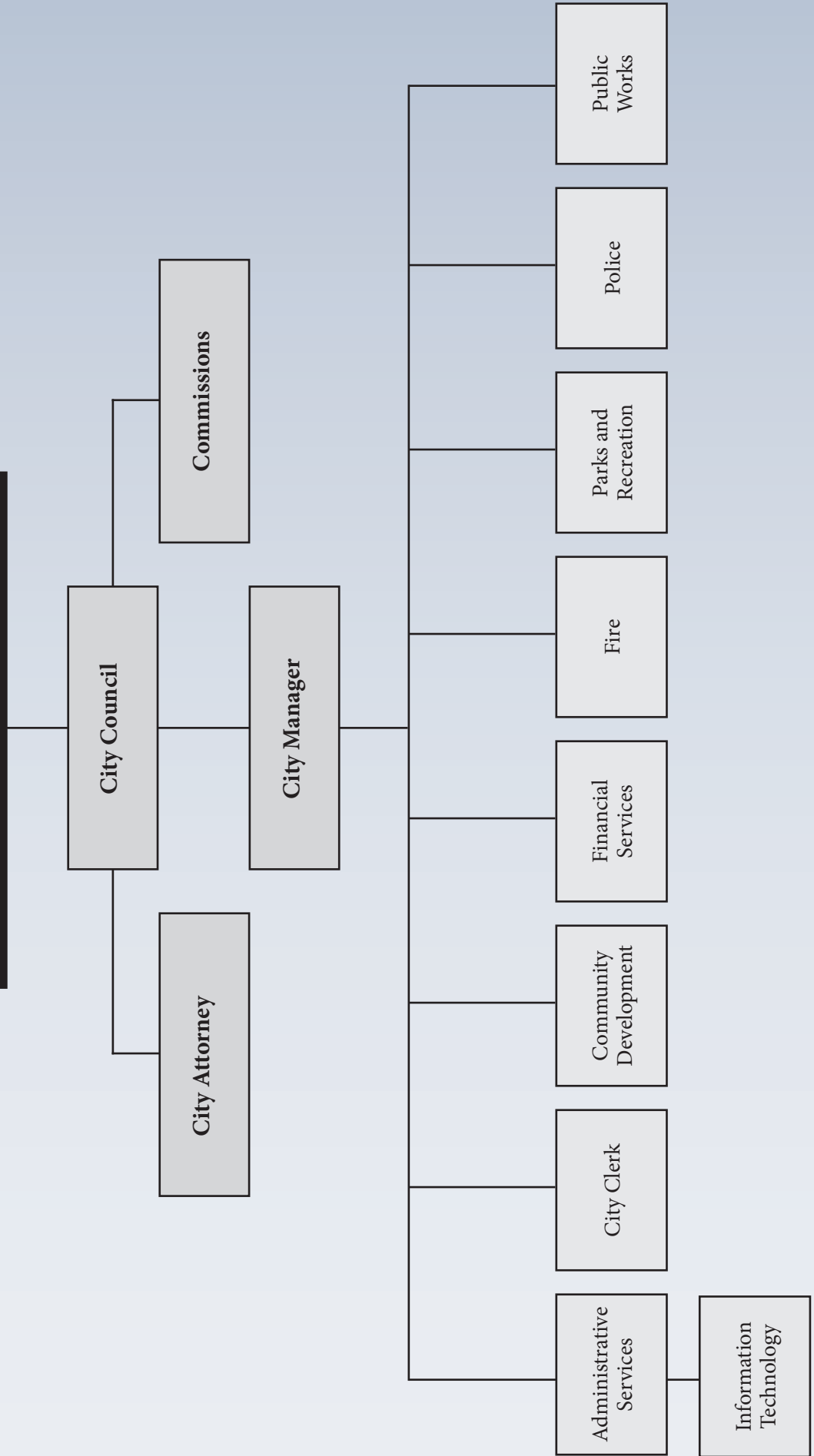
**Toni Lundgren, *Interim Recreation and Community
Services Director***

**Pennie Arounsack-Marques, *Information Technology & Innovation
Director***



CITY OF MANTECA

Voters of Manteca, California





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Manteca
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

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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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed 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.

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, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 January 7, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California
January 7, 2021

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, 2019. 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 2018-19 fiscal year by \$672 million (*Net Position*). Of this amount \$(2) million (*Unrestricted Net Position*) is designated to be used to meet ongoing obligations to citizens and creditors; \$159.4 million is restricted for capital projects, debt service and legally segregated taxes, grants, and fees; and \$514.7 million is invested in capital assets. The Unrestricted Net Position reflects the inclusion of a Net Pension Liability of \$109.7 million in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and a total OPEB Liability of \$33.3 million in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Post-Employment Benefits other than Pensions*.

- As of June 30, 2019, the governmental activities reported a total net position of \$451.3 million including; \$346 million in capital assets, \$159.4 million in restricted assets, and a combined unrestricted balance of \$(54.1) million.
- Business-Type funds reported combined net position of \$220.8 million including; \$168.7 million net investment in capital assets, and \$52.1 million in unrestricted net position.
- As of June 30, 2019 the fund balance for the General Fund was \$29.3 million of which \$498 thousand is *Restricted*, \$1.2 million is designated as *Non-Spendable* for items such as deposits, prepaid assets, inter-fund advances, and inventory. Assigned fund balance was \$22.2 million, designated for items such as economic revitalization and public facilities oversizing, and the unassigned balance was \$5.4 million.
- Governmental capital assets increased by \$18.7 million in comparison to prior year assets representing additions of capital improvements including streets, land, storm drainage, equipment, and construction in progress. The increase is reflected in the net investment in capital assets.
- The City's total liabilities increased by \$4.9 million over the prior year; current liabilities increased \$9.6 million, while long-term liabilities decreased by \$(4.7) million.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

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

The Basic Financial Statements

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

Government-wide Financial Statements

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

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

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

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

- Governmental activities - All of the City's basic services are considered to be governmental activities, including general government, 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.

Pursuant to ABX1 26 ("AB 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 ("Agency") was dissolved on January 31, 2012. The former Agency is now administered under the name of Successor Agency to the Manteca Redevelopment Agency. The activities of the Successor Agency to the Manteca Redevelopment Agency can be found in the Fiduciary Fund Section of the Financial Statements.

- Business-type activities - All of the City's enterprise activities are reported here, including 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 (known as the primary government) but also the activities of a separate legal entity; the Manteca Financing Authority. The City Council serves as the governing body of this component unit and the City is financially accountable for the Authority.

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 24 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 systems pool, vehicle pool, self-insurance, 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 Redevelopment Agency per ABX1 26 and AB 1484, the activities of the Successor Agency to the Manteca Redevelopment Agency are reported as a Private Purpose Trust Fund in the Fiduciary Fund section.

Notes to the Financial Statements

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

Combining Statements

This section of the report includes additional detailed information about non-major governmental 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 \$672 million at the close of the Fiscal Year Ended June 30, 2019. This is an increase of \$45.1 million from June 30, 2018.

The following table reflects the Summary of Net Position for the Fiscal Year Ended June 30, 2019 with comparative data for the Fiscal Year Ended June 30, 2018.

Summary of Net Position at June 30, 2019 (in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current Assets	\$209,187	\$191,479	\$110,547	\$108,753	\$319,734	\$300,232
Non-Current Assets	23,195	22,596			23,195	22,596
Capital Assets	346,243	327,682	239,004	219,525	585,247	547,207
Total Assets	<u>578,625</u>	<u>541,757</u>	<u>349,551</u>	<u>328,278</u>	<u>928,176</u>	<u>870,035</u>
Deferred Outflows						
Related to Pensions and OPEB	\$21,247	\$25,951	\$5,159	\$6,761	\$26,406	\$32,712
Current Liabilities	\$30,367	\$21,076	\$27,067	\$26,769	\$57,434	\$47,845
Non-Current Liabilities	114,600	117,492	104,750	106,543	219,350	224,035
Total Liabilities	<u>144,967</u>	<u>138,568</u>	<u>131,817</u>	<u>133,312</u>	<u>276,784</u>	<u>271,880</u>
Deferred Inflows						
Related to Pensions and OPEB	\$3,615	\$2,950	\$2,079	\$904	\$5,694	\$3,854
Net Investment in Capital						
Assets	\$346,056	\$327,232	\$168,685	\$157,530	\$514,741	\$484,762
Restricted	159,371	153,223			159,371	153,223
Unrestricted	-54,139	-54,265	52,128	43,293	-2,011	-10,972
Total Net Position	<u>\$451,288</u>	<u>\$426,190</u>	<u>\$220,813</u>	<u>\$200,823</u>	<u>\$672,101</u>	<u>\$627,013</u>

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

- Cash and investments comprised of \$228.8 million in the city treasury, a reduction of \$(11.5) million over the prior year. Restricted cash held by fiscal agents totaled \$69 million at year end; an increase of \$22 million. This represents a decrease of \$11.4 million in restricted cash and investments.
- Total Governmental & Business- Type receivables were comprised of \$21,870 million of current receivables and \$23,195 million of long-term receivables. Long-term receivables are related to grants and loans provided by the former Redevelopment Agency 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 capital assets of \$514.7 million include the City's infrastructure in addition to all other City assets, net of the debt incurred to construct and/or acquire those assets.
- Restricted Net Position, totaling \$159.4 million, includes \$85,991 million restricted for capital projects, redevelopment projects \$51,069 million, and \$22,310 million may be spent on other projects as specified by funding source restrictions.
- Unrestricted Net Position totals (2) 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 \$109.7 million and the Total OPEB Liability of \$33.3 million.

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

Statement of Activities
Fiscal Year Ended June 30, 2019
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
<i>Program revenues:</i>						
Charges for services	\$24,711	\$18,801	\$57,469	\$58,201	\$82,180	\$77,002
Operating grants and contributions	9,576	8,696			9,576	8,696
Capital Grants and Contributions	26,346	33,769	3,578	4,487	29,924	38,256
Total program revenues	<u>60,633</u>	<u>61,266</u>	<u>61,047</u>	<u>62,688</u>	<u>121,680</u>	<u>123,954</u>
General revenues:						
Taxes:						
Property taxes	17,158	15,511			17,158	15,511
Sales taxes	20,298	18,972			20,298	18,972
Other taxes	3,761	3,326			3,761	3,326
Interest income	5,026	1,175	3528	810	8,554	1,985
Development Agreements, Unrestricted	351	210			351	210
Other Revenue	2,524	1,867	426	389	2,950	2,256
Total general revenues	<u>49,118</u>	<u>41,061</u>	<u>3,954</u>	<u>1,199</u>	<u>53,072</u>	<u>42,260</u>
Total revenues	<u>109,751</u>	<u>102,327</u>	<u>65,001</u>	<u>63,887</u>	<u>174,752</u>	<u>166,214</u>
Expenses						
General government	6,053	5,907			6,053	5,907
Community Development	7,701	9,670			7,701	9,670
Public Safety	36,204	34,884			36,204	34,884
Library	134	120			134	120
Public Works	8,646	7,091			8,646	7,091
Parks and Recreation	10,126	10,651			10,126	10,651
Streets and Highways	11,514	8,850			11,514	8,850
Interest and fiscal charges	80	85			80	85
Water			17,818	17,520	17,818	17,520
Sewer			17,480	16,478	17,480	16,478
Solid Waste			12,623	11,491	12,623	11,491
Golf			1,285	1,122	1,285	1,122
Total expenses	<u>80,458</u>	<u>77,259</u>	<u>49,206</u>	<u>46,611</u>	<u>129,664</u>	<u>123,870</u>
Change in net position before transfers	29,293	25,068	15,795	17,276	45,088	42,344
Transfers	-4,195	-468	4,195	468		
Change in net position	<u>25,098</u>	<u>24,600</u>	<u>19,990</u>	<u>17,744</u>	<u>45,088</u>	<u>42,344</u>
Net Position, Beginning of Year	426,190	401,590	200,823	183,079	627,013	584,669
Net Position, End of Year	<u>\$451,288</u>	<u>\$426,190</u>	<u>\$220,813</u>	<u>\$200,823</u>	<u>\$672,101</u>	<u>\$627,013</u>

Revenues

Total Government wide revenues increased by \$8,538 million over the prior year to a total of \$174,752 million. Governmental Activities charges for service increased by \$5,910 million compared to the prior year, while governmental capital grants and contributions decreased by (\$7,423) million. Business-type Activities charges for services decreased by (\$732) thousand and capital grants and contributions also decreased by (\$909) thousand compared to the prior year.

General Revenues increased by \$10,813 million attributed to gains across all but one category including; increased property taxes of \$1,647 million over the prior year, sales taxes up \$1,326 million, other taxes up \$435 thousand, Interest income increased \$6,569 million, development agreements \$141 thousand, other revenue (\$981) thousand, and an increase of \$1,675 million over the prior resulting from the gain from sale of capital assets.

Expenses

Expenses for the City totaled \$129.7 million for the fiscal year ending June 30, 2019, an increase of \$5.8 million, or 5% over the prior year. Governmental activities incurred \$80.5 million of expenses, increasing 5%, while business-type activities incurred \$49.2 million in expenses, a 6% increase over the prior year. Of the Governmental Activities, the largest expenses by activity were in Public Safety \$36.2 million, Streets and Highways \$11.5 million, and Parks and Recreation \$10.1 million. Business-type activity expenses totaled \$49.2 million, with the two largest activities being Water at \$17.8 million and Sewer totaling \$17.5 million for the year.

Governmental Activities

The net cost of each of the City's largest programs associated with Governmental Activities is tabled below. These programs include general government, community development, public safety, library, public works, parks and recreation, streets and highways, and interest and fiscal charges. Net cost is defined as total program cost less the revenues generated by those specific activities. For most governmental programs expenses have been greater than the revenue generated to support them.

Cost of Services by Program – Governmental Activities
Fiscal Year Ended June 30, 2019
(in thousands of dollars)

Program	Net Revenue/(Expense)	
	From Services	
	2019	2018
General Government	\$214	\$87
Community Development	11,154	14,619
Public Safety	-31,814	-31,189
Library	-134	-120
Public Works	-2,087	202
Parks and Recreation	-3,667	-5,254
Streets and Highways	-6,590	5,745
Interest and Fiscal Charges	-80	-85
Total Net Revenue/(Expense)	(\$19,825)	(\$15,993)

Net revenues/expenses for general activities decreased by \$(3.8) million. The three costliest programs are Public Safety with net revenue under expenses of (\$31,814), Parks & Recreation (\$3,667), and Public Works (\$2,087).

Business-Type Activities

**Changes in Business-Type Activities by Program
Fiscal Year Ended June 30, 2019
(in thousands of dollars)**

	Business-type Activities	
	2019	2018
Net Revenue (Expense) from Business-type Activities		
Water	\$265	\$2,646
Sewer	10,939	12,184
Solid Waste	808	1,175
Golf	-172	71
	<hr/>	<hr/>
Total Business-type Activities	\$11,840	\$16,076

Net revenues of Business-type Activities decreased by (\$4.2) million. Net revenue under expense for water decreased by (\$2.3) million, sewer decreased by (\$1.2) million.

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, 2019, the City's governmental funds reported combined fund balances of \$166.3 million, which is an increase of \$3.5 million or 3% compared with the prior year. Governmental fund revenues were \$9.1 million this year, an increase of \$5.6 million, or 7%. The General Fund accounted for 52% of this total. Expenditures were \$84.1 million this year. Of this total, \$45.6 million was in the General Fund, \$13.7 million was in major funds and \$24.8 million was in non-major funds.

General Fund

General Fund revenues increased due to continued positive economic conditions by \$5.4 million or 1.6% as compared to fiscal year end 2018. Sales tax increased by 8% and property taxes increased by \$1.6 million or 10.6%. Property tax revenues include \$1.7 million in receipts distributed to Affected Taxing Entities (ATE) that prior to the dissolution of redevelopment would have been distributed to the former Manteca Redevelopment Agency. General Fund expenditures increased by \$8 million or 21.3% over prior year expenditures of \$37.6 million.

At June 30, 2019, the General Fund balance was comprised of \$1.2 million in non-spendable balances, \$.5 million in restricted balances, \$22.2 million of assigned balances and \$5.4 million in unassigned balances. Fund balances have been classified in accordance with GASB 54. 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 2018-19 this fund provided for 30 police and fire personnel. Revenues in the Public Safety Sales Tax Fund increased by \$.5 million or 8% over prior year receipts, for a total of \$7.0 million for Fiscal year 2018-19. Sales tax continued to grow due to strong consumer confidence. The net change to fund balance was \$749 thousand.

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 Redevelopment Agency 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, 2019, the net position of the Low and Moderate Income Housing Assets Special Revenue Fund was comprised of \$222 thousand in restricted fund balance.

Public Facilities Implementation Plan

Development fees are collected in the areas designated by the Public Facilities Implementation Plan to finance the construction of future transportation and storm drainage infrastructure. Total fund balance was reported at \$31.4 million at year end, and increase of 2% over the prior year. Revenues totaled \$6.4 million for the year and exceed expenditures by \$569 thousand. Capital Improvements totaling \$5.6 million were constructed in Fiscal Year 2018-2019. The Public Facilities Implementation Plan was updated in fiscal year 2013. Due to complexities, additional time was requested to prepare the transportation element which was completed in Fiscal Year 2018-19.

Redevelopment Bonds Projects Fund

At the time of the dissolution of the former Manteca Redevelopment Agency, the agency had approximately \$43.7 million in unspent bond proceeds. By law, these bond proceeds were transferred to the Successor Agency to the Manteca Redevelopment Agency. In September and December 2013 the City and the Successor Agency, 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 Successor Agency 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 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 City continues to spend down the bond proceeds on the projects included in the City's Capital Improvement Plan. Fund balance totaled \$27.2 million at the close of Fiscal year 2018-19.

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 \$220.8 million at June 30, 2019. Proprietary operating revenues were \$57.9 million and operating expenses were \$46.2 million in fiscal 2019.

Water Fund

The net position of the Water Fund is \$70.5 million. Approximately \$28.6 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$41.9 million.

Activities for the year were comprised of \$16.6 million in operating revenues for the current year and \$16.5 million in operating expenses. Charges for services showed a decrease of (7%) as compared to the prior year. Operating expenses increased by 2% from fiscal year 2018. The largest operational increase year over year was personnel services, which increased by 15%.

Sewer Fund

The net position of the Sewer Fund is \$153 million for the current year. Operating revenues for fiscal year 2019 were \$26.4 million, a decrease of (2%) from fiscal year 2018. Operating expenditures increased by \$1 million or 7% over the prior year. Personnel services experienced the biggest change year over year with a 12% increase in costs. A total of \$122.3 million of the fund's net position is invested in capital assets, with \$30.7 million unrestricted.

Solid Waste Fund

Operating revenues for fiscal year 2019 totaled \$13.7 million, an increase of 7% over fiscal year 2018. Operating expenses were \$12.6 million, an increase of \$1.1 million from fiscal year 2018, leaving the fund with operating income of \$1.1 million for the year. Net position increased by \$1.1 million to (\$3.2) million, of which \$2.9 is invested in capital assets, and (\$6.1) is unrestricted. Long term liabilities total \$11.8 million; \$8.6 for net pension liability and \$3.2 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, 2019. Operating expenses increased by \$163 thousand or 15% 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

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the General Fund totaled \$42.3 million in revenues, \$45.3 million in expenditures, and Revenues under expenses of (\$4.8) million. The difference in appropriations between the original budget and the final amended budget was \$4 million.

As consumer confidence and housing starts remained strong, the local economy showed continued growth, General Fund revenues exceeded their budgeted forecasts. Property Taxes for the City surpassed projections by \$.7 million of which \$1.7 million was related to revenues associated with the dissolution of the former Manteca Redevelopment Agency. Also notable was Sales Taxes which exceeded projections by \$.7 million. Total revenues exceeded budget by \$4.4 million for the year.

At the end of the fiscal year, the total actual expenses of the General Fund totaled \$45.6 million, \$324 thousand more than the total amended budget. \$2.1 million of this variance was attributable to capital outlay projects that were not completed or started. Each major division, General Government, Public Safety, Library, and Public works were under budget.

CAPITAL ASSETS

At the end of fiscal 2019 the City had \$585.2 million, net of depreciation, invested in a broad range of capital assets used in governmental and business type activities, as shown in below. See further discussion on Capital Assets in Note 7.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Non-depreciable assets						
Land	\$61,117	\$51,138	\$4,394	\$7,820	\$65,511	\$58,958
Construction in progress	34,658	26,101	48,870	23,916	83,528	50,017
	<u>95,775</u>	<u>77,239</u>	<u>53,264</u>	<u>31,736</u>	<u>149,039</u>	<u>108,975</u>
Depreciable assets						
Buildings and improvements	37,758	35,881	8,678	8,553	46,436	44,434
Machinery and equipment	21,284	20,208	21,460	21,036	42,744	41,244
Storm Drain	56,620	55,769			56,620	55,769
Streets	214,421	206,927			214,421	206,927
Parks	67,457	66,450			67,457	66,450
Sewer lines and improvements			66,914	63,292	66,914	63,292
Sewer plant expansion			96,465	96,465	96,465	96,465
Water wells and pipelines			118,903	117,440	118,903	117,440
Infrastructure			165	165	165	165
Less accumulated depreciation	-147,072	-134,792	-126,845	-119,162	(273,917)	-253,954
	<u>250,468</u>	<u>250,443</u>	<u>185,740</u>	<u>187,789</u>	<u>436,208</u>	<u>438,232</u>
	<u>\$346,243</u>	<u>\$327,682</u>	<u>\$239,004</u>	<u>\$219,525</u>	<u>\$585,247</u>	<u>\$547,207</u>

DEBT SERVICE ADMINISTRATION

Each of the City’s debt issues is discussed in detail in Note 8 in the Notes to the Basic Financial Statements. At the end of the year, the City had total long-term debt outstanding of \$.6 million in debt associated with Governmental Activities and \$73.1 million in debt associated with Business-Type Activities.

	Outstanding Debt					
	Fiscal Year Ended June 30					
	(in thousands of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital Lease	\$388	\$652			\$388	\$652
Revenue Bonds			\$70,319	\$73,106	70,319	73,106
Total	\$388	\$652	\$70,319	\$73,106	\$73,757	\$73,758

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

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

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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, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$136,557,707	\$92,267,003	\$228,824,710
Restricted cash and investments (Note 3)	49,152,869	19,886,261	69,039,130
Accounts receivable, net	11,167,551	7,193,273	18,360,824
Taxes receivable	1,531,987		1,531,987
Interest receivable	1,079,913	810,481	1,890,394
Internal balances (Note 4D)	9,610,181	(9,610,181)	
Prepaid items and deposits	86,548		86,548
Long-term notes receivable (Notes 5 and 14F)	23,133,637		23,133,637
Employee notes receivable (Note 6)	61,036		61,036
Capital assets, not being depreciated (Note 7)	95,775,452	53,264,055	149,039,507
Capital assets, being depreciated (net) (Note 7)	250,467,329	185,739,990	436,207,319
Total Assets	578,624,210	349,550,882	928,175,092
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Note 10)	19,894,905	4,724,116	24,619,021
Deferred outflows related to OPEB (Note 11)	1,352,108	434,664	1,786,772
Total Deferred Outflows of Resources	21,247,013	5,158,780	26,405,793
LIABILITIES			
Accounts payable	7,680,802	5,231,435	12,912,237
Contracts payable	8,865,203	16,529,833	25,395,036
Refundable deposits	8,892,280	4,438,271	13,330,551
Accrued liabilities	1,352,432	867,209	2,219,641
Unearned revenue	2,637,280		2,637,280
Compensated absences (Note 1G):			
Due within one year	573,197		573,197
Due in more than one year	5,158,769		5,158,769
Estimated claims liability (Note 13):			
Due within one year	366,110		366,110
Due in more than one year	538,674		538,674
Long-term debt (Note 8):			
Due within one year	272,204	2,750,000	3,022,204
Due in more than one year	115,961	67,568,722	67,684,683
Net pension liability (Note 10):			
Due in more than one year	84,644,445	25,028,594	109,673,039
Total OPEB liability (Note 11):			
Due in more than one year	23,870,191	9,402,872	33,273,063
Total Liabilities	144,967,548	131,816,936	276,784,484
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Note 10)	3,254,073	1,039,207	4,293,280
Deferred inflows related to OPEB (Note 11)	361,742	1,039,922	1,401,664
Total Deferred Inflows of Resources	3,615,815	2,079,129	5,694,944
NET POSITION (Note 9):			
Net investment in capital assets	346,055,728	168,685,323	514,741,051
Restricted for:			
Capital projects	85,991,469		85,991,469
Redevelopment projects	51,069,158		51,069,158
Special revenue projects:			
Development mitigation	6,219,834		6,219,834
Landscaping and lighting	1,155,145		1,155,145
Public safety	6,489,853		6,489,853
Other special revenue projects	8,445,406		8,445,406
Total Restricted Net Position	159,370,865		159,370,865
Unrestricted	(54,138,733)	52,128,274	(2,010,459)
Total Net Position	\$451,287,860	\$220,813,597	\$672,101,457

See accompanying notes to basic financial statements

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

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	
Governmental Activities:						
General government	\$6,053,229	\$6,266,735			\$213,506	\$213,506
Community development	7,701,286	7,640,377	\$463,275	\$10,751,636	11,154,002	11,154,002
Public safety	36,204,202	3,232,381	644,746	512,687	(31,814,388)	(31,814,388)
Library	134,006				(134,006)	(134,006)
Public works	8,645,927	398,437	1,447,630	4,712,014	(2,087,846)	(2,087,846)
Parks and recreation	10,125,867	4,247,649	75	2,211,260	(3,666,883)	(3,666,883)
Streets and highways	11,513,804	2,925,863	7,019,823	8,158,326	6,590,208	6,590,208
Interest and fiscal charges	80,021				(80,021)	(80,021)
Total Governmental Activities	80,458,342	24,711,442	9,575,549	26,345,923	(19,825,428)	(19,825,428)
Business-type Activities:						
Water	17,818,593	16,620,397		1,463,438	\$265,242	265,242
Sewer	17,479,631	26,305,512		2,113,380	10,939,261	10,939,261
Solid waste	12,622,724	13,429,983		780	808,039	808,039
Golf	1,284,914	1,112,976			(171,938)	(171,938)
Total Business-type Activities	49,205,862	57,468,868		3,577,598	11,840,604	11,840,604
Total	\$129,664,204	\$82,180,310	\$9,575,549	\$29,923,521	(19,825,428)	(7,984,824)
General revenues:						
Taxes:						
Property taxes					17,158,387	17,158,387
Sales taxes					20,298,214	20,298,214
Other taxes					3,761,139	3,761,139
Interest income					5,026,389	3,528,311
Development agreements, unrestricted					350,696	350,696
Other revenue					848,738	426,339
Gain from sale of capital assets					1,675,000	1,675,000
Transfers, net (Note 4A)					(4,195,375)	4,195,375
Total general revenues and transfers					44,923,188	8,150,025
Change in Net Position					25,097,760	19,990,629
Net Position-Beginning					426,190,100	200,822,968
Net Position-Ending					\$451,287,860	\$220,813,597

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 2019. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

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 designated 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, 2019

	General	Public Safety Sales Tax	Low and Moderate Income Housing Assets	Public Facilities Implementation Plan
ASSETS				
Cash and investments (Note 3)	\$14,237,579	\$4,566,320		\$24,884,568
Restricted cash and investments (Note 3)	497,968		\$2,718,239	5,609,573
Accounts receivables (net of allowance for estimated uncollectible accounts)	2,082,964			3,106,997
Taxes receivable	1,173,384	354,148		
Interest receivable	464,917	23,379		176,596
Due from other funds (Note 4B)	13,442,718			
Advances to other funds (Note 4C)	1,081,780			10,050,067
Prepaid items	85,855			
Long-term notes receivable (Notes 5 and 14F)	675,000		23,236,198	
Total Assets	\$33,742,165	\$4,943,847	\$25,954,437	\$43,827,801
LIABILITIES				
Accounts payable	\$2,061,613	\$4,019		\$319,976
Contracts payable	5			721,140
Refundable deposits	1,009,392			6,715,685
Accrued liabilities	29,946			
Due to other funds (Note 4B)			\$2,496,009	
Advances from other funds (Note 4C)				1,521,666
Unearned revenue				
Total Liabilities	3,100,956	4,019	2,496,009	9,278,467
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - accounts receivable	700,710			3,106,707
Unavailable revenue - notes receivable (Notes 5 and 14F)	675,000		23,236,198	
Total Deferred Inflows of Resources	1,375,710		23,236,198	3,106,707
FUND BALANCES				
Fund balance (Note 9):				
Nonspendable	1,167,635			
Restricted	497,968	4,939,828	222,230	31,442,627
Committed				
Assigned	22,234,205			
Unassigned	5,365,691			
Total Fund Balances	29,265,499	4,939,828	222,230	31,442,627
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$33,742,165	\$4,943,847	\$25,954,437	\$43,827,801

See accompanying notes to basic financial statements

Redevelopment Bonds Projects	Other Governmental Funds	Total Governmental Funds
	\$76,931,024	\$120,619,491
\$38,668,438	1,457,539	48,951,757
	6,250,179	11,440,140
	4,455	1,531,987
	362,853	1,027,745
	875,565	14,318,283
	1,850,000	12,981,847
		85,855
		23,911,198
<u>\$38,668,438</u>	<u>\$87,731,615</u>	<u>\$234,868,303</u>
\$778,688	\$3,727,576	\$6,891,872
	28,406	749,551
	1,166,395	8,891,472
		29,946
10,702,056	1,120,218	14,318,283
	1,850,000	3,371,666
	2,637,280	2,637,280
<u>11,480,744</u>	<u>10,529,875</u>	<u>36,890,070</u>
	3,952,990	7,760,407
		23,911,198
	<u>3,952,990</u>	<u>31,671,605</u>
		1,167,635
27,187,694	66,524,728	130,815,075
	128,901	128,901
	6,595,121	28,829,326
		5,365,691
<u>27,187,694</u>	<u>73,248,750</u>	<u>166,306,628</u>
<u>\$38,668,438</u>	<u>\$87,731,615</u>	<u>\$234,868,303</u>

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CITY OF MANTECA
Reconciliation of the
GOVERNMENTAL FUNDS-BALANCE SHEET
with the
GOVERNMENTAL ACTIVITIES NET POSITION
JUNE 30, 2019

Total fund balances reported on the Governmental Funds Balance Sheet \$166,306,628

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.

343,552,606

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	15,938,216
Restricted cash and investments	201,112
Accounts receivable	27,411
Interest receivable	52,168
Prepaid items	693
Employee notes receivable	61,036
Capital assets, not being depreciated	1,123,749
Capital assets (net of accumulated depreciation)	1,566,426
Contracts and accounts payable	(318,361)
Accrued liabilities	(1,322,486)
Refundable deposits	(808)
Compensated absences	(5,731,966)
Long-term debt	(128,202)
Estimated claims liability	(904,784)
Net pension liability and deferred outflows/inflows related to pensions	(2,153,125)
Total OPEB liability and deferred outflows/inflows related to OPEB	(983,787)

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.

30,901,036

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	(259,963)
Net pension liability and deferred outflows/inflows related to pensions	(65,850,488)
Total OPEB liability and deferred outflows/inflows related to OPEB	(21,896,038)
Contracts payable	(8,115,652)
Allowance for conditional grants	(777,561)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$451,287,860

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, 2019

	General	Public Safety Sales Tax	Low and Moderate Income Housing Assets	Public Facilities Implementation Plan
REVENUES				
Property taxes	\$17,158,387			
Sales taxes	13,403,402	\$6,894,812		
Other taxes	4,495,853			
Licenses and permits	864,778			
Fines and forfeitures	495,618			
Use of money and property	1,734,726	94,091	\$55,129	\$843,039
Revenue from other agencies	380,487			
Charges for current services	7,513,287			5,537,103
Other revenue	678,532		10,792	
Total Revenues	46,725,070	6,988,903	65,921	6,380,142
EXPENDITURES				
Current:				
General government	4,310,152			
Community development				
Public safety	25,778,374	6,239,688		
Library	128,069			
Public works	2,395,739			177,463
Parks and recreation	4,534,315			
Streets and highways				
Nondepartmental	2,996,435			
Capital outlay	5,446,362			5,566,609
Debt service:				
Principal				
Interest and fiscal charges				67,165
Total Expenditures	45,589,446	6,239,688		5,811,237
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,135,624	749,215	65,921	568,905
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	1,000,000			
Transfers in (Note 4A)				
Transfers (out) (Note 4A)	(4,645,255)			
Total Other Financing Sources (Uses)	(3,645,255)			
NET CHANGE IN FUND BALANCES	(2,509,631)	749,215	65,921	568,905
BEGINNING FUND BALANCES	31,775,130	4,190,613	156,309	30,873,722
ENDING FUND BALANCES	\$29,265,499	\$4,939,828	\$222,230	\$31,442,627

See accompanying notes to basic financial statements

Redevelopment Bonds Projects	Other Governmental Funds	Total Governmental Funds
		\$17,158,387
		20,298,214
		4,495,853
	\$6,876,599	7,741,377
		495,618
\$792,173	1,183,794	4,702,952
	9,675,468	10,055,955
	12,219,215	25,269,605
	102,958	792,282
<u>792,173</u>	<u>30,058,034</u>	<u>91,010,243</u>
	179,285	4,489,437
	4,642,422	4,642,422
	589,912	32,607,974
		128,069
	2,231,830	4,805,032
	3,539,797	8,074,112
	6,976,028	6,976,028
		2,996,435
1,623,239	6,479,708	19,115,918
	139,070	139,070
	12,856	80,021
<u>1,623,239</u>	<u>24,790,908</u>	<u>84,054,518</u>
<u>(831,066)</u>	<u>5,267,126</u>	<u>6,955,725</u>
		1,000,000
	217,000	217,000
		(4,645,255)
	<u>217,000</u>	<u>(3,428,255)</u>
(831,066)	5,484,126	3,527,470
<u>28,018,760</u>	<u>67,764,624</u>	<u>162,779,158</u>
<u>\$27,187,694</u>	<u>\$73,248,750</u>	<u>\$166,306,628</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, 2019

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$3,527,470

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	20,262,942
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$637,658 which has already been allocated to serviced funds)	(12,352,158)
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.	10,751,636
Retirements of capital assets are deducted from fund balance	(55,795)

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	139,070
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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	7,654,045
Contracts and accounts payable	(1,917,029)
Allowance for conditional grants	(64,953)
Net pension liability and deferred outflows/inflows related to pensions	(5,716,472)
Total OPEB liability and deferred outflows/inflows related to OPEB	2,841,949

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

Change in Net Position - All Internal Service Funds	<u>27,055</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$25,097,760</u></u>
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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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$16,477,355	\$16,477,355	\$17,158,387	\$681,032
Sales taxes	12,696,103	12,696,103	13,403,402	707,299
Other taxes	4,503,590	4,503,590	4,495,853	(7,737)
Licenses and permits	946,581	946,581	864,778	(81,803)
Fines and forfeitures	244,500	244,500	495,618	251,118
Use of money and property	450,000	450,000	1,734,726	1,284,726
Revenue from other agencies	684,550	684,550	380,487	(304,063)
Charges for current services	5,801,720	5,801,720	7,513,287	1,711,567
Other revenue	517,650	517,650	678,532	160,882
Total Revenues	42,322,049	42,322,049	46,725,070	4,403,021
EXPENDITURES:				
Current:				
General government:				
Legislative	1,029,860	1,208,626	1,009,191	199,435
City Attorney	254,500	254,500	286,418	(31,918)
Administration	1,162,385	1,196,770	1,048,414	148,356
Human resources	754,936	754,936	666,481	88,455
Financial services	1,288,500	1,288,232	1,299,648	(11,416)
Total general government	4,490,181	4,703,064	4,310,152	392,912
Public safety:				
Police	16,980,990	17,187,681	16,472,388	715,293
Fire	8,006,800	8,247,270	8,902,226	(654,956)
Animal control	437,130	462,615	403,760	58,855
Total public safety	25,424,920	25,897,566	25,778,374	119,192
Library	128,595	128,595	128,069	526
Public works:				
Engineering	377,340	391,440	290,922	100,518
Street maintenance	99,725	209,150	66,920	142,230
Storm drain maintenance and operation	604,250	620,725	319,879	300,846
Vehicle maintenance	788,175	794,050	740,094	53,956
Building maintenance	1,070,010	1,079,437	977,924	101,513
Total public works	2,939,500	3,094,802	2,395,739	699,063

(Continued)

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks and recreation:				
Park facility maintenance	4,568,210	4,580,762	4,154,022	426,740
Senior center	369,310	413,631	380,293	33,338
Total parks and recreation	<u>4,937,520</u>	<u>4,994,393</u>	<u>4,534,315</u>	<u>460,078</u>
Nondepartmental charges	<u>2,485,717</u>	<u>3,077,142</u>	<u>2,996,435</u>	<u>80,707</u>
Capital outlay	<u>921,500</u>	<u>3,370,012</u>	<u>5,446,362</u>	<u>(2,076,350)</u>
Total Expenditures	<u>41,327,933</u>	<u>45,265,574</u>	<u>45,589,446</u>	<u>(323,872)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>994,116</u>	<u>(2,943,525)</u>	<u>1,135,624</u>	<u>4,079,149</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property			1,000,000	1,000,000
Transfers (out)	<u>(4,702,500)</u>	<u>(4,802,880)</u>	<u>(4,645,255)</u>	<u>157,625</u>
Total Other Financing Sources (Uses)	<u>(4,702,500)</u>	<u>(4,802,880)</u>	<u>(3,645,255)</u>	<u>1,157,625</u>
NET CHANGE IN FUND BALANCE	<u>(\$3,708,384)</u>	<u>(\$7,746,405)</u>	<u>(2,509,631)</u>	<u>\$5,236,774</u>
BEGINNING FUND BALANCE			<u>31,775,130</u>	
ENDING FUND BALANCE			<u>\$29,265,499</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Sales taxes	\$6,611,322	\$6,611,322	\$6,894,812	\$283,490
Use of money and property	12,500	12,500	94,091	81,591
Total Revenues	<u>6,623,822</u>	<u>6,623,822</u>	<u>6,988,903</u>	<u>365,081</u>
EXPENDITURES:				
Current:				
Public safety	6,657,455	6,692,442	6,239,688	452,754
Total Expenditures	<u>6,657,455</u>	<u>6,692,442</u>	<u>6,239,688</u>	<u>452,754</u>
NET CHANGE IN FUND BALANCE	<u>(\$33,633)</u>	<u>(\$68,620)</u>	749,215	<u>\$817,835</u>
BEGINNING FUND BALANCE			<u>4,190,613</u>	
ENDING FUND BALANCE			<u>\$4,939,828</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 2019, 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, 2019

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Total	
ASSETS						
Current assets						
Cash and investments (Note 3)	\$39,455,266	\$48,799,593	\$3,935,780	\$76,364	\$92,267,003	\$15,938,216
Accounts receivables (net of allowance for estimated uncollectible accounts)	913,099	4,913,136	1,336,270	30,768	7,193,273	27,411
Interest receivable	403,768	389,517	17,196		810,481	52,168
Prepaid items						693
Total current assets	40,772,133	54,102,246	5,289,246	107,132	100,270,757	16,018,488
Non-current assets						
Restricted cash and investments (Note 3)	6,558,868	13,327,393			19,886,261	201,112
Advances to other funds (Note 4C)	453,082	346,567			799,649	
Employee notes receivable (Note 6)						61,036
Capital assets not being depreciated (Note 7)	8,160,797	44,011,716	69,139	1,022,403	53,264,055	1,123,749
Capital assets (net of accumulated depreciation) (Note 7)	67,250,407	115,106,825	2,799,677	583,081	185,739,990	1,566,426
Total non-current assets	82,423,154	172,792,501	2,868,816	1,605,484	259,689,955	2,952,323
Total Assets	123,195,287	226,894,747	8,158,062	1,712,616	359,960,712	18,970,811
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions (Note 10)	1,301,618	1,592,426	1,657,369	172,703	4,724,116	476,879
Deferred outflows related to OPEB (Note 11)	120,052	140,368	133,981	40,263	434,664	12,959
Total deferred outflows of resources	1,421,670	1,732,794	1,791,350	212,966	5,158,780	489,838
LIABILITIES						
Current liabilities						
Accounts payable	1,229,693	3,332,879	629,112	39,751	5,231,435	318,361
Contracts payable	2,975,445	13,554,388			16,529,833	
Accrued liabilities						1,322,486
Refundable deposits	2,314,576	2,112,406	11,289		4,438,271	808
Interest payable	723,663	143,546			867,209	
Compensated absences (Note 1G)						573,197
Estimated claims liability (Note 13)						366,110
Revenue bonds (Note 8)	1,340,000	1,410,000			2,750,000	
Capital lease obligations (Note 8)						128,202
Total current liabilities	8,583,377	20,553,219	640,401	39,751	29,816,748	2,709,164
Long-term liabilities						
Advances from other funds (Note 4C)	3,161,546	7,248,284			10,409,830	
Compensated absences (Note 1G)						5,158,769
Estimated claims liability (Note 13)						538,674
Revenue bonds (Note 8)	32,147,516	35,421,206			67,568,722	
Net pension liability (Note 10)	6,979,022	8,497,616	8,618,427	933,529	25,028,594	2,525,314
Total OPEB liability (Note 11)	2,619,018	3,207,234	3,235,809	340,811	9,402,872	965,744
Total long-term liabilities	44,907,102	54,374,340	11,854,236	1,274,340	112,410,018	9,188,501
Total Liabilities	53,490,479	74,927,559	12,494,637	1,314,091	142,226,766	11,897,665
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions (Note 10)	300,819	360,928	336,232	41,228	1,039,207	104,690
Deferred inflows related to OPEB (Note 11)	287,219	335,827	320,546	96,330	1,039,922	31,002
Total deferred inflows of resources	588,038	696,755	656,778	137,558	2,079,129	135,692
NET POSITION (Note 9):						
Net investment in capital assets	41,923,688	122,287,335	2,868,816	1,605,484	168,685,323	2,763,085
Unrestricted	28,614,752	30,715,892	(6,070,819)	(1,131,551)	52,128,274	4,664,207
Total Net Position	\$70,538,440	\$153,003,227	(\$3,202,003)	\$473,933	\$220,813,597	\$7,427,292

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, 2019

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Total	
OPERATING REVENUES						
Charges for services	\$16,620,397	\$26,305,512	\$13,429,983	\$1,112,976	\$57,468,868	\$2,178,720
Insurance premium contribution from other funds						3,573,060
Miscellaneous	10,584	102,044	279,810	19,909	412,347	437,250
Total Operating Revenues	16,630,981	26,407,556	13,709,793	1,132,885	57,881,215	6,189,030
OPERATING EXPENSES						
Personnel services	4,824,541	5,795,685	5,471,593	852,123	16,943,942	1,503,531
Contractual services	295,566	1,077,295	3,285,138	82,474	4,740,473	179,470
Supplies	5,217,663	1,173,760	1,285,163	80,916	7,757,502	43,467
Utilities	579,557	1,546,212	13,019	78,409	2,217,197	71,131
Repairs and maintenance	119,489	496,321	84,958	71,859	772,627	824,833
Vehicle maintenance and operations	18,537	27,517	428,910		474,964	4
Interdepartmental	1,297,785	1,346,135	1,166,290	26,820	3,837,030	196,110
Insurance	318,010	489,630	353,650	23,010	1,184,300	2,907,743
Claims						355,461
Depreciation (Note 7)	3,785,270	3,629,208	518,820	66,140	7,999,438	637,658
Miscellaneous	83,930	152,381	15,183	3,163	254,657	135,870
Total Operating Expenses	16,540,348	15,734,144	12,622,724	1,284,914	46,182,130	6,855,278
Operating Income (Loss)	90,633	10,673,412	1,087,069	(152,029)	11,699,085	(666,248)
NONOPERATING REVENUES (EXPENSES)						
Interest income	1,568,597	1,925,554	34,160		3,528,311	323,437
Gain (loss) from retirement of capital assets	3,266		10,726		13,992	109,802
Interest (expense) and fiscal charges	(1,278,245)	(1,745,487)			(3,023,732)	(8,577)
Intergovernmental grants			780		780	
Net Nonoperating Revenues (Expenses)	293,618	180,067	45,666		519,351	424,662
Income (Loss) Before Contributions and Transfers	384,251	10,853,479	1,132,735	(152,029)	12,218,436	(241,586)
Capital grants		1,256,450			1,256,450	
Contributions	1,463,438	856,930			2,320,368	35,761
Transfers in (Note 4A)		4,195,375			4,195,375	232,880
Net Contributions and Transfers	1,463,438	6,308,755			7,772,193	268,641
Change in net position	1,847,689	17,162,234	1,132,735	(152,029)	19,990,629	27,055
BEGINNING NET POSITION (DEFICIT)	68,690,751	135,840,993	(4,334,738)	625,962	200,822,968	7,400,237
ENDING NET POSITION (DEFICIT)	\$70,538,440	\$153,003,227	(\$3,202,003)	\$473,933	\$220,813,597	\$7,427,292

See accompanying notes to basic financial statements

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

	Business-type Activities-Enterprise Funds					Governmental
	Water	Sewer	Solid Waste	Golf	Totals	Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$17,779,232	\$25,340,284	\$13,625,355	\$1,121,521	\$57,866,392	\$6,186,375
Payments to suppliers	(7,643,678)	(4,309,657)	(5,745,696)	(338,039)	(18,037,070)	(4,109,457)
Payments to or on behalf of employees	(4,465,114)	(5,370,097)	(5,075,467)	(771,280)	(15,681,958)	(1,577,905)
Internal activity - payments to other funds	(1,297,785)	(1,346,135)	(1,166,290)	(26,820)	(3,837,030)	
Receipts from employee notes receivable						190
Claims paid						(769,693)
Cash Flows from Operating Activities	4,372,655	14,314,395	1,637,902	(14,618)	20,310,334	(270,490)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund receipts	22,910	85,414			108,324	
Transfers in from other funds		4,195,375			4,195,375	232,880
Cash Flows from Noncapital Financing Activities	22,910	4,280,789			4,303,699	232,880
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets, net	(6,387,954)	(21,923,465)	(271,930)		(28,583,349)	(571,863)
Proceeds from sale of capital assets	3,266	3,425,417	10,726		3,439,409	126,211
Capital grants		1,256,450	780		1,257,230	
Long-term debt payment - principal	(1,290,000)	(1,220,000)			(2,510,000)	(123,964)
Long-term debt payment - interest and fiscal charges	(1,497,359)	(1,833,281)			(3,330,640)	(8,577)
Cash Flows from Capital and Related Financing Activities	(9,172,047)	(20,294,879)	(260,424)		(29,727,350)	(578,193)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	1,489,977	1,893,726	24,285		3,407,988	315,340
Cash Flows from Investing Activities	1,489,977	1,893,726	24,285		3,407,988	315,340
Net Cash Flows	(3,286,505)	194,031	1,401,763	(14,618)	(1,705,329)	(300,463)
Cash and investments at beginning of period	49,300,639	61,932,955	2,534,017	90,982	113,858,593	16,439,791
Cash and investments at end of period	\$46,014,134	\$62,126,986	\$3,935,780	\$76,364	\$112,153,264	\$16,139,328

(Continued)

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

	Business-type Activities-Enterprise Funds					Governmental
	Water	Sewer	Solid Waste	Golf	Totals	Activities- Internal Service Funds
Reconciliation of Operating Income (Loss) to Cash Flows						
from Operating Activities:						
Operating income (loss)	\$90,633	\$10,673,412	\$1,087,069	(\$152,029)	\$11,699,085	(\$666,248)
Adjustments to reconcile operating income (loss) to cash flows						
from operating activities:						
Depreciation	3,785,270	3,629,208	518,820	66,140	7,999,438	637,658
Change in assets and liabilities:						
Accounts receivables (net of allowance for						
estimated uncollectible accounts)	(354,876)	(3,035,170)	(85,958)	(11,364)	(3,487,368)	(2,780)
Related party notes receivable						190
Prepaid items						8,014
Accounts payable and other accrued expenses	234,403	2,379,693	(278,155)	1,792	2,337,733	138,589
Contracts payable	257,798	241,664			499,462	
Accrued liabilities						(23,304)
Compensated absences						(34,786)
Claims liability						(414,232)
Net pension liability, deferred outflows and inflows	200,948	240,289	219,258	27,691	688,186	69,303
Total OPEB liability, deferred outflows and inflows	158,479	185,299	176,868	53,152	573,798	17,106
Cash Flows from Operating Activities	<u>\$4,372,655</u>	<u>\$14,314,395</u>	<u>\$1,637,902</u>	<u>(\$14,618)</u>	<u>\$20,310,334</u>	<u>(\$270,490)</u>
NONCASH TRANSACTIONS:						
Contributions of capital assets, net	<u>\$1,463,438</u>	<u>\$856,930</u>			<u>\$2,320,368</u>	<u>\$35,761</u>
Amortization of bond premium	<u>\$193,315</u>	<u>\$84,094</u>			<u>\$277,409</u>	
Retirement of capital assets		<u>(\$3,425,417)</u>			<u>(\$3,425,417)</u>	<u>(\$16,409)</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, 2019

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ASSETS	
Cash and investments (Note 3)	\$7,157,347
Restricted cash and investments (Note 3)	9,977,910
Capital assets, not being depreciated (Note 16C)	5,141,714
Capital assets, being depreciated (net) (Note 16C)	<u>2,117,544</u>
Total Assets	<u>24,394,515</u>
DEFERRED OUTFLOW OF RESOURCES	
Accumulated decrease in fair value of hedging derivative (Note 16D)	<u>10,395,776</u>
LIABILITIES	
Accounts payable	30,698
Refundable deposits	5,000
Interest payable	830,751
Derivative instrument (Note 16D)	10,395,776
Long-term obligations (Note 16D):	
Due in one year	3,570,000
Due in more than one year	<u>100,350,000</u>
Total Liabilities	<u>115,182,225</u>
NET POSITION (DEFICIT)	
Held in trust for other purposes	<u><u>(\$80,391,934)</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, 2019

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS	
Property taxes	\$8,638,662
Net investment income	<u>283,164</u>
Total additions	<u>8,921,826</u>
DEDUCTIONS	
Community development	291,624
Depreciation (Note 16C)	125,256
Interest and fiscal charges	<u>5,224,647</u>
Total deductions	<u>5,641,527</u>
CHANGE IN NET POSITION	3,280,299
NET POSITION HELD IN TRUST FOR OTHER PURPOSES	
Beginning of year	<u>(83,672,233)</u>
End of year	<u><u>(\$80,391,934)</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, 2019

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 2019. 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, 2019

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, 2019

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 designated 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, 2019

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, 2019

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	\$5,766,752
Additions	3,910,772
Payments	(3,945,558)
Ending Balance	\$5,731,966
Current Portion	\$573,197

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, 2019

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 position 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 three items that qualify for reporting in this category. One of them is the accumulated decrease in the fair value of hedging derivatives reported in the fiduciary statement of net position as discussed in Note 16D. An accumulated decrease in the fair value of hedging derivatives is equal to the fair value of the associated derivative instrument liability so long as the instrument is deemed effective under the provisions of generally accepted accounting principles. The City also 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 position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. 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 one source: 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, 2019

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. *Closed Fund*

The Fire Grants Special Revenue Fund was closed during the fiscal year ended June 30, 2019.

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, 2019

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	\$31,918
Financial Services	11,416
Fire	654,956
Capital Outlay	2,076,350
Special Revenue Funds:	
Police Grants	85,708
Public Safety Endowment Fee	8,899
Capital Projects Fund:	
Regional Transportation Impact Fees	16,306

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.

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.

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

B. Classification

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

Cash and investments available for City operations	\$228,824,710
Restricted cash and investments	69,039,130
Total City cash and investments of primary government	297,863,840
Cash and investments in Fiduciary Funds	7,157,347
Restricted cash and investments in Fiduciary Funds	9,977,910
Total cash and investments	\$314,999,097

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

Cash on hand	\$3,975
Deposits with financial institutions	46,832,283
Investments	268,162,839
Total cash and investments	\$314,999,097

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, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Bills, Bonds and Notes 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	\$65 million/account	\$65 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, 2019

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, 2019

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	More than 36 Months	Total
<i>Held by City:</i>					
U.S. Treasury Notes		\$13,755,107	\$39,170,537	\$3,917,519	\$56,843,163
U.S. Government Agency Obligations					
Non-Callable			4,032,030		4,032,030
Mortgage Pass Through Federal Agency Securities	\$2,361		3,447,991	1,163,712	4,614,064
Medium Term Corporate Notes					
Callable	1,411,462	1,049,832	2,858,429	376,570	5,696,293
Non-Callable	8,641,015	11,663,625	6,341,611	2,136,408	28,782,659
Negotiable Certificates of Deposit	6,465,694	10,247,207	1,515,158		18,228,059
California Local Agency Investment Fund	39,636,884				39,636,884
California Asset Management Program	8,000,874				8,000,874
Money Market Mutual Funds (U.S. Securities)	211,230				211,230
Supranationals		7,385,957	1,222,178		8,608,135
Asset-Backed Securities		1,199,886	13,238,950	10,002,822	24,441,658
<i>Held by Trustees:</i>					
U.S. Government Agency Obligations					
Non-Callable	7,198,284				7,198,284
Certificates of Deposit	713,931				713,931
Guaranteed Investment Contracts				2,533,121	2,533,121
Money Market Mutual Funds (U.S. Securities)	58,622,454				58,622,454
Total Investments	<u>\$130,904,189</u>	<u>\$45,301,614</u>	<u>\$71,826,884</u>	<u>\$20,130,152</u>	<u>\$268,162,839</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 \$65 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, 2019, these investments have an average maturity of 173 days.

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

The City is a participant in the 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, 2019, the fair value was approximate to the City's cost. At June 30, these investments had an average maturity of 54 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, 2019 and have a weighted average maturity of 31 to 98 days.

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

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, 2019 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-	Fitch/Moody's A3/A	Total
<i>Held by City:</i>					
U.S. Government Agency Obligations					
Non-Callable		\$4,032,030			\$4,032,030
Mortgage Pass Through Federal Agency Securities		4,614,064			4,614,064
Medium Term Corporate Notes					
Callable		2,039,912	\$1,588,178	\$2,068,203	5,696,293
Non-Callable	\$225,194	5,754,332	19,974,188	2,828,945	28,782,659
California Asset Management Program	8,000,874				8,000,874
Money Market Mutual Funds (U.S. Securities)	211,230				211,230
Supranationals	8,608,135				8,608,135
Asset-Backed Securities	24,441,658				24,441,658
<i>Held by Trustees:</i>					
U.S. Government Agency Obligations					
Non-Callable		7,198,284			7,198,284
Money Market Mutual Funds (U.S. Securities)	58,622,454				58,622,454
Totals	<u>\$100,109,545</u>	<u>\$23,638,622</u>	<u>\$21,562,366</u>	<u>\$4,897,148</u>	150,207,681
<i>Not rated:</i>					
Negotiable Certificates of Deposit					18,228,059
Certificates of Deposit					713,931
California Local Agency Investment Fund					39,636,884
Guaranteed Investment Contracts					2,533,121
<i>Exempt from credit rating disclosure:</i>					
U.S. Treasury Notes					56,843,163
Total Investments					<u><u>\$268,162,839</u></u>

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

G. Fair Value Hierarchy

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments by Fair Value Level:			
U.S. Government Agency Obligations		\$4,032,030	\$4,032,030
Mortgage Pass Through Federal Agency Securities		4,614,064	4,614,064
U.S. Treasury Notes	\$56,843,163		56,843,163
Medium Term Corporate Notes		34,478,952	34,478,952
Negotiable Certificates of Deposit		18,228,059	18,228,059
Supranationals		8,608,135	8,608,135
Asset-Backed Securities		24,441,658	24,441,658
Held by Trustees:			
Certificates of Deposit		713,931	713,931
U.S. Government Agency Obligations		7,198,284	7,198,284
	<u>\$56,843,163</u>	<u>\$102,315,113</u>	159,158,276
Totals			
Investments Measured at Net Asset Value Per Share:			
California Asset Management Program			8,000,874
Investments Measured at Amortized Cost:			
Money Market Mutual Funds (U.S. Securities)			211,230
Held by Trustees:			
Money Market Mutual Funds (U.S. Securities)			58,622,454
Guaranteed Investment Contracts			2,533,121
Investments Exempt from Fair Value Hierarchy:			
California Local Agency Investment Fund			<u>39,636,884</u>
Total Investments			<u>\$268,162,839</u>

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments classified in Level 1 of the fair value hierarchy, valued at \$56,843,163 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
Fiduciary Fund:			
Successor Agency to the Redevelopment Agency Private Purpose Trust Fund	IXIS Fund Corporation	Guaranteed Investment Contract	\$2,533,120
	Federal Home Loan Mortgage Corporation	U.S. Government Agency Obligations	1,343,021
	Federal National Mortgage Association	U.S. Government Agency Obligations	1,195,296

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, 2019 the transfers were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred	Purpose
Sewer Enterprise Fund	General Fund	\$4,195,375	A, B
Non-Major Governmental Funds	General Fund	217,000	B
Internal Service Funds	General Fund	232,880	C
		\$4,645,255	

- 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 information technology, vehicles and equipment

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

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, 2019, interfund balances were as follows:

Due From Funds	Due To Funds	Amount
General Fund	Low and Moderate Income Housing Assets Special Revenue Fund	\$2,496,009
	Redevelopment Bonds Projects Capital Improvement Fund	10,702,056
	Non-Major Governmental Funds	244,653
Non-Major Governmental Fund	Non-Major Governmental Funds	875,565
	Total Current Interfund Balances	<u>\$14,318,283</u>

C. Long-Term Interfund Advances

At June 30, 2019 the funds below had made advances that are not expected to be repaid within the next year. These long-term interfund advances are expected to be repaid 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	3,074,585
	Sewer Enterprise Fund	6,975,482
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	1,850,000
	Total Advances	<u>\$13,781,496</u>

Public Facilities Implementation Plan

Advances above in the amount of \$11,931,496 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 will begin 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, 2019

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, 2019 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, 2019, these Notes totaled:

HOPE Shelter	\$1,206,037
Habitat for Humanity	10,000
Down Payment Assistance Program	1,574,299
Residential Rehabilitation	97,520
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	13,668
Manteca Atherton Associates - Juniper Apartments	12,750,000
Total notes receivable	<u>23,236,198</u>
Less: Allowance for conditional grants	<u>(777,561)</u>
Net long-term notes receivable	<u><u>\$22,458,637</u></u>

Unavailable revenue at June 30, 2019 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, 2019

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, 2019, 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, 2019, loans related to this Program in the amount of \$1,574,299 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, 2019, loans receivable under this program totaled \$97,520.

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, 2019 was \$60,000.

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

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, 2019, 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, 2019, \$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, 2019, loans receivable under this program totaled \$13,668.

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

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, 2019 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, 2019, 49 employees had notes totaling \$61,036 due to the City.

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

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. Interest incurred during the construction phase is reflected in the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

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

NOTE 7 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

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

Governmental activities

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
Capital assets not being depreciated:					
Land and improvements	\$51,138,262	\$6,553,830		\$3,425,417	\$61,117,509
Construction in progress	26,101,011	10,647,286		(2,090,354)	34,657,943
Total capital assets not being depreciated	<u>77,239,273</u>	<u>17,201,116</u>		<u>1,335,063</u>	<u>95,775,452</u>
Capital assets being depreciated:					
Buildings and improvements	35,880,966	29,843		1,847,141	37,757,950
Machinery and equipment	20,207,796	1,705,448	(\$781,644)	152,839	21,284,439
Storm drain	55,769,131	850,355			56,619,486
Streets	206,927,454	7,493,475			214,420,929
Parks	66,450,314	916,548		90,374	67,457,236
Total capital assets being depreciated	<u>385,235,661</u>	<u>10,995,669</u>	<u>(781,644)</u>	<u>2,090,354</u>	<u>397,540,040</u>
Less accumulated depreciation for:					
Buildings and improvements	(11,919,885)	(1,316,221)			(13,236,106)
Machinery and equipment	(14,113,937)	(1,598,795)	709,440		(15,003,292)
Storm drain	(13,238,114)	(1,122,877)			(14,360,991)
Streets	(72,384,539)	(6,748,309)			(79,132,848)
Parks	(23,135,860)	(2,203,614)			(25,339,474)
Total accumulated depreciation	<u>(134,792,335)</u>	<u>(12,989,816)</u>	<u>709,440</u>		<u>(147,072,711)</u>
Net capital assets being depreciated	<u>250,443,326</u>	<u>(1,994,147)</u>	<u>(72,204)</u>	<u>2,090,354</u>	<u>250,467,329</u>
Governmental activity capital assets, net	<u>\$327,682,599</u>	<u>\$15,206,969</u>	<u>(\$72,204)</u>	<u>\$3,425,417</u>	<u>\$346,242,781</u>

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

NOTE 7 – CAPITAL ASSETS (Continued)

<i>Business-type activities</i>	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
Capital assets not being depreciated:					
Land and improvements	\$7,819,649			(\$3,425,417)	\$4,394,232
Construction in progress	23,915,900	\$27,847,900		(2,893,977)	48,869,823
Total capital assets not being depreciated	31,735,549	27,847,900		(6,319,394)	53,264,055
Capital assets being depreciated:					
Sewer lines and improvements	63,292,084	856,930		2,765,274	66,914,288
Water wells, pipelines and water rights	117,439,842	1,463,438			118,903,280
Buildings and improvements	8,553,080			125,000	8,678,080
Machinery and equipment	21,036,017	735,449	(\$315,840)	3,703	21,459,329
Infrastructure	165,424				165,424
Sewer plant expansion	96,464,981				96,464,981
	306,951,428	3,055,817	(315,840)	2,893,977	312,585,382
Less accumulated depreciation for:					
Sewer lines and improvements	(19,952,742)	(1,272,340)			(21,225,082)
Water wells, pipelines and water rights	(49,821,530)	(3,435,861)			(53,257,391)
Buildings and improvements	(5,036,351)	(221,019)			(5,257,370)
Machinery and equipment	(14,521,458)	(1,319,072)	315,840		(15,524,690)
Infrastructure	(48,093)	(6,568)			(54,661)
Sewer plant expansion	(29,781,620)	(1,744,578)			(31,526,198)
	(119,161,794)	(7,999,438)	315,840		(126,845,392)
Net capital assets being depreciated	187,789,634	(4,943,621)		2,893,977	185,739,990
Total Business-type activity capital assets, net	\$219,525,183	\$22,904,279		(\$3,425,417)	\$239,004,045

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, 2019

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	\$399,558
Community development	50,304
Public safety	888,389
Public works	1,658,311
Parks and recreation	2,565,750
Streets and highways	6,789,846
Internal Service Funds	637,658
Total Governmental Activities	\$12,989,816
Business-Type Activities	
Water	\$3,785,270
Sewer	3,629,208
Solid waste	518,820
Golf	66,140
Total Business-Type Activities	\$7,999,438

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, 2018	Retirements	Balance June 30, 2019	Current Portion
Governmental Activity Debt:					
Capital Leases - Direct Borrowing					
Chipper Truck, 3.39%	\$150,000	\$63,042	\$30,991	\$32,051	\$32,051
IT Equipment (Internal Service), 3.39%	600,000	252,166	123,964	128,202	128,202
Fire Engine, 3.55%	580,000	335,991	108,079	227,912	111,951
Total Governmental Activity Debt	\$1,330,000	\$651,199	\$263,034	\$388,165	\$272,204
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	17,075,000	\$1,220,000	15,855,000	\$1,410,000
Net premium		2,060,300	84,094	1,976,206	
Water Revenue Bonds					
Series 2012 Refunding Bonds, 2.00 - 5.00%	35,840,000	30,235,000	1,290,000	28,945,000	1,340,000
Net premium		4,735,831	193,315	4,542,516	
Total Business - Type Activity Debt	\$77,530,000	\$73,106,131	\$2,787,409	\$70,318,722	\$2,750,000

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

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.

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 \$53,571,396. The Sewer Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$2,964,741 and \$13,424,134, 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, 2019

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 \$41,105,375. The Water Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$2,763,050 and \$5,001,393, 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		
2020	\$272,204	\$11,194	\$2,750,000	\$3,101,041
2021	115,961	3,097	2,935,000	2,958,916
2022			3,135,000	2,823,716
2023			3,310,000	2,679,141
2024			3,525,000	2,508,266
2025-2029			16,550,000	10,255,247
2030-2034			21,560,000	5,663,369
2035-2037			10,035,000	887,081
Total	<u>\$388,165</u>	<u>\$14,291</u>	63,800,000	<u>\$30,876,777</u>
Plus: Bond Premiums			<u>6,518,722</u>	
Gross Long Term Debt			<u>\$70,318,722</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, 2019

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.

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.

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

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

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, 2019, are below:

Fund Balance Classifications	General Fund	Special Revenue		Capital Projects		Other Governmental Funds	Total
		Public Safety Sales Tax	Low and Moderate Income Housing Assets	Public Facilities Implementation Plan	Redevelopment Bonds Projects		
Nonspendable:							
Items not in spendable form:							
Prepaid Items	\$85,855						\$85,855
Advance	1,081,780						1,081,780
Total Nonspendable Fund Balances	1,167,635						1,167,635
Restricted for:							
Health Reimbursement Arrangement	497,968						497,968
Low and Moderate Income Housing Projects			\$222,230			\$579	222,809
Transportation Projects						23,742,878	23,742,878
Development Services Projects						14,610,649	14,610,649
Public Safety Projects		\$4,939,828				1,550,025	6,489,853
Parks Projects						5,742,277	5,742,277
Major Equipment Purchases						735,337	735,337
Landscaping and Lighting Projects						1,155,145	1,155,145
City and Public Facilities Projects				\$31,442,627	\$27,187,694	18,987,206	77,617,527
Flood protection						632	632
Total Restricted Fund Balances	497,968	4,939,828	222,230	31,442,627	27,187,694	66,524,728	130,815,075
Committed to:							
Recreation Programs						128,901	128,901
Total Committed Fund Balances						128,901	128,901
Assigned to:							
Capital Projects						6,595,121	6,595,121
Fiscal Stability	13,042,537						13,042,537
Pension	2,173,756						2,173,756
Economic Development	2,997,673						2,997,673
Public Facilities Oversizing	1,411,731						1,411,731
Capital Facilities	1,304,254						1,304,254
Technology	1,304,254						1,304,254
Total Assigned Fund Balances	22,234,205					6,595,121	28,829,326
Unassigned:							
General Fund	5,365,691						5,365,691
Total Unassigned Fund Balances	5,365,691						5,365,691
Total Fund Balances	\$29,265,499	\$4,939,828	\$222,230	\$31,442,627	\$27,187,694	\$73,248,750	\$166,306,628

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

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 2015-56, as amended by Council action on July 3, 2018) 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 5% of expenditures and up to 30%, depending upon identified risk factors. The fund balance reserve level should be set such that the fund balance reserve can withstand at least three negative budgetary events. The goal of the Policy is to maintain reserves at or near the 30% 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 within one to three years shall be approved by City Council as part of the budget process.

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 30% of operating expenditures in the General Fund based upon the subsequent year’s operating 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 30% 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, 2019

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 is 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. However, with the adoption of the revised Reserve Policy in July 2018, City Council determined that the existing Economic Development Reserve balance of approximately \$3.3 million would not be amended until the next budget cycle.

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, 2019

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, 2019, which are reported within the assigned fund balance of the General Fund follows:

	Minimum or Maximum Reserve	Reserve as of June 30, 2019
General Fund:		
Assigned Fund Balance:		
Fiscal Stability	\$13,042,537	\$13,042,537
Pension Stabilization	\$2,173,756	2,173,756
Economic Development	\$2,500,000	2,997,673
Public Facilities Oversizing	\$1,411,731	1,411,731
Capital Facilities	\$1,500,000	1,304,254
Technology	\$1,500,000	1,304,254
Total Assigned Fund Balance		\$22,234,205

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

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, 2019, the Solid Waste Enterprise Fund and the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund had deficit net position of \$3,202,003 and \$80,391,934, respectively.

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

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, 2019, total pension expense for the Miscellaneous, Safety and PARS Retirement Enhancement plans amounted to \$18,036,135.

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	\$10,499,442	\$52,552,881	\$2,265,206
Safety - Police and Fire	14,028,985	56,236,322	2,028,074
PARS Retirement Enhancement Plan	90,594	883,836	
Total	<u>\$24,619,021</u>	<u>\$109,673,039</u>	<u>\$4,293,280</u>

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, 2019

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, 2019, 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	31.605%	31.605%	31.605%
Required UAL Contribution	\$3,640,619		

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 \$3,640,619 in fiscal year 2019.

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, 2017 and as of the measurement date of June 30, 2018:

	Miscellaneous	
	June 30, 2017	June 30, 2018
Inactive employees or beneficiaries currently receiving benefits	251	262
Inactive employees entitled to but not yet receiving benefits	201	220
Active employees	258	278
Total	710	760

As of June 30, 2019, the City had 257 active employees in the Miscellaneous Plan.

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

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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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, 2017	\$164,647,825	\$108,270,608	\$56,377,217
Changes in the year:			
Service cost	3,450,233		3,450,233
Interest on the total pension liability	11,413,314		11,413,314
Differences between actual and expected experience	(1,730,389)		(1,730,389)
Changes in assumptions	(1,373,783)		(1,373,783)
Changes in benefit terms			
Net Plan to Plan Resource Movement		(269)	269
Contribution - employer		5,489,151	(5,489,151)
Contribution - employee (paid by employer)		1,484,945	(1,484,945)
Contribution - employee			
Net investment income		9,098,992	(9,098,992)
Administrative expenses		(168,715)	168,715
Benefit payments, including refunds of employee contributions	(7,283,995)	(7,283,995)	
Other Miscellaneous Income/ (Expense)		(320,393)	320,393
Net changes	4,475,380	8,299,716	(3,824,336)
Balance at June 30, 2018	\$169,123,205	\$116,570,324	\$52,552,881

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

NOTE 10 – PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for 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	\$76,212,903
Current Discount Rate	7.15%
Net Pension Liability	\$52,552,881
1% Increase	8.15%
Net Pension Liability	\$33,139,716

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - For the year ended June 30, 2019, the City recognized pension expense of \$7,356,034. At June 30, 2019, 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	\$5,842,872	
Differences between actual and expected experience	248,233	(\$1,262,716)
Changes in assumptions	4,118,958	(1,002,490)
Net differences between projected and actual earnings on plan investments	289,379	
Total	\$10,499,442	(\$2,265,206)

\$5,842,872 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2020	\$3,448,212
2021	881,611
2022	(1,658,135)
2023	(280,324)
2024	0
Thereafter	0

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, 2019

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, 2019, are summarized as follows:

	Safety		
	Police		PEPRA
	First Tier	Second Tier	
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	22.367%	19.353%	12.965%
Required UAL Contribution	\$1,921,379	\$2,128	\$475

	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	20.071%	12.965%
Required UAL Contribution	\$1,322,890	\$708

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, 2019

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, 2019, the contributions to the Safety Plan were as follows:

	Total
Contributions - employer	\$5,719,302

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, 2019, the City reported a net pension liability for its proportionate shares of the net pension liability of the Plan in the amount of \$56,236,322.

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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2017 and 2018 was as follows:

	Total
Proportion - June 30, 2017	0.93552%
Proportion - June 30, 2018	0.95843%
Change - Increase (Decrease)	0.02291%

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

NOTE 10 – PENSION PLANS (Continued)

For the year ended June 30, 2019, the City recognized pension expense of \$9,911,859 for the Safety Plan. At June 30, 2019, 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	\$5,719,302	
Differences between actual and expected experience	1,208,329	(\$4,584)
Changes in assumptions	5,517,764	(744,445)
Net differences between projected and actual earnings on plan investments	380,746	
Change in proportion and differences between actual contributions and proportionate share of contributions	1,202,844	(1,279,045)
Total	\$14,028,985	(\$2,028,074)

\$5,719,302 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2020	\$5,577,993
2021	2,868,231
2022	(1,775,094)
2023	(389,521)
2024	0
Thereafter	0

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	\$79,402,679
Current Discount Rate	7.15%
Net Pension Liability	\$56,236,322
1% Increase	8.15%
Net Pension Liability	\$37,255,641

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, 2019

NOTE 10 – PENSION PLANS (Continued)

D. Information Common to the Miscellaneous and Safety Plans

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

	Miscellaneous and Safety (Fire and Police)
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
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 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(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 table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

For more details on this table, please refer to the CalPERS December 2017 experience study report available on the CalPERS website.

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

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

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

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

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

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

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

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 CAFR, Fixed Income is included in Global Debt Securities;
Liquidity is included in Short-term Investments; Inflation Assets are included
in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% used for this period.
- (c) An expected inflation of 2.92% used for this period.

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

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

NOTE 10 – PENSION PLANS (Continued)

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 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

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.

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

NOTE 10 – PENSION PLANS (Continued)

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	6
Inactive employees entitled to but not yet receiving benefits	1
Active employees	1
Total	8

All Plan participants were retired as of June 30, 2019.

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, 2019.

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, 2018 using an actuarial valuation. 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, 2018, the total pension liability was determined using an actuarial valuation as of that date. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

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

NOTE 10 – PENSION PLANS (Continued)

	PARS Plans
Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal, Level % of pay
Amortization method	Level dollar amount
Amortization period	10-year fixed period for 2018/19
Actuarial Assumptions:	
Discount Rate	3.40%
Inflation	2.75%
Projected Salary Increase	3.00%
Investment Rate of Return	5.50%
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 3.40%. 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.

Changes in the Net Pension Liability - The changes in the Net Pension Liability for the Plan as of the June 30, 2018 Measurement Date follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$2,512,000	\$2,034,000	\$478,000
Changes in the year:			
Service cost	8,901		8,901
Interest on the total pension liability	134,821		134,821
Differences between actual and expected experience	47,056		47,056
Changes in assumptions	659,042		659,042
Changes in benefit terms			
Contribution - employer		400,000	(400,000)
Contribution - employee			
Net investment income		53,127	(53,127)
Administrative expenses		(9,143)	9,143
Benefit payments, including refunds of employee contributions	(139,237)	(139,237)	
Net changes	710,583	304,747	405,836
Balance at June 30, 2018	\$3,222,583	\$2,338,747	\$883,836

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

NOTE 10 – PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for 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	2.40%
Net Pension Liability	\$1,333,124
Current Discount Rate	3.40%
Net Pension Liability	\$883,836
1% Increase	4.40%
Net Pension Liability	\$516,972

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, 2019, the City recognized pension expense of \$768,242 for the Plan. At June 30, 2019, 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		
Differences between actual and expected experience		
Changes in assumptions		
Net differences between projected and actual earnings on plan investments	\$90,594	
Total	\$90,594	\$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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

PARS	
Year Ended June 30	Annual Amortization
2020	\$37,898
2021	24,898
2022	16,098
2023	11,700
2024	0
Thereafter	0

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

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, 2019, there were 175 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, 2019:

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	\$136	\$136	\$136	\$136	\$136	\$136

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, 2019, the City’s contributions to the Plan were \$1,786,772.

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

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, 2018:

Active employees	379
Inactive employees or beneficiaries currently receiving benefit payments	187
Inactive employees entitled to but not yet receiving benefit payments	61
Total	627

B. Total OPEB Liability

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

	Actuarial Assumptions	
Valuation Date		June 30, 2018
Measurement Date		June 30, 2018
Actuarial Assumptions:		
Discount Rate		3.87%
Inflation		2.75%
Payroll Growth		3% (1)
PEMHCA Minimum Increases		4.25%
Contribution Policy		No pre-funding
Cap Increases		None beyond amounts specified
Mortality Rate		CalPERS 1997-2015 Experience Study (2)
Healthcare Trend Rates	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	
Participation at Retirement	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%	

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

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

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, 2017 Measurement Date	\$34,115,000
Changes Recognized for the Measurement Period:	
Service cost	1,263,802
Interest on the total OPEB liability	1,235,540
Changes of assumptions	(1,351,768)
Actual vs. expected experience	(256,511)
Benefit payments *	(1,733,000)
Net changes	(841,937)
Balance at June 30, 2018 Measurement Date	\$33,273,063

* Includes \$1,273,000 cash benefit payments and \$460,000 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 (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

Total OPEB Liability/(Asset)		
Discount Rate -1%	Current	Discount Rate +1%
(2.87%)	Discount Rate	(4.87%)
	(3.87%)	
\$37,569,924	\$33,273,063	\$29,734,635

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
\$32,089,893	\$33,273,063	\$35,014,341

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

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, 2019, the City recognized OPEB expense of (\$464,273). At June 30, 2019, 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	\$1,786,772	
Differences between actual and expected experience		(\$223,198)
Changes of assumptions		(1,178,466)
Total	\$1,786,772	(\$1,401,664)

\$1,786,772 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. 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
2020	(\$209,379)
2021	(209,379)
2022	(209,379)
2023	(209,379)
2024	(209,071)
Thereafter	(355,077)

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, 2019

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)	1,000,000
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, 2019

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, 2017	\$784,515	\$643,315	\$1,427,830
Net change in:			
Liability for current fiscal year claims		127,412	127,412
Liability for prior fiscal years' claims and claims incurred but not reported (IBNR)	21,679	70,877	92,556
Claims paid	(19,101)	(309,681)	(328,782)
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 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	<u>\$533,409</u>	<u>\$371,375</u>	<u>\$904,784</u>
Claims liability, due within one year	<u>\$33,897</u>	<u>\$332,213</u>	<u>\$366,110</u>

For the fiscal years ended June 30, 2019, 2018, and 2017 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, 2019

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, 2019, the City had outstanding reimbursement commitments totaling \$23,395,036.

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 2019, payments made to the developer under the agreement were \$347,320 and payments to date total \$2,949,063.

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 2019, payments made to the Corporation under the agreement totaled \$452,765 and \$3,643,964 has been paid since the start of the agreement.

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

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, 2019, the deferred fees due from the developer total \$10,707,553, 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, 2019.

Due to the COVID-19 pandemic, although construction of the project began, the grand opening has been delayed to March 2021.

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

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, 2019, 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.

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, 2019, 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.

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

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

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

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.

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.

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

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

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.

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

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

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

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, 2019 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, 2019, 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, 2019, the principal balance outstanding was \$338,040.

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.

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

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

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, 2019 comprise:

	<u>Balance at</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Balance at</u> <u>June 30, 2019</u>
Capital assets not being depreciated:			
Land	\$5,141,714		\$5,141,714
Capital assets being depreciated:			
Buildings and improvements	3,788,211		3,788,211
Less accumulated depreciation	<u>(1,545,411)</u>	<u>(\$125,256)</u>	<u>(1,670,667)</u>
Net capital assets being depreciated	<u>2,242,800</u>	<u>(125,256)</u>	<u>2,117,544</u>
Capital assets, net	<u><u>\$7,384,514</u></u>	<u><u>(\$125,256)</u></u>	<u><u>\$7,259,258</u></u>

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

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, 2018	Retirements	Balance June 30, 2019	Current Portion
Redevelopment Agency Tax Allocation Bonds -				
Series 2002 Subordinated Tax Allocation Refunding Bonds, 2.0-5.25%	\$21,015,000	\$880,000	\$20,135,000	\$935,000
Series 2004 Amended Merged Project Area Subordinated Tax Allocation Bonds, 3.0-5.0%	19,525,000	335,000	19,190,000	345,000
Series 2004 Amended Merged Project Area Subordinated Tax Allocation (Housing Set-Aside) Bonds, 3.0-5.0%	4,010,000	160,000	3,850,000	165,000
Series 2005 Amended Merged Project Area Subordinated Tax Allocation Refunding Bonds, variable rate	43,805,000	1,465,000	42,340,000	1,520,000
Series 2006 Amended Merged Project Area Subordinated Tax Allocation Bonds, 4.0-5.0%	18,985,000	580,000	18,405,000	605,000
Total Successor Agency Debt	\$107,340,000	\$3,420,000	\$103,920,000	\$3,570,000

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 are due on April 1 and October 1 of each year through October 1, 2032.

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, 2019

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 are due on April 1 and October 1 of each year through October 1, 2036.

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 are due on April 1 and October 1 of each year through October 1, 2034.

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 are due annually beginning October 1, 2010 through October 1, 2042.

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

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 resets daily according to market conditions and is 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 Street Bank and Trust Company's letter of credit is valid through May 13, 2020, however the Bonds have been not been reported as due in one year, because that letter of credit was terminated subsequent to the issuance of the 2020 Tax Allocation Bonds discussed in Note 17A. The Agency is 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 receives an annual Remarketing Fee equal to 0.125% of the outstanding principal amount of the Bonds.

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 are due annually beginning October 1, 2010 through October 1, 2042. Interest payments are due on April 1 and October 1 of each year through October 1, 2042.

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.

The Agency has pledged all future tax increment revenues, for the repayment of the Tax Allocation Bonds. Debt service for the 2002 Subordinated Tax Allocation Refunding Bonds is senior to the 2004 Amended Merged Project Area Subordinated Tax Allocation Bonds, 2005 Amended Merged Project Area Variable Rate Subordinate Tax Allocation Refunding Bonds and 2006 Amended Merged Project Area Subordinate Tax Allocation Bonds. The pledge of all future tax increment revenues end upon repayment of the combined remaining debt service of \$148,550,100 in the Bonds above, which is scheduled to occur in 2042.

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

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

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County’s Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total property taxes available for distribution to the Successor Agency and other taxing entities for fiscal year 2019 calculated by the County Auditor,-Controller was \$21,078,560 and the total received by the Successor Agency for fiscal year 2019 debt service, was \$8,638,662, which the Agency combined with other available revenues/resources to pay the \$7,798,810 of fiscal year debt service. The lesser tax distribution was deemed sufficient, because the Agency had other revenues/resources available to direct towards 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. The intention of the swap was to effectively change the Agency’s variable interest rate on the bonds to a synthetic fixed rate of 3.372%. The terms, fair value and credit risk of the swap agreement is disclosed below.

Terms. The terms, including the counterparty credit ratings of the outstanding swap, as of June 30, 2019, are included below. The Agency’s swap agreement contains scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds.

Related Bond Issue	Notional Amount	Effective Date	Counterparty	Morgan Stanley Credit Ratings (Moody's)	Issuer Pays	Issuer Receives	Maturity/ Termination Date
Amended Merged Project Area Variable Rate Subordinate Tax Allocation Refunding Bonds, Series 2005	\$42,340,000	12/13/2005	Piper Jaffray Financial Products Inc, with credit guarantee by Morgan Stanley	A3/BBB+	3.636%	63% of one month LIBOR plus 30 basis points	10/1/2042

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

Fair value. The fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that may have been received. The fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market’s best estimate of futures spot rates. These payments are then discounted using spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. As a result of these factors the fair value of the swap will vary over time.

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

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

As of June 30, 2019, the fair value of the cash flow hedging derivative swap was in favor of the counterparty in the amount of (\$10,395,776), a decrease of \$2,683,934 from the prior fiscal year. The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The Agency has accounted for the change in fair value of the swap as a deferred outflow.

Credit risk. As of June 30, 2019, the Agency was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, if the fair value of the swap were to become positive, the Agency would be exposed to credit risk in the amount of the derivative's fair value. This amount may increase if interest rates decline in the future. The swap counterparty is Piper Jaffray Financial Products, Inc. with a credit guarantee provided by Morgan Stanley Capital Services and is rated A3/BBB+ by Moody's and Standard & Poor's respectively. The Agency will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

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 is exposed to tax risk when the relationship between the taxable LIBOR based swaps and tax-exempt variable rate bonds changes 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 is 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 will be exposed to variable rates if the counterparty to the swap contract defaults or if the swap contract is terminated. A termination of the swap contract may 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 has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

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

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

Swap payments and associated debt. Using rates as of June 30, 2019, debt service requirements of the Agency’s outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary. These estimated payments presented in the table are included in the Debt Service Requirements Table below:

For the Year Ending June 30	Variable-Rate Bonds		Interest Rate Swap, Net	Total
	Principal	Interest		
2020	\$1,520,000	\$656,270	\$732,935	\$2,909,205
2021	1,090,000	632,710	716,117	2,438,827
2022	1,135,000	615,815	695,121	2,445,936
2023	1,595,000	598,223	662,810	2,856,033
2024	1,660,000	573,500	632,108	2,865,608
2025-2029	6,970,000	2,479,148	2,737,706	12,186,854
2030-2034	5,010,000	2,062,741	2,297,830	9,370,571
2035-2039	10,420,000	1,552,170	1,560,898	13,533,068
2040-2043	12,940,000	510,881	273,244	13,724,125
Totals	<u>\$42,340,000</u>	<u>\$9,681,458</u>	<u>\$10,308,769</u>	<u>\$62,330,227</u>

4. Debt Service Requirements

Annual debt service requirements, including the effect of the swap agreement disclosed above, are shown below:

For the Year Ending June 30	Principal	Interest
2020	\$3,570,000	\$4,292,556
2021	3,115,000	4,156,874
2022	3,250,000	4,021,388
2023	3,400,000	3,879,230
2024	3,550,000	3,737,074
2025-2029	20,270,000	16,293,848
2030-2034	25,430,000	11,196,137
2035-2039	24,865,000	5,129,618
2040-2043	16,470,000	1,112,626
Total	<u>\$103,920,000</u>	<u>\$53,819,351</u>

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.

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

NOTE 17 – SUBSEQUENT EVENTS

A. 2020A and 2020B Tax Allocation Bonds

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 will be used to refund and defease all of the outstanding bonds that were issued by the former Manteca Redevelopment Agency. In addition, a portion of the proceeds from the 2020B Bonds will be used to terminate the interest rate swap agreement associated with the 2005 Subordinated Tax Allocation Refunding Bonds. 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.

B. 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 negatively impact the City. However, the ultimate financial impact and duration cannot be reasonably estimated at this time.

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
Total Pension Liability					
Service Cost	\$2,865,004	\$2,785,261	\$2,929,446	\$3,359,127	\$3,450,233
Interest	9,470,268	9,947,329	10,547,066	11,091,828	11,413,314
Differences between expected and actual experience		(606,531)	895,276	280,782	(1,730,389)
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)
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>
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>
Total pension liability - ending (a)	<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>
Plan fiduciary net position					
Contributions - employer	\$3,345,873	\$4,021,488	\$4,687,535	\$4,971,846	\$5,489,151
Contributions - employee	1,159,125	1,275,356	1,337,368	1,321,071	1,484,945
Net investment income	14,228,681	2,149,298	530,419	10,909,900	9,098,992
Net Plan to Plan Resource Movement					(269)
Administrative expenses		(109,588)	(59,337)	(144,277)	(168,715)
Other Miscellaneous Income (Expense)					(320,393)
Benefit payments, including refunds of employee contributions	(5,192,533)	(5,583,081)	(6,137,452)	(6,508,026)	(7,283,995)
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>
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>
Plan fiduciary net position - ending (b)	<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>
Net pension liability - ending (a)-(b)	<u>\$38,968,654</u>	<u>\$41,217,313</u>	<u>\$49,093,116</u>	<u>\$56,377,217</u>	<u>\$52,552,881</u>
Plan fiduciary net position as a percentage of the total pension liability	71.04%	70.26%	66.56%	65.76%	68.93%
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>
Net pension liability as percentage of covered payroll	273.99%	270.09%	308.42%	343.33%	305.90%

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

	2015	2016	2017	2018	2019
Actuarially determined contribution	\$4,021,488	\$4,687,535	\$4,021,488	\$5,172,358	\$5,842,872
Contributions in relation to the actuarially determined contributions	(4,019,753)	(4,687,535)	(4,021,488)	(5,172,358)	(5,842,872)
Contribution deficiency (excess)	\$1,735	\$0	\$0	\$0	\$0
 Covered payroll	 \$15,260,582	 \$15,917,657	 \$16,420,663	 \$17,179,599	 \$20,193,041
Contributions as a percentage of covered payroll	26.35%	29.45%	24.49%	30.11%	28.94%

Notes to Schedule

Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016
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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%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50%, Net of Pension Plan Investment and Administrative Expenses, includes Inflation
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality Rate Table	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA 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

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Plan's proportion of the Net Pension Liability (Asset)	1.07938%	1.03004%	0.93552%	0.93552%	0.95843%
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
Plan's Covered Payroll	11,200,196	12,280,143	12,543,342	12,807,240	13,238,467
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%
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%

* - 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

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

* - 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
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
Differences between expected and actual experience	-	-	53,000	-	47,056
Changes in assumptions	-	-	86,000	-	659,042
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(97,000)	(99,000)	(112,000)	(137,000)	(139,237)
Net change in total pension liability	58,000	50,000	161,000	6,000	710,583
Total pension liability - beginning	2,237,000	2,295,000	2,345,000	2,506,000	2,512,000
Total pension liability - ending (a)	\$2,295,000	\$2,345,000	\$2,506,000	\$2,512,000	\$3,222,583
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
Administrative expenses	(7,000)	(7,000)	(8,000)	(8,000)	(9,143)
Benefit payments, including refunds of employee contributions	(97,000)	(99,000)	(112,000)	(137,000)	(139,237)
Net change in plan fiduciary net position	210,000	160,000	201,000	174,000	304,747
Plan fiduciary net position - beginning	1,289,000	1,499,000	1,659,000	1,860,000	2,034,000
Plan fiduciary net position - ending (b)	\$1,499,000	\$1,659,000	\$1,860,000	\$2,034,000	\$2,338,747
 Net pension liability - ending (a)-(b)	 \$796,000	 \$686,000	 \$646,000	 \$478,000	 \$883,836
 Plan fiduciary net position as a percentage of the total pension liability	 65.32%	 70.75%	 74.22%	 80.97%	 72.57%
 Covered payroll	 \$635,597	 \$653,039	 \$586,464	 \$182,068	 \$186,997
 Net pension liability as percentage of covered payroll	 125.24%	 105.05%	 110.15%	 262.54%	 472.65%

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.

REQUIRED SUPPLEMENTARY INFORMATION

PARS Enhancement Excess Benefit
Agent 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>
Actuarially determined contribution	\$204,000	\$280,000	\$297,000	\$391,000	\$0
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>-</u>
Contribution deficiency (excess)	<u>(\$42,689)</u>	<u>\$7,311</u>	<u>\$7,000</u>	<u>(\$9,000)</u>	<u>\$0</u>
Covered payroll	<u>\$653,039</u>	<u>\$586,464</u>	<u>\$182,068</u>	<u>\$186,997</u>	<u>\$0 (A)</u>
Contributions as a percentage of covered payroll	37.78%	46.50%	159.28%	213.91%	0%

Notes to Schedule

Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2016	6/30/2017
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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 2018/19
Asset valuation method	Investment gains and losses spread over a 5-year rolling period
Discount rate	3.40%
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	6/30/17	6/30/18
Total OPEB Liability (1)		
Service Cost	\$1,509,000	\$1,263,802
Interest	1,059,000	1,235,540
Changes of benefit terms		
Differences between expected and actual experience		(256,511)
Changes of assumptions	(3,276,000)	(1,351,768)
Benefit payments	(1,631,000)	(1,733,000)
Net change in total OPEB liability	(2,339,000)	(841,937)
Total OPEB liability - beginning	36,454,000	34,115,000
Total OPEB liability - ending (a)	\$34,115,000	\$33,273,063
 Covered-employee payroll	 \$38,034,624	 \$31,729,215
 Total OPEB liability as a percentage of covered-employee payroll	 89.69%	 104.87%

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.

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Use of money and property	\$92,000	\$843,039	\$751,039
Charges for current services	<u>6,291,585</u>	<u>5,537,103</u>	<u>(754,482)</u>
Total Revenues	<u>6,383,585</u>	<u>6,380,142</u>	<u>(3,443)</u>
EXPENDITURES			
Current:			
Public works	377,130	177,463	199,667
Capital outlay	21,753,675	5,566,609	16,187,066
Debt service:			
Interest and fiscal charges	<u>67,165</u>	<u>67,165</u>	
Total Expenditures	<u>22,197,970</u>	<u>5,811,237</u>	<u>16,386,733</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$15,814,385)</u></u>	568,905	<u><u>\$16,383,290</u></u>
BEGINNING FUND BALANCE		<u>30,873,722</u>	
ENDING FUND BALANCE		<u><u>\$31,442,627</u></u>	

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, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Use of money and property	\$50,000	\$792,173	\$742,173
Total Revenues	50,000	792,173	742,173
EXPENDITURES			
Current:			
Capital outlay	25,240,420	1,623,239	23,617,181
Total Expenditures	25,240,420	1,623,239	23,617,181
NET CHANGE IN FUND BALANCE	(\$25,190,420)	(831,066)	\$24,359,354
BEGINNING FUND BALANCE		28,018,760	
ENDING FUND BALANCE		\$27,187,694	

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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.

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, 2019

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Police Grants	Supplemental Law Enforcement Services	Recreation	Street Improvements
ASSETS					
Cash and investments			\$46,375	\$180,442	\$54,012
Restricted cash and investments					
Accounts receivables (net of allowance for estimated uncollectible accounts)	\$245,787	\$22,900		54,012	
Taxes receivable					
Interest receivable			193		
Due from other funds					
Advances to other funds					
Total Assets	<u>\$245,787</u>	<u>\$22,900</u>	<u>\$46,568</u>	<u>\$234,454</u>	<u>\$54,012</u>
LIABILITIES					
Accounts payable	\$4,845	\$773		\$45,718	
Contracts payable					
Refundable deposits				59,835	
Due to other funds	239,896	4,758			
Unearned revenue	467				
Advances from other funds					
Total Liabilities	<u>245,208</u>	<u>5,531</u>		<u>105,553</u>	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - accounts receivable					
Total Deferred Inflows of Resources					
FUND BALANCE					
Fund balance:					
Restricted	579	17,369	\$46,568		\$54,012
Committed				128,901	
Assigned					
Total Fund Balances	<u>579</u>	<u>17,369</u>	<u>46,568</u>	<u>128,901</u>	<u>54,012</u>
Total Liabilities and Fund Balances	<u>\$245,787</u>	<u>\$22,900</u>	<u>\$46,568</u>	<u>\$234,454</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
\$373,800	\$1,238,017	\$1,471,404	\$8,518,631	\$4,380,110	\$2,586,386	\$1,211,728
361,151						
111,076			1,487,204	300,000	301,068	
386	4,455 580	14,684	3,285	14,491	3,091	
				1,850,000		
<u>\$846,413</u>	<u>\$1,243,052</u>	<u>\$1,486,088</u>	<u>\$10,009,120</u>	<u>\$6,544,601</u>	<u>\$2,890,545</u>	<u>\$1,211,728</u>
	\$87,907		\$152,267	\$24,767	\$244,122	\$11,131
					9,610	
					2,636,813	
	<u>87,907</u>		<u>152,267</u>	<u>24,767</u>	<u>2,890,545</u>	<u>11,131</u>
<u>\$111,076</u>			<u>1,466,038</u>	<u>300,000</u>		
<u>111,076</u>			<u>1,466,038</u>	<u>300,000</u>		
735,337	1,155,145	\$1,486,088	8,390,815	6,219,834		1,200,597
<u>735,337</u>	<u>1,155,145</u>	<u>1,486,088</u>	<u>8,390,815</u>	<u>6,219,834</u>		<u>1,200,597</u>
<u>\$846,413</u>	<u>\$1,243,052</u>	<u>\$1,486,088</u>	<u>\$10,009,120</u>	<u>\$6,544,601</u>	<u>\$2,890,545</u>	<u>\$1,211,728</u>

(Continued)

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

CAPITAL IMPROVEMENT FUNDS

	State Gasoline Tax	Regional Transportation Impact Fees	Measure K	Parks	Government Building Facilities
ASSETS					
Cash and investments	\$4,499,790	\$12,266,032	\$5,810,534	\$5,732,319	\$19,831,079
Restricted cash and investments				1,096,388	
Accounts receivables (net of allowance for estimated uncollectible accounts)	139,877	698,189	330,968		819,843
Taxes receivable					
Interest receivable	15,071	74,580	35,358	12,172	136,408
Due from other funds			875,565		
Advances to other funds					
Total Assets	<u>\$4,654,738</u>	<u>\$13,038,801</u>	<u>\$7,052,425</u>	<u>\$6,840,879</u>	<u>\$20,787,330</u>
LIABILITIES					
Accounts payable	\$93,355	\$201,714	\$63,840		\$330,878
Contracts payable				\$2,214	
Refundable deposits				1,096,388	
Due to other funds					
Unearned revenue					
Advances from other funds					1,850,000
Total Liabilities	<u>93,355</u>	<u>201,714</u>	<u>63,840</u>	<u>1,098,602</u>	<u>2,180,878</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	4,561,383	12,138,898	6,988,585	5,742,277	17,786,609
Committed					
Assigned					
Total 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>
Total Liabilities and Fund Balances	<u>\$4,654,738</u>	<u>\$13,038,801</u>	<u>\$7,052,425</u>	<u>\$6,840,879</u>	<u>\$20,787,330</u>

CAPITAL
IMPROVEMENT
FUNDS

Special Apportionment Streets	Flood Protection	Total Nonmajor Governmental Funds
\$8,676,099	\$54,266	\$76,931,024 1,457,539
1,181,411	557,844	6,250,179 4,455
51,974	580	362,853 875,565 1,850,000
<u>\$9,909,484</u>	<u>\$612,690</u>	<u>\$87,731,615</u>
\$2,412,045	\$54,214	\$3,727,576
26,192		28,406
562		1,166,395
875,564		1,120,218 2,637,280 1,850,000
<u>3,314,363</u>	<u>54,214</u>	<u>10,529,875</u>
	<u>557,844</u>	<u>3,952,990</u>
	<u>557,844</u>	<u>3,952,990</u>
	632	66,524,728 128,901
<u>6,595,121</u>		<u>6,595,121</u>
<u>6,595,121</u>	<u>632</u>	<u>73,248,750</u>
<u>\$9,909,484</u>	<u>\$612,690</u>	<u>\$87,731,615</u>

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

	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			\$397		
Revenue from other agencies	\$443,864	\$97,398	178,019		
Charges for current services				\$1,343,310	
Other revenue				10,121	
	<u>443,864</u>	<u>97,398</u>	<u>178,416</u>	<u>1,353,431</u>	
Total Revenues					
EXPENDITURES					
Current:					
General government	51,723				
Community development					
Public safety		85,708			
Public works					
Parks and recreation				1,739,656	
Streets and highways					
Capital outlay	392,064	15,775	334,964		
Debt service:					
Principal					
Interest and fiscal charges					
	<u>443,787</u>	<u>101,483</u>	<u>334,964</u>	<u>1,739,656</u>	
Total Expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>77</u>	<u>(4,085)</u>	<u>(156,548)</u>	<u>(386,225)</u>	
OTHER FINANCING SOURCES (USES)					
Transfers in					
				200,000	
				<u>200,000</u>	
Total Other Financing Sources (Uses)					
NET CHANGE IN FUND BALANCES					
	77	(4,085)	(156,548)	(186,225)	
BEGINNING FUND BALANCES					
	<u>502</u>	<u>21,454</u>	<u>203,116</u>	<u>315,126</u>	<u>\$54,012</u>
ENDING FUND BALANCES					
	<u>\$579</u>	<u>\$17,369</u>	<u>\$46,568</u>	<u>\$128,901</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
			\$3,204,791			
\$2,049	\$1,189	\$51,222	6,738	\$29,850	\$6,337	
			19,411		2,351,712	
260,233	1,060,913		2,979,431	1,121,978	120,117	\$972,428
	80		89,847		50	70
<u>262,282</u>	<u>1,062,182</u>	<u>51,222</u>	<u>6,300,218</u>	<u>1,151,828</u>	<u>2,478,216</u>	<u>972,498</u>
			20,268	107,294		
			4,642,422			
		504,204		75,364	2,130,860	415,213
	1,027,244					
138,933	41,129		1,003	377,424	347,356	45,118
139,070						
12,856						
<u>290,859</u>	<u>1,068,373</u>	<u>504,204</u>	<u>4,663,693</u>	<u>560,082</u>	<u>2,478,216</u>	<u>460,331</u>
<u>(28,577)</u>	<u>(6,191)</u>	<u>(452,982)</u>	<u>1,636,525</u>	<u>591,746</u>		<u>512,167</u>
(28,577)	(6,191)	(452,982)	1,636,525	591,746		512,167
763,914	1,161,336	1,939,070	6,754,290	5,628,088		688,430
<u>\$735,337</u>	<u>\$1,155,145</u>	<u>\$1,486,088</u>	<u>\$8,390,815</u>	<u>\$6,219,834</u>		<u>\$1,200,597</u>

(Continued)

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

	CAPITAL IMPROVEMENT FUNDS				
	State Gasoline Tax	Regional Transportation Impact Fees	Measure K	Parks	Government Building Facilities
REVENUES					
Licenses and permits					\$3,671,808
Use of money and property	\$30,941	\$300,251	\$142,535	\$25,067	377,220
Revenue from other agencies	3,112,294		1,690,253		
Charges for current services		2,149,545		2,211,260	
Other revenue	2,590				
	3,145,825	2,449,796	1,832,788	2,236,327	4,049,028
EXPENDITURES					
Current:					
General government					
Community development					
Public safety					
Public works	25,606				
Parks and recreation	190,939			166,745	
Streets and highways	1,681,232	2,738	1,385,135		
Capital outlay	25,584	2,852,560	61,595	244,493	1,117,872
Debt service:					
Principal					
Interest and fiscal charges					
	1,923,361	2,855,298	1,446,730	411,238	1,117,872
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,222,464	(405,502)	386,058	1,825,089	2,931,156
OTHER FINANCING SOURCES (USES)					
Transfers in	17,000				
	17,000				
NET CHANGE IN FUND BALANCES	1,239,464	(405,502)	386,058	1,825,089	2,931,156
BEGINNING FUND BALANCES	3,321,919	12,544,400	6,602,527	3,917,188	14,855,453
ENDING FUND BALANCES	\$4,561,383	\$12,138,898	\$6,988,585	\$5,742,277	\$17,786,609

CAPITAL
IMPROVEMENT
FUNDS

Special Apportionment Streets	Flood Protection	Total Nonmajor Governmental Funds
		\$6,876,599
\$209,366	\$632	1,183,794
1,782,517		9,675,468
		12,219,215
200		102,958
<u>1,992,083</u>	<u>632</u>	<u>30,058,034</u>
		179,285
		4,642,422
		589,912
		2,231,830
3,906,923		3,539,797
483,838		6,976,028
		6,479,708
		139,070
		<u>12,856</u>
<u>4,390,761</u>		<u>24,790,908</u>
<u>(2,398,678)</u>	<u>632</u>	<u>5,267,126</u>
		217,000
		217,000
(2,398,678)	632	5,484,126
<u>8,993,799</u>		<u>67,764,624</u>
<u>\$6,595,121</u>	<u>\$632</u>	<u>\$73,248,750</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, 2019

	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	\$1,233,938	\$443,864	(\$790,074)	\$15,775	\$97,398	\$81,623
Charges for current services						
Other revenue						
Total Revenues	<u>1,233,938</u>	<u>443,864</u>	<u>(790,074)</u>	<u>15,775</u>	<u>97,398</u>	<u>81,623</u>
EXPENDITURES						
Current:						
General government	628,355	51,723	576,632			
Community development						
Public safety					85,708	(85,708)
Public works						
Parks and recreation						
Streets and highways						
Capital outlay	606,470	392,064	214,406	15,775	15,775	
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>1,234,825</u>	<u>443,787</u>	<u>791,038</u>	<u>15,775</u>	<u>101,483</u>	<u>(85,708)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(887)</u>	<u>77</u>	<u>964</u>		<u>(4,085)</u>	<u>(4,085)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u>(\$887)</u>	<u>77</u>	<u>\$964</u>		<u>(4,085)</u>	<u>(\$4,085)</u>
BEGINNING FUND BALANCES		<u>502</u>			<u>21,454</u>	
ENDING FUND BALANCES		<u>\$579</u>			<u>\$17,369</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	\$397	\$247				\$900	\$2,049	\$1,149
155,000	178,019	23,019						
			\$1,262,050	\$1,343,310	\$81,260	224,000	260,233	36,233
			15,000	10,121	(4,879)			
155,150	178,416	23,266	1,277,050	1,353,431	76,381	224,900	262,282	37,382
			1,787,945	1,739,656	48,289			
340,910	334,964	5,946	9,500		9,500	165,880	138,933	26,947
						139,070	139,070	
						12,860	12,856	4
340,910	334,964	5,946	1,797,445	1,739,656	57,789	317,810	290,859	26,951
(185,760)	(156,548)	29,212	(520,395)	(386,225)	134,170	(92,910)	(28,577)	64,333
			200,000	200,000				
			200,000	200,000				
<u>(\$185,760)</u>	<u>(156,548)</u>	<u>\$29,212</u>	<u>(\$320,395)</u>	<u>(186,225)</u>	<u>\$134,170</u>	<u>(\$92,910)</u>	<u>(28,577)</u>	<u>\$64,333</u>
	203,116			315,126			763,914	
	<u>\$46,568</u>			<u>\$128,901</u>			<u>\$735,337</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, 2019

	LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT			PUBLIC SAFETY ENDOWMENT FEE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses and permits						
Use of money and property		\$1,189	\$1,189	\$17,000	\$51,222	\$34,222
Revenue from other agencies						
Charges for current services	\$1,077,800	1,060,913	(16,887)			
Other revenue		80	80			
Total Revenues	<u>1,077,800</u>	<u>1,062,182</u>	<u>(15,618)</u>	<u>17,000</u>	<u>51,222</u>	<u>34,222</u>
EXPENDITURES						
Current:						
General government						
Community development						
Public safety				495,305	504,204	(8,899)
Public works						
Parks and recreation	1,065,920	1,027,244	38,676			
Streets and highways						
Capital outlay	106,850	41,129	65,721			
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>1,172,770</u>	<u>1,068,373</u>	<u>104,397</u>	<u>495,305</u>	<u>504,204</u>	<u>(8,899)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(94,970)</u>	<u>(6,191)</u>	<u>88,779</u>	<u>(478,305)</u>	<u>(452,982)</u>	<u>25,323</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u><u>(\$94,970)</u></u>	<u><u>(6,191)</u></u>	<u><u>\$88,779</u></u>	<u><u>(\$478,305)</u></u>	<u><u>(452,982)</u></u>	<u><u>\$25,323</u></u>
BEGINNING FUND BALANCES		<u>1,161,336</u>			<u>1,939,070</u>	
ENDING FUND BALANCES		<u><u>\$1,155,145</u></u>			<u><u>\$1,486,088</u></u>	

DEVELOPMENT SERVICES			DEVELOPMENT MITIGATION			FEDERAL TRANSIT MANAGEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$2,500,000	\$3,204,791	\$704,791						
2,200	6,738	4,538	\$8,500	\$29,850	\$21,350	\$2,200	\$6,337	\$4,137
	19,411	19,411				2,523,830	2,351,712	(172,118)
2,373,530	2,979,431	605,901	341,100	1,121,978	780,878	123,215	120,117	(3,098)
	89,847	89,847				200,000	50	(199,950)
<u>4,875,730</u>	<u>6,300,218</u>	<u>1,424,488</u>	<u>349,600</u>	<u>1,151,828</u>	<u>802,228</u>	<u>2,849,245</u>	<u>2,478,216</u>	<u>(371,029)</u>
29,000	20,268	8,732	210,000	107,294	102,706			
6,872,415	4,642,422	2,229,993						
			242,200	75,364	166,836	2,340,865	2,130,860	210,005
326,475	1,003	325,472	828,765	377,424	451,341	544,423	347,356	197,067
<u>7,227,890</u>	<u>4,663,693</u>	<u>2,564,197</u>	<u>1,280,965</u>	<u>560,082</u>	<u>720,883</u>	<u>2,885,288</u>	<u>2,478,216</u>	<u>407,072</u>
<u>(2,352,160)</u>	<u>1,636,525</u>	<u>3,988,685</u>	<u>(931,365)</u>	<u>591,746</u>	<u>1,523,111</u>	<u>(36,043)</u>		<u>36,043</u>
			<u>(1,850,000)</u>		<u>1,850,000</u>			
			<u>(1,850,000)</u>		<u>1,850,000</u>			
<u>(\$2,352,160)</u>	<u>1,636,525</u>	<u>\$3,988,685</u>	<u>(\$2,781,365)</u>	<u>591,746</u>	<u>\$3,373,111</u>	<u>(\$36,043)</u>		<u>\$36,043</u>
	<u>6,754,290</u>			<u>5,628,088</u>				
	<u>\$8,390,815</u>			<u>\$6,219,834</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, 2019

	COMMUNITY FACILITIES DISTRICTS			STATE GASOLINE TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses and permits						
Use of money and property				\$9,500	\$30,941	\$21,441
Revenue from other agencies				3,179,655	3,112,294	(67,361)
Charges for current services	\$911,920	\$972,428	\$60,508			
Other revenue		70	70		2,590	2,590
Total Revenues	911,920	972,498	60,578	3,189,155	3,145,825	(43,330)
EXPENDITURES						
Current:						
General government						
Community development						
Public safety						
Public works				35,000	25,606	9,394
Parks and recreation	700,244	415,213	285,031	195,705	190,939	4,766
Streets and highways				1,937,030	1,681,232	255,798
Capital outlay	270,550	45,118	225,432	423,965	25,584	398,381
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	970,794	460,331	510,463	2,591,700	1,923,361	668,339
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(58,874)	512,167	571,041	597,455	1,222,464	625,009
OTHER FINANCING SOURCES (USES)						
Transfers in				17,000	17,000	
Transfers out						
Total Other Financing Sources (Uses)				17,000	17,000	
NET CHANGE IN FUND BALANCES	<u>(\$58,874)</u>	512,167	<u>\$571,041</u>	<u>\$614,455</u>	1,239,464	<u>\$625,009</u>
BEGINNING FUND BALANCES		688,430			3,321,919	
ENDING FUND BALANCES		<u>\$1,200,597</u>			<u>\$4,561,383</u>	

REGIONAL TRANSPORTATION IMPACT FEES			MEASURE K			PARKS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$48,900	\$300,251	\$251,351	\$22,600	\$142,535	\$119,935	\$9,000	\$25,067	\$16,067
1,834,425	2,149,545	315,120	3,204,000	1,690,253	(1,513,747)	2,267,700	2,211,260	(56,440)
1,883,325	2,449,796	566,471	3,226,600	1,832,788	(1,393,812)	2,276,700	2,236,327	(40,373)
16,000	2,738	13,262	4,438,740	1,385,135	3,053,605	171,385	166,745	4,640
2,822,992	2,852,560	(29,568)	6,296,575	61,595	6,234,980	1,149,550	244,493	905,057
2,838,992	2,855,298	(16,306)	10,735,315	1,446,730	9,288,585	1,320,935	411,238	909,697
(955,667)	(405,502)	550,165	(7,508,715)	386,058	7,894,773	955,765	1,825,089	869,324
<u>(\$955,667)</u>	<u>(405,502)</u>	<u>\$550,165</u>	<u>(\$7,508,715)</u>	386,058	<u>\$7,894,773</u>	<u>\$955,765</u>	1,825,089	<u>\$869,324</u>
	<u>12,544,400</u>			<u>6,602,527</u>			<u>3,917,188</u>	
	<u>\$12,138,898</u>			<u>\$6,988,585</u>			<u>\$5,742,277</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, 2019

	GOVERNMENT BUILDING FACILITIES			SPECIAL APPORTIONMENT STREETS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses and permits	\$3,829,160	\$3,671,808	(\$157,352)			
Use of money and property	26,500	377,220	350,720	\$24,000	\$209,366	\$185,366
Revenue from other agencies				11,312,510	1,782,517	(9,529,993)
Charges for current services						
Other revenue					200	200
Total Revenues	<u>3,855,660</u>	<u>4,049,028</u>	<u>193,368</u>	<u>11,336,510</u>	<u>1,992,083</u>	<u>(9,344,427)</u>
EXPENDITURES						
Current:						
General government						
Community development						
Public safety						
Public works	74,000		74,000			
Parks and recreation						
Streets and highways				11,121,995	3,906,923	7,215,072
Capital outlay	5,505,865	1,117,872	4,387,993	7,373,320	483,838	6,889,482
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>5,579,865</u>	<u>1,117,872</u>	<u>4,461,993</u>	<u>18,495,315</u>	<u>4,390,761</u>	<u>14,104,554</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,724,205)</u>	<u>2,931,156</u>	<u>4,655,361</u>	<u>(7,158,805)</u>	<u>(2,398,678)</u>	<u>4,760,127</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,850,000		(1,850,000)			
Transfers out						
Total Other Financing Sources (Uses)	<u>1,850,000</u>		<u>(1,850,000)</u>			
NET CHANGE IN FUND BALANCES	<u>\$125,795</u>	<u>2,931,156</u>	<u>\$2,805,361</u>	<u>(\$7,158,805)</u>	<u>(2,398,678)</u>	<u>\$4,760,127</u>
BEGINNING FUND BALANCES		<u>14,855,453</u>			<u>8,993,799</u>	
ENDING FUND BALANCES		<u>\$17,786,609</u>			<u>\$6,595,121</u>	

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, 2019

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
ASSETS					
Current Assets:					
Cash and investments	\$640,072	\$1,130,964	\$8,486,201	\$5,680,979	\$15,938,216
Restricted cash and investments		201,112			201,112
Accounts receivable	27,286		125		27,411
Interest receivable	4,444			47,724	52,168
Prepaid items				693	693
Employee notes receivable			61,036		61,036
Total Current Assets	<u>671,802</u>	<u>1,332,076</u>	<u>8,547,362</u>	<u>5,729,396</u>	<u>16,280,636</u>
Non-Current Assets:					
Capital assets not being depreciated		1,123,749			1,123,749
Capital assets (net of accumulated depreciation)	622,918	943,508			1,566,426
Total Non-Current Assets	<u>622,918</u>	<u>2,067,257</u>			<u>2,690,175</u>
Total Assets	<u>1,294,720</u>	<u>3,399,333</u>	<u>8,547,362</u>	<u>5,729,396</u>	<u>18,970,811</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions		366,922		109,957	476,879
Deferred outflows related to OPEB		9,256		3,703	12,959
Total Deferred Outflows of Resources		<u>376,178</u>		<u>113,660</u>	<u>489,838</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	154	177,912	24,108	116,187	318,361
Accrued liabilities		6,538	1,315,948		1,322,486
Refundable deposits				808	808
Compensated absences			573,197		573,197
Estimated claims liability				366,110	366,110
Capital lease obligations		128,202			128,202
Total Current Liabilities	<u>154</u>	<u>312,652</u>	<u>1,913,253</u>	<u>483,105</u>	<u>2,709,164</u>
Long-term Liabilities:					
Compensated absences			5,158,769		5,158,769
Estimated claims liability				538,674	538,674
Capital lease obligation					
Net pension liability		1,965,860		559,454	2,525,314
Total OPEB Liability		757,020		208,724	965,744
Total Long-Term Liabilities		<u>2,722,880</u>	<u>5,158,769</u>	<u>1,306,852</u>	<u>9,188,501</u>
Total Liabilities	<u>154</u>	<u>3,035,532</u>	<u>7,072,022</u>	<u>1,789,957</u>	<u>11,897,665</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions		84,537		20,153	104,690
Deferred inflows related to OPEB		22,145		8,857	31,002
Total Deferred Inflows of Resources		<u>106,682</u>		<u>29,010</u>	<u>135,692</u>
NET POSITION					
Net investment in capital assets	622,918	2,140,167			2,763,085
Unrestricted	671,648	(1,506,870)	1,475,340	4,024,089	4,664,207
Total Net Position	<u>\$1,294,566</u>	<u>\$633,297</u>	<u>\$1,475,340</u>	<u>\$4,024,089</u>	<u>\$7,427,292</u>

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

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
OPERATING REVENUES					
Charges for services		\$2,178,720			\$2,178,720
Insurance premium contribution from other funds				\$3,573,060	3,573,060
Miscellaneous	\$18,561			418,689	437,250
Total Operating Revenues	18,561	2,178,720		3,991,749	6,189,030
OPERATING EXPENSES					
Personnel services		1,203,468	\$25,811	274,252	1,503,531
Contractual services		20,434	53,833	105,203	179,470
Supplies		29,140		14,327	43,467
Utilities		62,572		8,559	71,131
Repairs and maintenance		734,398		90,435	824,833
Vehicle maintenance and operations		4			4
Interdepartmental		179,270		16,840	196,110
Insurance		27,410		2,880,333	2,907,743
Claims				355,461	355,461
Depreciation	212,787	424,871			637,658
Miscellaneous		82,249		53,621	135,870
Total Operating Expenses	212,787	2,763,816	79,644	3,799,031	6,855,278
Total Operating Income (Loss)	(194,226)	(585,096)	(79,644)	192,718	(666,248)
NONOPERATING REVENUES (EXPENSES)					
Interest income	9,116	707	112,883	200,731	323,437
Interest expense		(8,577)			(8,577)
Gain (Loss) from sale of capital assets	109,802				109,802
Total Nonoperating Revenues (Expenses)	118,918	(7,870)	112,883	200,731	424,662
Income (Loss) Before Contributions and Transfers					
Contributions	35,761				35,761
Transfers in	69,500	163,380			232,880
Net Contributions and Transfers	105,261	163,380			268,641
Change in Net Position	29,953	(429,586)	33,239	393,449	27,055
BEGINNING NET POSITION	1,264,613	1,062,883	1,442,101	3,630,640	7,400,237
ENDING NET POSITION	\$1,294,566	\$633,297	\$1,475,340	\$4,024,089	\$7,427,292

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

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$15,906	\$2,178,720		\$3,991,749	\$6,186,375
Payments to suppliers	154	(997,158)		(3,112,453)	(4,109,457)
Payments to or on behalf of employees		(1,133,740)	(\$187,662)	(256,503)	(1,577,905)
Receipts from employee notes receivable			190		190
Claims paid				(769,693)	(769,693)
Cash Flows from (used by) Operating Activities	16,060	47,822	(187,472)	(146,900)	(270,490)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	69,500	163,380			232,880
Cash flows from (used by) Noncapital Financing Activities	69,500	163,380			232,880
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(80,348)	(491,515)			(571,863)
Proceeds from sale of capital assets	126,211				126,211
Long-term debt payment - principal		(123,964)			(123,964)
Long-term debt payment - interest		(8,577)			(8,577)
Cash Flows from (used by) Capital and Related Financing Activities	45,863	(624,056)			(578,193)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest earnings	8,040	707	112,883	193,710	315,340
Cash Flows from Investing Activities	8,040	707	112,883	193,710	315,340
Net Cash Flows	139,463	(412,147)	(74,589)	46,810	(300,463)
Cash and investments at beginning of period	500,609	1,744,223	8,560,790	5,634,169	16,439,791
Cash and investments at end 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>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	(\$194,226)	(\$585,096)	(\$79,644)	\$192,718	(\$666,248)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	212,787	424,871			637,658
Change in assets and liabilities:					
Receivables, net	(2,655)		(125)		(2,780)
Prepaid items				8,014	8,014
Related party notes receivable			190		190
Accounts and other payables	154	138,319	(47,935)	48,051	138,589
Accrued liabilities		1,068	(25,172)	800	(23,304)
Compensated absences			(34,786)		(34,786)
Claims liability				(414,232)	(414,232)
Net pension liability, deferred outflows and inflows		56,441		12,862	69,303
Total OPEB liability, deferred outflows and inflows		12,219		4,887	17,106
Cash Flows from (used by) Operating Activities	\$16,060	\$47,822	(187,472)	(146,900)	(270,490)
NONCASH TRANSACTIONS:					
Contributions of capital assets, net	\$35,761				\$35,761
Net retirement of capital assets	(\$16,409)				(\$16,409)

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and 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:

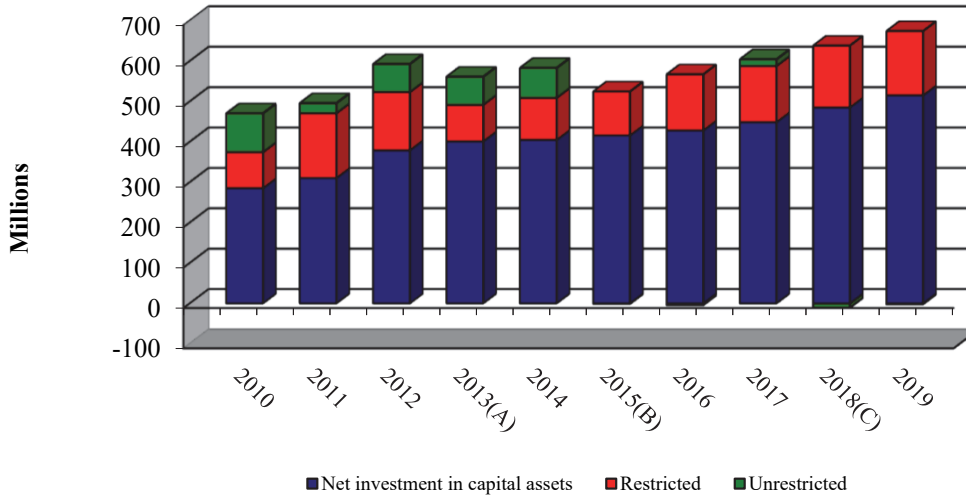
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Crime Policy Notary and Security Bonds of Principal Officials

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual 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)



	June 30,				
	2010	2011	2012	2013(A)	2014
Governmental activities					
Net investment in capital assets	\$171,675,891	\$188,291,863	\$254,330,807	\$272,862,137	\$271,754,541
Restricted	89,276,875	160,477,438	144,103,748	90,527,590	104,193,296
Unrestricted	44,968,093	(26,952,930)	14,672,681	16,479,375	19,495,181
Total governmental activities net position	\$305,920,859	\$321,816,371	\$413,107,236	\$379,869,102	\$395,443,018
Business-type activities					
Net investment in capital assets	\$113,151,440	\$121,850,958	\$124,505,612	\$128,003,081	\$132,768,445
Unrestricted	51,398,693	52,096,899	54,957,132	53,338,111	54,770,104
Total business-type activities net position	\$164,550,133	\$173,947,857	\$179,462,744	\$181,341,192	\$187,538,549
Primary government					
Net investment in capital assets	\$284,827,331	\$310,142,821	\$378,836,419	\$400,865,218	\$404,522,986
Restricted	89,276,875	160,477,438	144,103,748	90,527,590	104,193,296
Unrestricted	96,366,786	25,143,969	69,629,813	69,817,486	74,265,285
Total primary government net position	\$470,470,992	\$495,764,228	\$592,569,980	\$561,210,294	\$582,981,567

- (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.

2015(B)	2016	2017	2018(C)	2019
\$278,800,432	\$282,954,575	\$311,611,351	\$327,232,512	\$346,055,728
108,825,262	139,014,904	139,177,788	153,222,783	159,370,865
(41,846,484)	(42,549,501)	(35,156,678)	(54,265,195)	(54,138,733)
<u>\$345,779,210</u>	<u>\$379,419,978</u>	<u>\$415,632,461</u>	<u>\$426,190,100</u>	<u>\$451,287,860</u>
\$136,876,673	\$144,968,629	\$136,859,563	\$157,529,677	\$168,685,323
40,706,859	38,202,656	51,856,903	43,293,291	52,128,274
<u>\$177,583,532</u>	<u>\$183,171,285</u>	<u>\$188,716,466</u>	<u>\$200,822,968</u>	<u>\$220,813,597</u>
\$415,677,105	\$427,923,204	\$448,470,914	\$484,762,189	\$514,741,051
108,825,262	139,014,904	139,177,788	153,222,783	159,370,865
(1,139,625)	(4,346,845)	16,700,225	(10,971,904)	(2,010,459)
<u>\$523,362,742</u>	<u>\$562,591,263</u>	<u>\$604,348,927</u>	<u>\$627,013,068</u>	<u>\$672,101,457</u>

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

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013(1)	2014
Expenses:					
Governmental Activities:					
General Government	\$3,109,047	\$3,174,292	\$3,072,865	\$3,471,459	\$3,662,065
Community Development	14,446,062	7,745,806	5,245,747	4,723,211	4,811,707
Public Safety	27,065,592	24,280,052	22,875,613	23,555,968	23,663,325
Library	113,092	109,752	85,762	156,209	99,369
Public Works	5,862,331	4,940,031	3,765,228	3,828,636	4,166,837
Parks and Recreation	6,652,295	6,482,442	6,456,949	6,827,567	7,083,257
Streets and Highways	4,927,588	5,882,611	6,248,464	7,258,013	8,359,402
Interest and Fiscal Charges	5,964,171	6,346,120	3,380,281	148,895	105,935
Total Governmental Activities Expenses	<u>68,140,178</u>	<u>58,961,106</u>	<u>51,130,909</u>	<u>49,969,958</u>	<u>51,951,897</u>
Business-Type Activities:					
Water	13,226,177	12,992,447	13,328,494	14,818,353	13,936,206
Sewer	12,503,682	13,103,679	13,184,836	14,658,322	13,720,540
Solid Waste	9,029,774	8,796,614	9,105,662	8,949,815	9,591,309
Golf	1,268,361	1,156,149	1,098,871	1,179,120	1,197,545
Total Business-Type Activities Expenses	<u>36,027,994</u>	<u>36,048,889</u>	<u>36,717,863</u>	<u>39,605,610</u>	<u>38,445,600</u>
Total Primary Government Expenses	<u>\$104,168,172</u>	<u>\$95,009,995</u>	<u>\$87,848,772</u>	<u>\$89,575,568</u>	<u>\$90,397,497</u>
Program Revenues:					
Governmental Activities:					
Charges for Services:					
General Government	\$2,939,727	\$2,903,308	\$2,994,366	\$3,851,426	\$3,482,110
Community Development	1,969,679	2,585,271	2,307,275	1,724,184	2,263,202
Public Safety	1,050,347	989,504	1,078,717	1,120,531	1,380,990
Public Works	2,003	2,003	62,029	57,103	177,929
Parks and Recreation	1,667,858	1,615,658	2,098,940	2,003,973	2,373,422
Streets and Highways	164,000	164,000			
Operating Grants and Contributions	4,177,794	6,560,679	5,968,148	10,700,485	7,862,956
Capital Grants and Contributions	8,229,819	20,103,722	10,372,326	10,979,228	20,231,150
Total Government Activities Program Revenues	<u>20,201,227</u>	<u>34,924,145</u>	<u>24,881,801</u>	<u>30,436,930</u>	<u>37,771,759</u>
Business-Type Activities:					
Charges for Services:					
Water	13,235,259	13,207,371	13,143,709	13,400,887	14,300,665
Sewer	16,332,422	19,001,593	17,478,380	17,432,082	18,095,530
Solid Waste	8,037,838	8,159,479	8,206,348	8,446,006	8,443,817
Golf	1,202,991		1,121,220	1,084,478	1,040,365
Operating Grants and Contributions			55,131		
Capital Grants and Contributions	338,640	2,305,694	411,377	1,751,102	1,447,128
Total Business-Type Activities Program Revenue	<u>39,147,150</u>	<u>42,674,137</u>	<u>40,416,165</u>	<u>42,114,555</u>	<u>43,327,505</u>
Total Primary Government Program Revenues	<u>\$59,348,377</u>	<u>\$77,598,282</u>	<u>\$65,297,966</u>	<u>\$72,551,485</u>	<u>\$81,099,264</u>
Net (Expense)/Revenue:					
Governmental Activities	(\$47,940,954)	(\$24,036,961)	(\$26,249,108)	(\$19,533,028)	(\$14,180,138)
Business-Type Activities	3,119,156	7,739,216	3,698,302	2,508,945	4,881,905
Total Primary Government Net Expense	<u>(\$44,821,798)</u>	<u>(\$16,297,745)</u>	<u>(\$22,550,806)</u>	<u>(\$17,024,083)</u>	<u>(\$9,298,233)</u>
General Revenues and Other					
Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property Taxes	\$23,848,385	\$23,066,757	\$16,866,055	\$10,674,783	\$11,051,871
Sales Taxes	9,653,398	10,067,580	10,622,542	11,566,467	12,361,731
Other Taxes	3,270,746	4,171,694	4,195,411	4,493,507	4,792,936
Interest Income	2,257,961	1,381,906	1,607,554	31,395	897,034
Intergovernmental:					
Motor Vehicle In-Lieu Grants	151,915	236,814			
Other Revenue	1,056,231	314,968	522,320	1,219,181	775,632
Developer Contributions	48,150	60,109	61,962	64,158	40,000
Gain From Sale of Capital Assets		192,760			
Transfers, net		439,885			
Special Item					
Extraordinary item			83,664,129	(43,670,205)	
Total Government Activities	<u>40,286,786</u>	<u>39,932,473</u>	<u>117,539,973</u>	<u>(15,620,714)</u>	<u>29,919,204</u>
Business-Type Activities:					
Interest Income	1,812,779	1,155,140	1,320,576	166,835	617,958
Other Revenue	292,200	933,153	496,009	499,913	532,344
Gain From Sale of Capital Assets	433,368	10,100			
Transfers, net		(439,885)			
Total Business-Type Activities	<u>2,538,347</u>	<u>1,658,508</u>	<u>1,816,585</u>	<u>666,748</u>	<u>1,150,302</u>
Total Primary Government	<u>\$42,825,133</u>	<u>\$41,590,981</u>	<u>\$119,356,558</u>	<u>(\$14,953,966)</u>	<u>\$31,069,506</u>
Change in Net Position:					
Governmental Activities	(\$7,654,168)	\$15,895,512	\$91,290,865	(\$34,987,897)	\$15,739,066
Business-Type Activities	5,657,503	9,397,724	5,514,887	3,009,848	6,032,207
Total Primary Government	<u>(\$1,996,665)</u>	<u>\$25,293,236</u>	<u>\$96,805,752</u>	<u>(\$31,978,049)</u>	<u>\$21,771,273</u>

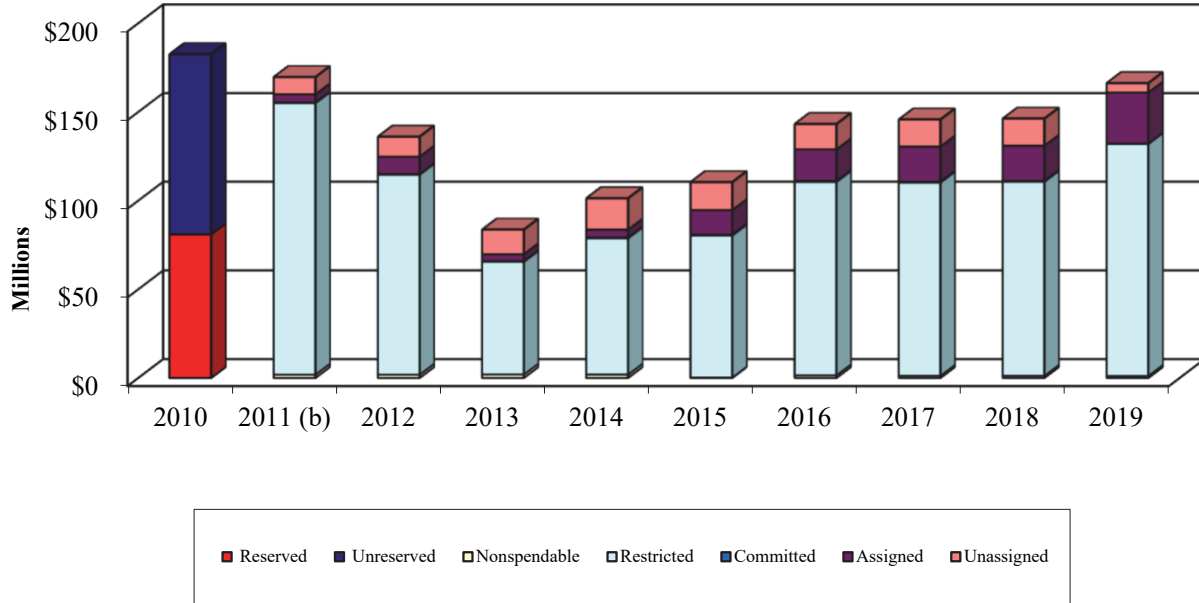
(1) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

(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.

2015(2)	2016	2017	2018(3)	2019
\$3,312,873	\$3,629,365	\$3,483,457	\$5,906,891	\$6,053,229
4,987,786	6,616,224	6,196,786	9,669,910	7,701,286
25,166,890	25,193,524	22,357,675	34,883,973	36,204,202
114,291	118,809	124,185	120,222	134,006
5,094,875	4,843,276	5,274,495	7,091,236	8,645,927
7,403,446	8,331,503	9,295,263	10,651,329	10,125,867
7,969,409	10,856,381	9,817,010	8,850,328	11,513,804
87,096	101,562	89,384	84,784	80,021
<u>54,136,666</u>	<u>59,690,644</u>	<u>56,638,255</u>	<u>77,258,673</u>	<u>80,458,342</u>
14,009,670	14,996,267	16,753,545	17,520,196	17,818,593
13,853,066	14,274,230	22,082,085	16,478,268	17,479,631
9,900,313	10,566,029	12,126,537	11,491,357	12,622,724
1,154,179	1,178,770	1,347,568	1,121,928	1,284,914
<u>38,917,228</u>	<u>41,015,296</u>	<u>52,309,735</u>	<u>46,611,749</u>	<u>49,205,862</u>
<u>\$93,053,894</u>	<u>\$100,705,940</u>	<u>\$108,947,990</u>	<u>\$123,870,422</u>	<u>\$129,664,204</u>
\$4,513,841	\$4,337,680	\$5,136,836	\$5,994,217	\$6,266,735
2,575,570	2,877,168	4,624,314	7,306,692	7,640,377
1,621,244	1,360,473	1,542,872	1,874,561	3,232,381
41,889	183,422	273,903	288,452	398,437
2,263,443	2,772,184	3,458,096	3,337,139	4,247,649
				2,925,863
6,991,694	6,085,529	6,698,385	8,695,800	9,575,549
<u>20,220,600</u>	<u>41,118,815</u>	<u>33,113,697</u>	<u>33,768,730</u>	<u>26,345,923</u>
<u>38,228,281</u>	<u>58,735,271</u>	<u>54,848,103</u>	<u>61,265,591</u>	<u>60,632,914</u>
14,240,103	13,901,722	15,396,799	17,841,323	16,620,397
19,270,009	19,969,107	22,953,356	26,572,846	26,305,512
8,827,211	9,131,837	10,483,066	12,593,379	13,429,983
1,009,100	978,427	908,639	1,193,170	1,112,976
<u>2,401,413</u>	<u>935,948</u>	<u>6,660,347</u>	<u>4,487,162</u>	<u>3,577,598</u>
<u>45,747,836</u>	<u>44,917,041</u>	<u>56,402,207</u>	<u>62,687,880</u>	<u>61,046,466</u>
<u>\$83,976,117</u>	<u>\$103,652,312</u>	<u>\$111,250,310</u>	<u>\$123,953,471</u>	<u>\$121,679,380</u>
(\$15,908,385)	(\$955,373)	(\$1,790,152)	(\$15,993,082)	(\$19,825,428)
6,830,608	3,901,745	4,092,472	16,076,131	11,840,604
<u>(\$9,077,777)</u>	<u>\$2,946,372</u>	<u>\$2,302,320</u>	<u>\$83,049</u>	<u>(\$7,984,824)</u>
\$13,054,963	\$12,633,502	\$14,476,480	\$15,511,281	\$17,158,387
13,271,312	14,552,582	17,550,799	18,971,755	20,298,214
5,109,652	5,006,171	3,012,505	3,325,769	3,761,139
744,569	1,635,220	850,024	1,175,293	5,026,389
1,484,667	937,712	1,327,689	1,867,047	848,738
69,231	72,154	326,216	209,612	350,696
				1,675,000
(1,606,375)	(241,200)	(300,488)	(468,073)	(4,195,375)
		759,410		
<u>32,128,019</u>	<u>34,596,141</u>	<u>38,002,635</u>	<u>40,592,684</u>	<u>44,923,188</u>
606,799	1,167,858	472,012	810,465	3,528,311
462,941	276,950	680,209	389,176	426,339
<u>1,606,375</u>	<u>241,200</u>	<u>300,488</u>	<u>468,073</u>	<u>4,195,375</u>
<u>2,676,115</u>	<u>1,686,008</u>	<u>1,452,709</u>	<u>1,667,714</u>	<u>8,150,025</u>
<u>\$34,804,134</u>	<u>\$36,282,149</u>	<u>\$39,455,344</u>	<u>\$42,260,398</u>	<u>\$53,073,213</u>
\$16,219,634	\$33,640,768	\$36,212,483	\$24,599,602	\$25,097,760
9,506,723	5,587,753	5,545,181	17,743,845	19,990,629
<u>\$25,726,357</u>	<u>\$39,228,521</u>	<u>\$41,757,664</u>	<u>\$42,343,447</u>	<u>\$45,088,389</u>

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



	June 30,				
	2010	2011 (b)	2012	2013	2014
General Fund:					
Reserved	\$1,917,928				
Unreserved	10,137,693				
Nonspendable		\$1,716,914	\$1,773,218	\$1,914,952	\$1,926,248
Restricted					
Assigned		24,329	134,186	38,600	22,092
Unassigned		10,746,187	11,358,781	13,897,866	17,736,555
Total General Fund	\$12,055,621	\$12,487,430	\$13,266,185	\$15,851,418	\$19,684,895
All Other Governmental Funds:					
Reserved	\$79,080,523				
Unreserved, reported in:					
Special revenue funds	25,237,443				
Capital project funds	66,218,838				
Nonspendable		\$182,800	\$121,865	\$60,930	
Restricted		153,102,767	112,765,524	63,581,446	\$76,888,357
Committed		383,968	267,919	347,995	443,166
Assigned		4,525,889	9,696,257	3,835,995	4,364,455
Unassigned		(980,085)	(1,168)	(1,168)	
Total All Other Governmental Funds	\$170,536,804	\$157,215,339	\$122,851,565	\$67,825,198	\$81,695,978

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

(b) The City implemented the provisions of GASB Statement 54 in fiscal year 2011.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$227,542	\$1,140,121	\$1,236,685	\$1,174,248	\$1,167,635
		496,896	493,423	497,968
7,921,152	10,860,353	12,167,528	12,242,789	22,234,205
15,792,889	14,362,743	15,313,223	17,864,670	5,365,691
<u>\$23,941,583</u>	<u>\$26,363,217</u>	<u>\$29,214,332</u>	<u>\$31,775,130</u>	<u>\$29,265,499</u> (a)

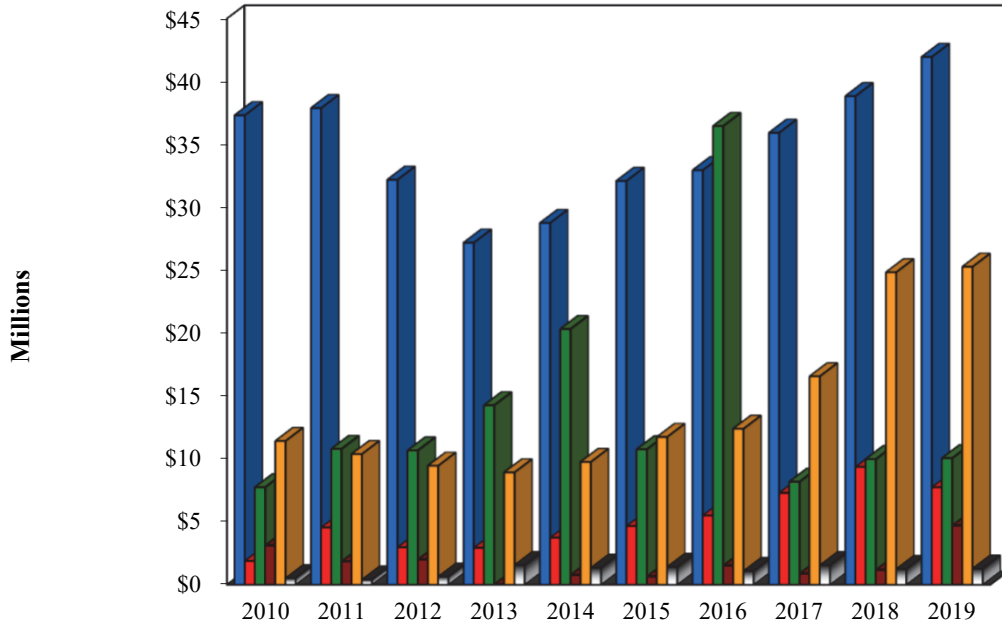
	\$367,368			
\$80,121,549	109,084,616	\$108,951,883	\$121,695,103	\$130,317,107
542,435	566,659	513,754	315,126	128,901
5,852,064	6,873,122	7,593,864	8,993,799	6,595,121
<u>\$86,516,048</u>	<u>\$116,891,765</u>	<u>\$117,059,501</u>	<u>\$131,004,028</u>	<u>\$137,041,129</u> (a)

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

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Revenues					
Taxes	\$37,315,264	\$37,885,239	\$32,190,532	\$27,184,087	\$28,753,641
Licenses and permits	1,887,780	4,550,326	2,970,397	2,934,737	3,731,526
Fines and forfeitures	227,372	182,835	322,653	296,262	337,288
Use of money and property	3,126,330	1,851,487	2,007,087	24,727	775,017
Revenue from other agencies	7,750,146	10,792,463	10,672,408	14,262,235	20,324,768
Charges for services	11,423,374	10,379,307	9,453,285	8,928,001	9,755,068
Other revenue	295,478	222,860	321,242	1,268,428	1,010,619
Total Revenues	62,025,744	65,864,517	57,937,604	54,898,477	64,687,927
Expenditures					
Current:					
General government	3,096,572	2,741,890	2,388,310	2,667,341	2,585,212
Community development	7,169,691	18,246,166	4,268,143	2,022,147	2,076,066
Public safety	23,849,627	23,015,102	21,935,765	22,237,001	22,661,015
Library	120,917	112,092	87,158	105,483	104,939
Public works	4,091,100	3,636,835	2,942,711	3,116,806	3,074,652
Parks and recreation	5,132,634	4,864,431	4,874,253	5,098,332	5,303,386
Streets and highways	1,970,408	1,978,593	1,995,725	2,486,394	1,903,753
Nondepartmental	1,904,961	2,334,370	2,276,198	2,323,236	2,602,469
Supplemental Educational Revenue					
Augmentation Fund payment	6,664,258	1,372,053			
Capital outlay	6,438,353	12,950,145	14,539,693	22,003,541	5,963,377
Debt service:					
Principal repayment	2,155,866	2,724,044	3,000,250	2,181,486	450,222
Interest and fiscal charges	5,965,342	6,380,457	3,415,000	148,895	105,935
Total Expenditures	68,559,729	80,356,178	61,723,206	64,390,662	46,831,026
Excess (deficiency) of revenues over (under) expenditures	<u>(6,533,985)</u>	<u>(14,491,661)</u>	<u>(3,785,602)</u>	<u>(9,492,185)</u>	<u>17,856,901</u>
Other Financing Sources (Uses)					
Transfers in	217,832	59,989,059	1,603,423	5,271,444	2,015,513
Transfers (out)	(217,832)	(59,549,174)	(1,624,923)	(5,271,444)	(2,180,663)
Issuance of long-term debt		969,360			
Proceeds from capital lease obligations					
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)		<u>1,602,005</u>	<u>(29,799,417)</u>	<u>(42,948,322)</u>	<u>(152,644)</u>
Net Change in Fund Balances	<u><u>(\$6,533,985)</u></u>	<u><u>(\$12,889,656)</u></u>	<u><u>(\$33,585,019)</u></u>	<u><u>(\$52,440,507)</u></u>	<u><u>\$17,704,257</u></u>
Debt service as a percentage of noncapital expenditures	12.9%	13.2%	13.5%	5.5%	1.4%

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$32,094,372	\$32,947,680	\$35,923,482	\$38,836,074	\$41,952,454
4,662,438	5,500,733	\$7,297,736	\$9,361,925	7,741,377
283,690	251,348	242,370	274,079	495,618
657,340	1,524,560	887,642	1,178,617	4,702,952
10,759,079	36,458,520	8,181,175	9,979,594	10,055,955
11,740,989	12,393,596	16,563,471	24,833,693	25,269,605
1,136,856	840,611	1,310,923	978,783	792,282
<u>61,334,764</u>	<u>89,917,048</u>	<u>70,406,799</u>	<u>85,442,765</u>	<u>91,010,243</u>
3,179,851	3,426,132	4,213,380	3,908,666	4,489,437
2,186,882	3,969,714	3,427,208	6,062,166	4,642,422
24,376,036	26,515,201	28,149,443	29,913,998	32,607,974
115,182	119,733	124,621	116,993	128,069
2,936,956	2,943,548	3,437,585	4,235,394	4,805,032
5,820,120	6,447,370	6,811,941	7,619,147	8,074,112
1,944,873	3,657,370	3,911,368	2,406,785	6,976,028
2,745,157	2,620,108	2,853,407	3,087,315	2,996,435
7,098,897	6,582,238	13,440,297	11,593,401	19,115,918
310,581	277,308	129,708	134,307	139,070
87,096	101,562	89,384	84,784	80,021
<u>50,801,631</u>	<u>56,660,284</u>	<u>66,588,342</u>	<u>69,162,956</u>	<u>84,054,518</u>
<u>10,533,133</u>	<u>33,256,764</u>	<u>3,818,457</u>	<u>16,279,809</u>	<u>6,955,725</u>
431,526	4,773,733	346,972	753,989	217,000
(2,037,901)	(5,814,933)	(1,147,460)	(1,117,564)	(4,645,255)
150,000	580,000			
	1,787	882	589,091	1,000,000
<u>(1,456,375)</u>	<u>(459,413)</u>	<u>(799,606)</u>	<u>225,516</u>	<u>(3,428,255)</u>
<u>\$9,076,758</u>	<u>\$32,797,351</u>	<u>\$3,018,851</u>	<u>\$16,505,325</u>	<u>\$3,527,470</u>
0.9%	0.7%	0.4%	0.4%	0.3%

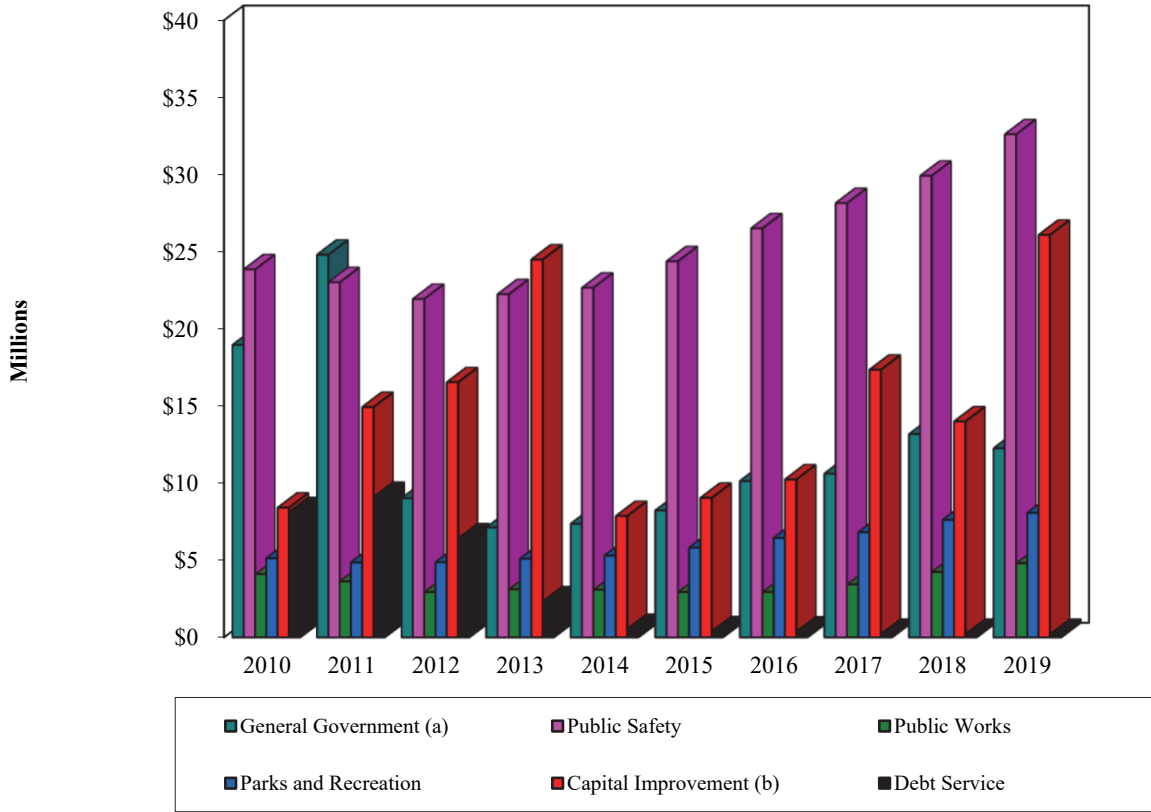
**CITY OF MANTECA
GENERAL REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS**



Fiscal Year	Taxes	Licenses and Permits	Revenue From Other Agencies	Use of Money and Property	Charges for Services	Fines, Forfeits and Other Revenue	Total
2010	\$37,315,264	\$1,887,780	\$7,750,146	\$3,126,330	\$11,423,374	\$522,850	\$62,025,744
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	32,094,372	4,662,438	10,759,079	657,340	11,740,989	1,420,546	61,334,764
2016	32,947,680	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

Source: City Operating Budget and City Annual Financial Report

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

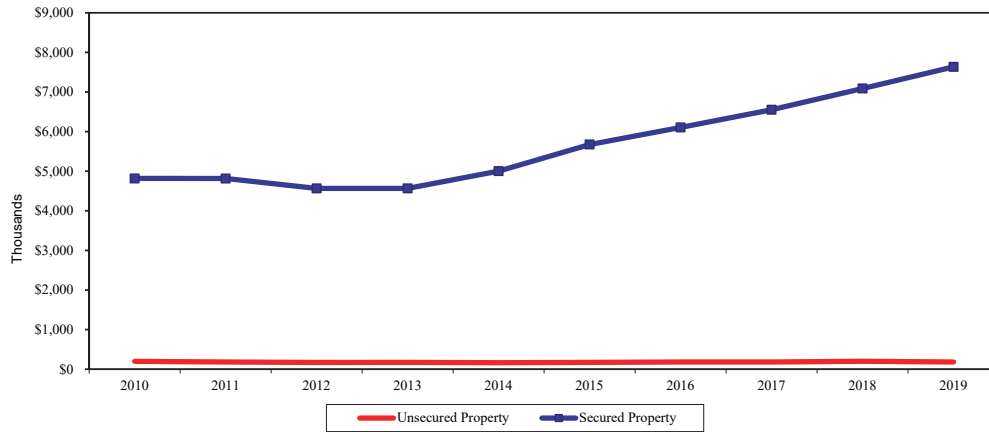


Fiscal Year	General Government (a)	Public Safety	Public Works	Parks and Recreation	Capital Improvement (b)	Debt Service	Total
2010	\$18,956,399	\$23,849,627	\$4,091,100	\$5,132,634	\$8,408,761	\$8,121,208	\$68,559,729
2011	24,806,571	23,015,102	3,636,835	4,864,431	14,928,738	9,104,501	80,356,178
2012	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

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

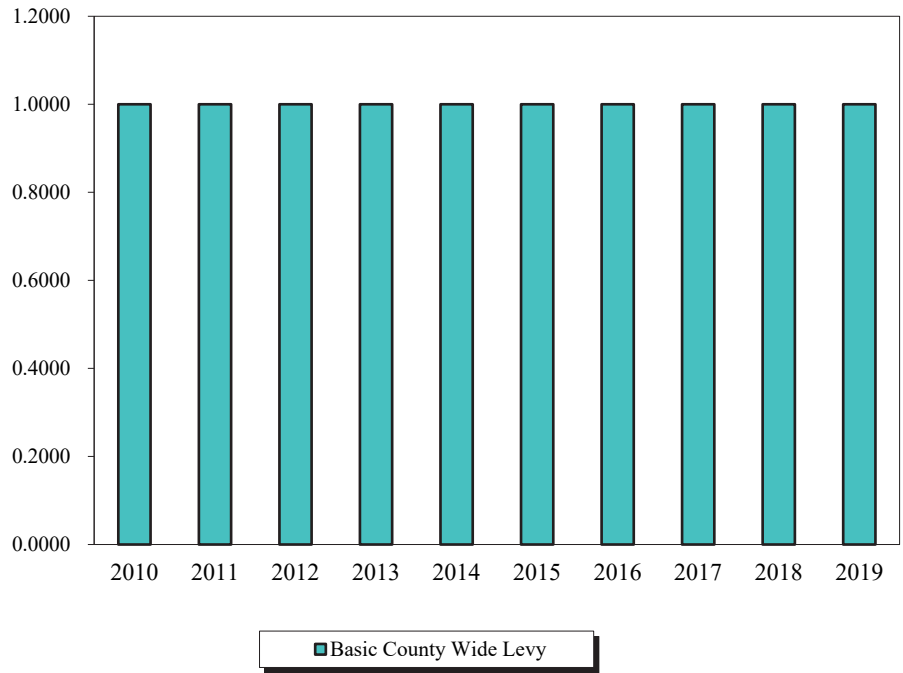


Fiscal Year	Real Property			Total Real Secured Property	(Less) Exemption	Public Utility	Net Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Land Property	Improvements Property	Personal Property								
2010	\$1,430,392	\$3,308,837	\$51,643	\$4,790,872	(\$173,630)	\$1,536	\$4,618,778	\$198,248	\$4,817,026	\$4,817,026	1%
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	6,138,938	(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	6,369,617	182,277	6,551,894	6,551,894	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	7,451,782	182,024	7,633,806	7,633,806	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>
2010	1.0000	1.0000
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

Source: San Joaquin County Assessors Office

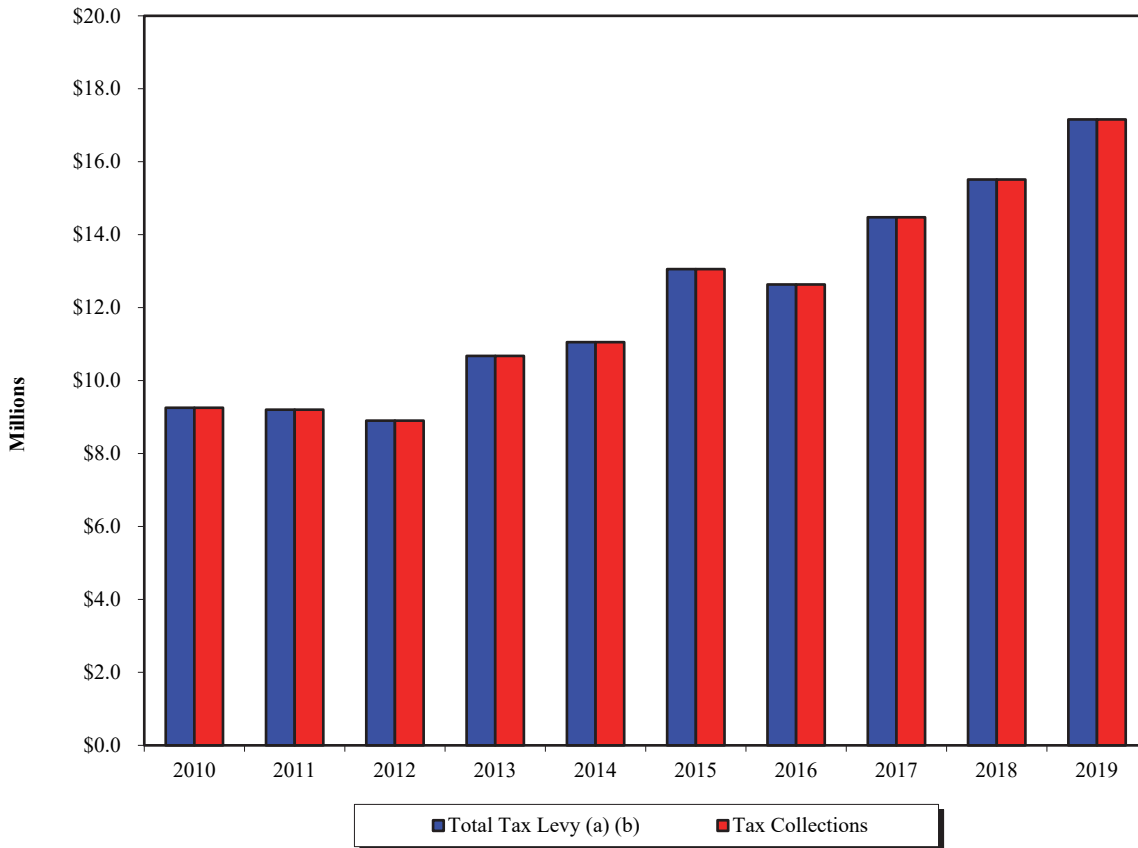
Note: The above ratios are expressed as dollars assessed per \$100 of assessed valuation

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

Taxpayer	2018-2019		2009-2010	
	Type of Business	Percentage of Total City Taxable Assessed Value	Type of Business	Percentage of Total City Taxable Assessed Value
Manteca Lifestyle Center LLC	Shopping Center	0.75%	Shopping Center	1.64%
LLH MRS Master RE LLC	Cold Storage	0.66%		
Excel Manteca LLC	Shopping Center	0.63%		
Paseo Apartments LLC	Apartments	0.46%	Apartments	0.62%
Centerpoint Properties Trust	Industrial	0.46%		
Prologis	Warehouse	0.41%	Warehouse	0.45%
Stonegate Apartments LLC	Apartments	0.39%	Apartments	0.59%
Edward J & Dolores M Cardoza	Shopping Center	0.38%	Shopping Center	0.50%
Duke Realty LP	Warehouse	0.37%		
Costco Wholesale Corporation	Commercial Store	0.36%	Commercial Store	0.51%
Doctors Hospital of Manteca Inc.	Hospital	0.32%	Hospital	0.48%
Pulte Home Corp	Residential Development	0.30%	Residential Development	1.75%
Ryba Real Estate Inc.	Shopping Center	0.24%		
Brocchini Family Partnership	Commercial	0.22%		
KB Home Sacramento Inc	Residential Development	0.21%		
TH Shadowbrook Investors LLC	Residential Development	0.21%		
VFT Family Partnership LP	Residential Properties	0.21%		
Wal Mart Realty Company	Commercial Store	0.20%		
Yip Holdings Five LLC	Shopping Center	0.20%		
Argo Manteca LLC	Shopping Center	0.19%		
Pivotal 650 California St LLC			Shopping Center	0.87%
SRB Investments LLC			Shopping Center	0.42%
Millard Refrigerated Services Inc.			Cold Storage	0.72%
Metropolitan Life Insurance Co.			Industrial - Warehouse	0.48%
John J & Eleanor L Vierra			Residential Properties	0.34%
Commons at Woodbridge LLC			Office Building	0.31%
430 North Union Road LLC			Office Building	0.30%
Manteca Ventures LLC			Office Building	0.29%
Hensley Investment Company			Apartments	0.29%
Jackson Retail Venture LLC			Shopping Center	0.29%
Western Properties Trust			Shopping Center	0.35%
Kohl's Department Stores Inc.			Shopping Center	0.29%
Total		6.42%		9.85%

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
2010	\$9,253,641	\$9,253,641	100.00%	\$0	\$9,253,641	100.00%
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%

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, 2019

Property Owner	Primary Land Use	2018-19 Total Local Secured	
		Assessed Valuation	% Total of Assessed Valuation
		2018-19 Assessed Valuation	
		\$758,599,252	
1 Doctors Hospital of Manteca Inc.	Hospital	\$21,590,997	2.85
2 Stonegate Apartments LLC	Apartments	20,216,110	2.66
3 Edward J. and Dolores M. Cardoza Trust	Shopping Center	16,671,040	2.20
4 Wal Mart Realty Company	Commercial Stores	13,827,909	1.82
5 B.R. Funsten & Co. Corp.	Warehouse	13,193,701	1.74
6 Laurel Glen LLC	Apartments	12,615,801	1.66
7 Khatri Brother Properties	Hotel/Motel	9,467,004	1.25
8 VFT Properties LLC	Apartments	8,996,396	1.19
9 Lexington Trank Manteca Remainderman LP	Commercial Stores	6,500,000	0.86
10 Eckert Engineering Corp.	Warehouse	6,162,128	0.81
11 Brocchini Family Partnership	Commercial	5,892,209	0.78
12 KDDC Properties LLC	Commercial	5,740,823	0.76
13 North Main Storage LLC	Public Storage	5,553,713	0.73
14 Asset Procurement Partners LLC	Bowling Alley	5,163,366	0.68
15 MN Gianni LLC	Commercial	5,082,116	0.67
16 Hensley Investment Company	Office Building	4,500,000	0.59
17 SFP B LP	Commercial	4,444,636	0.59
18 Storage Solutions Manteca LLC	Public Storage	4,249,431	0.56
19 Meadowbrook Meat Company Inc.	Warehouse	4,204,461	0.55
20 MBLG LLC	Public Storage	4,200,000	0.55
		\$178,271,841	23.50%

Source: California Municipal Statistics, Inc

CITY OF MANTECA
MANTECA REDEVELOPMENT PROJECT AREA NO. 2
TOP TWENTY ASSESSED VALUES
June 30, 2019

		2018-19 Total Local Secured Assessed Valuation Project Area No. 2	
		\$1,422,291,330	
Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total Assessed Valuation
1 Excel Manteca LLC	Shopping Center	\$51,607,741	3.63
2 LLH MRS Master RE LLC	Cold Storage	46,391,287	3.26
3 Prologis	Warehouse	29,275,162	2.06
4 Duke Realty LP	Warehouse	25,974,013	1.83
5 Costco Wholesale Corporation	Commercial Store	25,458,104	1.79
6 Yip Holdings Five LLC	Shopping Center	13,917,740	0.98
7 Argo Manteca LLC	Shopping Center	13,635,396	0.96
8 Kohl's Department Stores Inc.	Shopping Center	13,225,765	0.93
9 Target Corp.	Shopping Center	11,632,142	0.82
10 HD Development of Maryland Inc.	Commercial Store	9,796,661	0.69
11 Manteca Associates LP	Light Industrial	9,500,000	0.67
12 Daniel M. and Belinda A Sarich Trust	Light Industrial	9,337,658	0.66
13 Brocchini Family Partnership LP	Office Building	8,577,647	0.60
14 Nestle Dreyers Ice Cream Co.	Cold Storage	8,500,000	0.60
15 277 Commerce Ave. LLC	Shopping Center	8,400,000	0.59
16 Cranbrook Realty Invest Fund LP	Warehouse	8,000,000	0.56
17 Realty Income Properties 23	Commercial Store	7,818,178	0.55
18 RBL Manteca LLC	Shopping Center	7,803,000	0.55
19 VFT Family Partnership LP	Apartments	7,559,914	0.53
20 Dhaliwal Medical Enterprises LLC	Office Building	7,000,291	0.49
		<u>\$323,410,699</u>	<u>22.74%</u>

Source: California Municipal Statistics, Inc

CITY OF MANTECA
MANTECA REDEVELOPMENT MERGED PROJECT AREA
TOP TWENTY ASSESSED VALUES
June 30, 2019

		2018-19 Total Local Secured Assessed Valuation 2005 Merged Project Amended Area		
Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total Assessed Valuation	
1 AGS Gasoline LLC	Service Station	\$3,022,191	15.43	
2 AP&H Inc.	Assisted Living	987,860	5.04	
3 Major Singh Brar	Commercial Land	940,000	4.80	
4 David L. Peters	Truck Terminals	659,370	3.37	
5 Jasvir and Sarbjit K Singh Trust	Light Industrial	589,479	3.01	
6 GHG Investment LLC	Commercial Land	582,624	2.97	
7 Robert L. and Dorothy F. Mack	Residential	539,399	2.75	
8 Chattarpal S. Pabla	Multi-Family Residential	460,000	2.35	
9 Natalyn J. and Thomas E. Bergman, Jr.	Residential	410,000	2.09	
10 Hiway Farm LLC	Commercial Land	378,788	1.93	
11 Kyung Han and Mi Jwa Yoon	Residential	368,229	1.88	
12 James H. and Kristin Zimmerman	Residential	365,000	1.86	
13 Dale A. and April D. Matts	Residential	352,176	1.80	
14 Nicolas and Heather D. Hernandez	Residential	336,600	1.72	
15 Taurino Sanchez Chavez	Residential	336,049	1.72	
16 Bachan Singh	Residential	326,409	1.67	
17 Benny Singh Dhanda	Residential	320,000	1.63	
18 Ranjit and Jaswinder Khangura	Residential	318,000	1.62	
19 Roger O. Beugre	Residential	306,315	1.56	
20 John N. and Galatia Aretakis Trust	Residential	306,294	1.56	
		<u>\$11,904,783</u>	<u>60.78%</u>	

Source: California Municipal Statistics, Inc

CITY OF MANTECA
MANTECA REDEVELOPMENT AMENDED MERGED PROJECT AREA
TOP TWENTY ASSESSED VALUES
June 30, 2019

		2018-19 Total Local Secured Assessed Valuation 2004 Amended Area	
		\$140,174,056	
Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total Assessed Valuation
1 Manteca Lifestyle Center LLC	Shopping Center	\$52,511,679	37.46
2 Big Box Property Owner A LLC	Light Industrial	11,496,420	8.20
3 DTST2 Holdings LLC	RV Sales	10,000,000	7.13
4 Manteca Lodging LLC	Shopping Center	9,320,235	6.65
5 Exeter Louise Land LLC	Industrial Land	8,295,708	5.92
6 JC Penney Properties Inc.	Shopping Center	7,839,380	5.59
7 Lanting Family LLC	Truck Terminal	6,873,267	4.90
8 Andreetta Properties LP	Food Processing	6,809,543	4.86
9 Atherton Woodward Partners LLC	Commercial Land	2,387,220	1.70
10 Tesoro Commons LLC	Residential Properties	2,200,000	1.57
11 Ergonis Land Co. LP	Light Industrial	2,163,650	1.54
12 DTST Holdings LLC	Commercial Land	1,612,960	1.15
13 D'Ambrosio Brothers Invest Co LP	Industrial Land	1,589,094	1.13
14 John N. and Galatia Aretakis Trust	Residential	1,021,881	0.73
15 Clifford Luengo	Industrial Land	913,410	0.65
16 West Yosemite Properties LLC	Light Industrial	827,917	0.59
17 Gateway Solar RV & Boat Storage LLC	Industrial Land	739,382	0.53
18 Rajwinder Singh Bahia	Commercial Land	707,332	0.50
19 Harold and Dorothy Hahn Family LP	Light Industrial	693,956	0.50
20 RLD Partners	Vacant	635,000	0.45
		\$128,638,034	91.77%

Source: California Municipal Statistics, Inc

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

	2009-10	2010-11	2011-12	2012-13	2013-14
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	27,528
Eating and Drinking Places	76,810	78,211	85,313	91,415	98,121
Building Materials	91,537	94,288	98,875	106,427	107,314
Auto Dealers and Supplies	85,759	89,537	100,141	119,453	126,392
Service Stations	75,390	84,813	95,008	94,988	95,049
Other Retail Stores	109,289	116,206	113,312	124,320	125,190
All Other Outlets	158,346	168,161	183,588	192,057	231,391
Total	\$822,415	\$861,515	\$921,200	\$981,420	\$1,042,678

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.

<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
\$41,370	\$43,993	\$46,779	\$50,096	\$51,150
198,686	203,002	212,094	214,731	219,927
28,535	30,217	30,401	31,530	32,200
107,809	115,922	125,561	130,408	137,606
111,774	118,588	127,081	128,625	133,872
151,675	161,606	166,521	178,017	178,536
80,669	80,043	93,992	112,035	120,130
128,128	132,991	128,659	128,342	124,042
250,036	274,104	294,919	332,043	359,474
<u>\$1,098,682</u>	<u>\$1,160,466</u>	<u>\$1,226,007</u>	<u>\$1,305,827</u>	<u>\$1,356,937</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
2009-10	1.00	0.50	0.50	7.25
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

Source: California State Board of Equalization

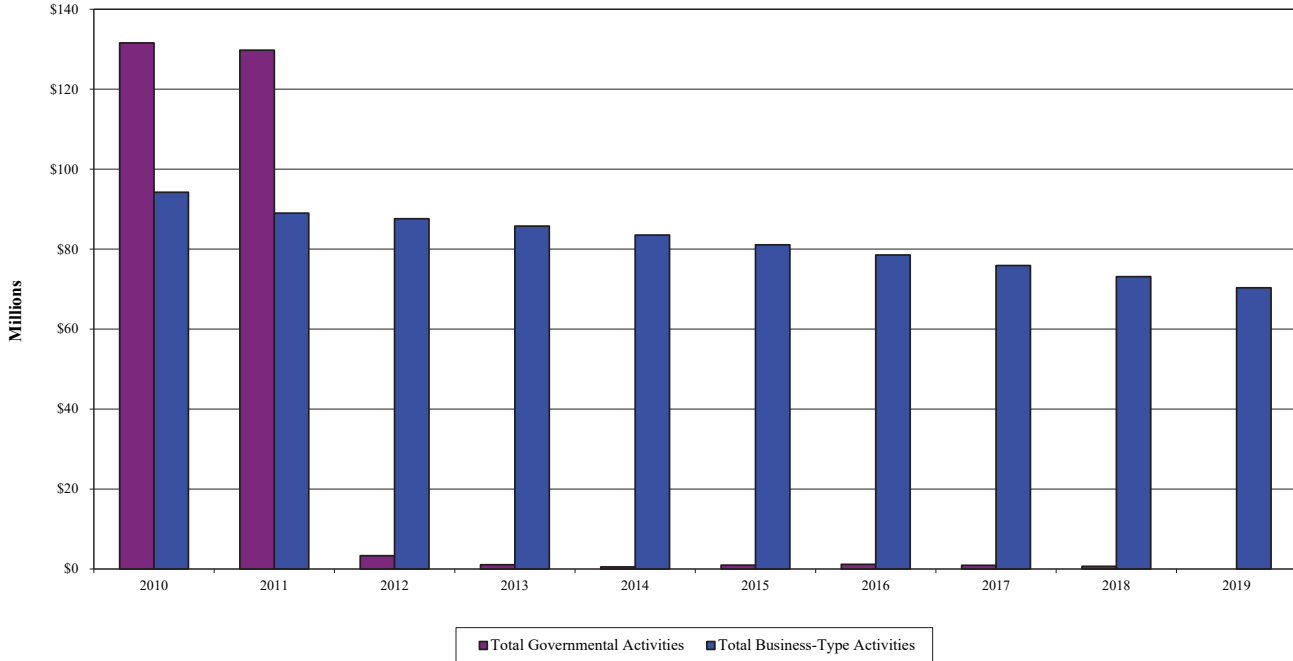
- (a) July 1, 2011 the State decreased the State Rate 1%
- (b) On both July 1, 2012 and April 1, 2013 the State increased the State Rate 0.125%
- (c) On January 1, 2017, the State decreased the the State Rate 0.25%

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

2018-2019	2009-2010
7 Eleven Stores	American Modular Systems
American Modular Systems	B & L Neeley
Arco AM PM	B R Funsten & Company
B. R. Funsten & Company	Bass Pro Shops Outdoor World
Bass Pro Shops Outdoor World	Best Buy
Burlington Coat Factory	Cabral Chrysler Jeep Dodge Ram Fiat
Cabral Chrysler Jeep Dodge Ram Fiat	Chevron Service Stations
Chevron Service Stations	Costco Wholesale
Chevron Service Stations	Cruisers Manteca
Costco Wholesale	Global HVAC Distributors Inc.
Country Kia	Home Depot
Cruisers Manteca	J. M. Equipment Company
Home Depot	J C Penney
J. M. Equipment Company	K Mart Stores
J C Penney Company	Kohl's Department Stores
Kohl's Department Stores	Manteca Arco
Manteca Ford	Manteca Auto Plaza Buick Pontiac GMC
Manteca Trailer & Motorhome	Manteca Ford
Roberts & Brune Company	Manteca Trailer & Camper
Ross Stores	Orchard Supply Hardware
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:	
53.67%	57.81%

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
2010	\$130,010,000	\$1,574,840		\$131,584,840
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

Business-Type Activities

Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Energy Conservation Asset Loan	Capital Leases	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2010	\$42,715,000	\$51,000,000	\$283,139	\$225,352	\$94,223,491	\$225,808,331	10.52%	\$3,280
2011	42,235,000	46,610,000		165,119	89,010,119	218,751,139	9.94%	3,198
2012	41,625,000	45,855,000		101,650	87,581,650	90,914,622	3.94%	1,302
2013	41,542,809	44,170,769		34,773	85,748,351	86,803,299	3.51%	1,220
2014	40,444,293	43,056,675			83,500,968	84,021,905	3.16%	1,153
2015	39,125,778	41,937,581			81,063,359	82,023,715	2.87%	1,112
2016	37,787,462	40,748,487			78,535,949	79,686,928	2.66%	1,074
2017	36,404,147	39,484,393			75,888,540	76,793,910	2.43%	1,007
2018	34,970,831	38,135,300			73,106,131	73,757,330	2.11%	907
2019	33,487,516	36,831,206			70,318,722	70,706,887	1.88%	844

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		
2010	\$130,100,000	\$130,010,000	2.70%	\$1,888.39
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)

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, 2019**

2018-19 Assessed Valuation: \$7,709,131,139

JURISDICTION	Total Debt 6/30/2019	% Applicable (1)	City's Share of Debt 6/30/19
OVERLAPPING TAX AND ASSESSMENT DEBT			
San Joaquin Delta Community College District	\$198,475,000	9.263%	\$18,384,739
Yosemite Community College District	270,173,899	0.287%	775,399
Manteca Unified School District	147,964,885	52.751%	78,052,956
Ripon Unified School District	28,384,394	6.623%	1,879,898
Manteca Unified School District Community Facilities District No. 1989-2	24,640,000	79.150%	19,502,560
Manteca Unified School District Community Facilities District No. 2000-3	22,690,000	100.000%	22,690,000
California Statewide Communities Development Authority CFD No. 2012-2	6,100,000	100.000%	6,100,000
California Statewide Communities Development Authority 1915 Act Bonds	33,150,400	100.000%	33,150,400
Reclamation District No 17 Assessment District	22,689,592	6.969%	1,581,238
TOTAL OVERLAPPING DEBT	<u><u>\$754,268,170</u></u>		<u><u>\$182,117,190</u></u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT			
San Joaquin County Certificates of Participation	\$81,070,000	10.381%	\$8,415,877
Manteca Unified School District Certificates of Participation	21,967,000	52.751%	11,587,812
CITY OF MANTECA GENERAL FUND OBLIGATIONS	0	100.000%	0
CITY OF MANTECA LEASES PAYABLE	<u><u>388,165</u></u>	100.000%	<u><u>388,165</u></u>
Total Gross Direct and Overlapping General Fund Debt	<u><u>\$103,425,165</u></u>		<u><u>20,391,854</u></u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u><u>\$20,003,689</u></u> (2)
OVERLAPPING TAX INCREMENT DEBT:	<u><u>\$103,920,000</u></u>	100.000%	<u><u>\$103,920,000</u></u>
TOTAL DIRECT DEBT			<u><u>\$0</u></u> (2)
TOTAL OVERLAPPING DEBT			<u><u>\$306,040,879</u></u> (2)
COMBINED TOTAL DEBT			<u><u>\$306,040,879</u></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 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.36%
Total Direct Debt	0.00%
Combined Total Debt	3.97%

Ratios to Redevelopment Incremental Valuation (\$2,020,850,882)

Total Overlapping Tax Increment Debt	5.14%
--------------------------------------	-------

Source: California Municipal Statistics, Inc.

CITY OF MANTECA
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2019

ASSESSED VALUATION:

Assessed Value	\$7,633,806,897
Add back: Exempt real property	<u>75,324,242</u>
Total Assessed Valuation	<u><u>\$7,709,131,139</u></u>

BONDED DEBT LIMIT (15.0% OF ASSESSED VALUE) (a) \$1,156,369,671

AMOUNT OF DEBT SUBJECT TO LIMIT: 0

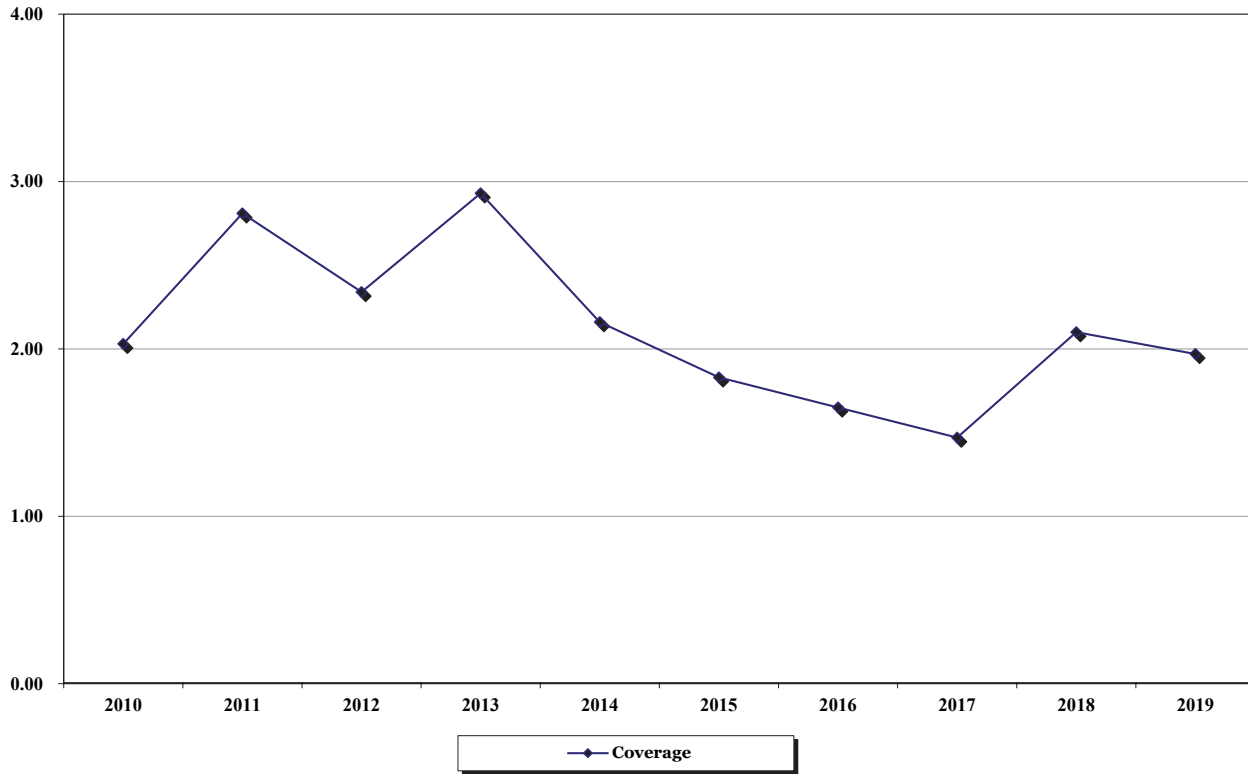
LEGAL BONDED DEBT MARGIN \$1,156,369,671

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
2010	\$733,010,861	\$0	\$733,010,861	0.00%
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%

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**



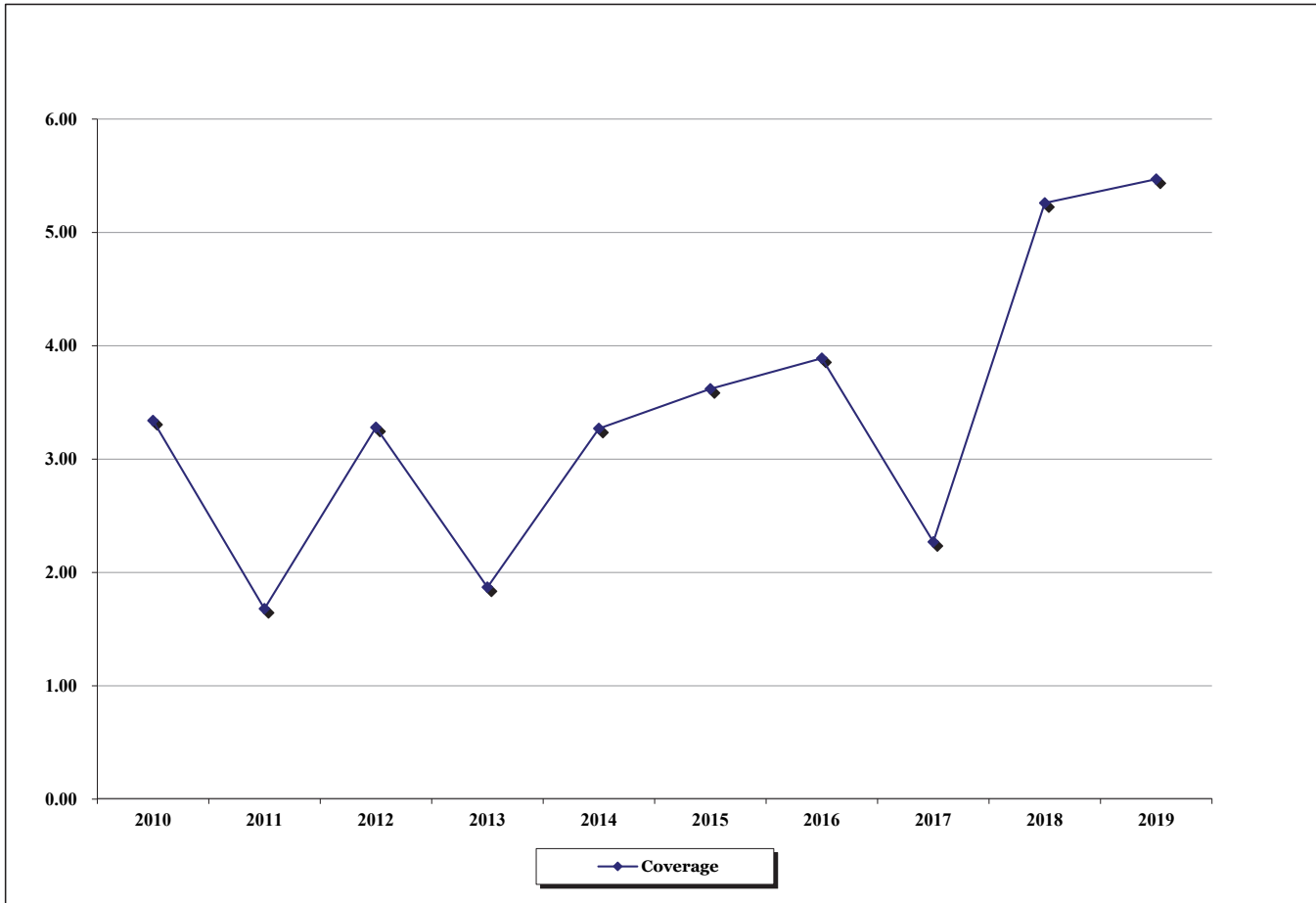
Fiscal Year	Gross Revenue	Operating Expenses	Depreciation Non-Operating Revenues (b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2010	\$13,360,391	(\$11,265,725)	\$4,536,161	\$4,670,375	\$360,000	\$1,945,164	\$2,305,164	2.03
2011	13,917,366	(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

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**

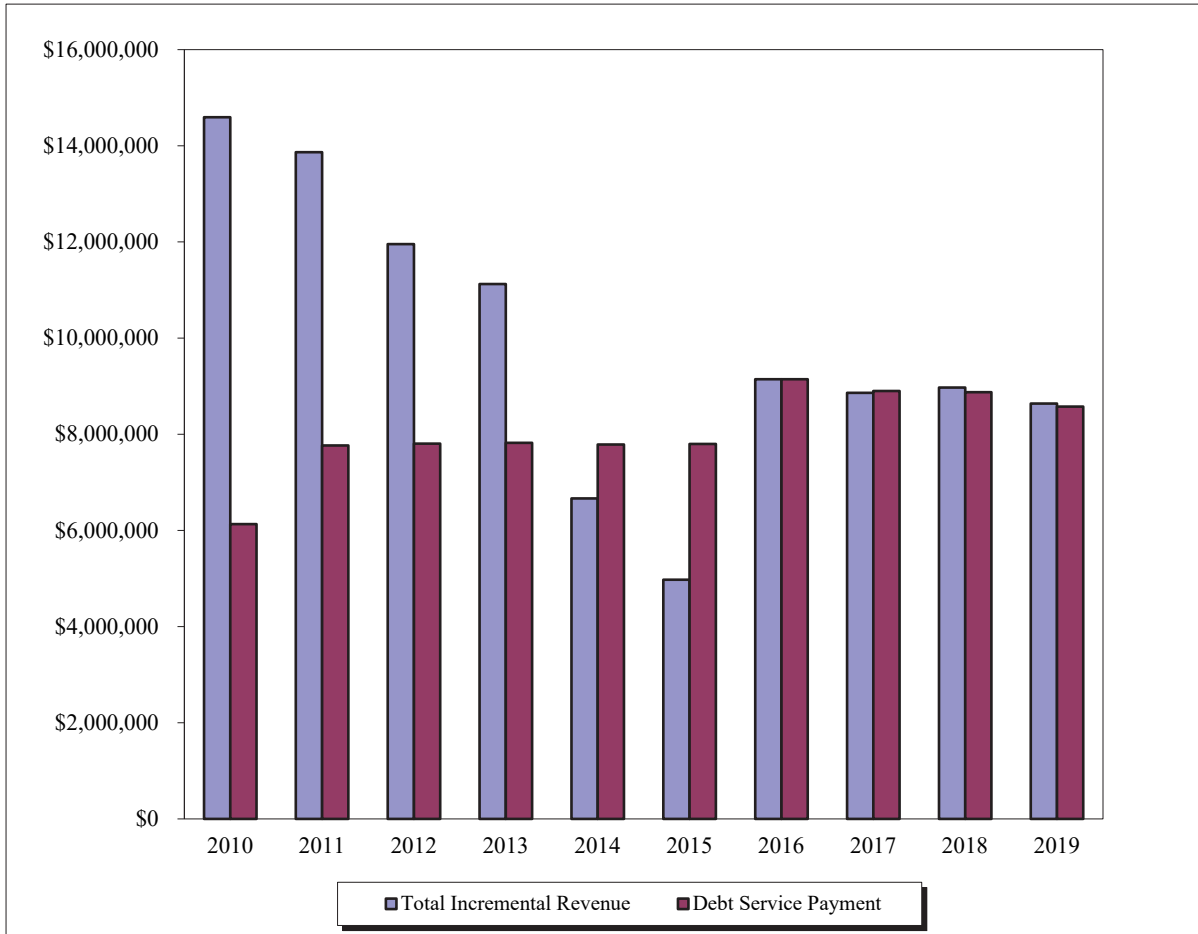


Fiscal Year	Operating Revenue	Operating Expenses	Depreciation Non-Operating Revenues (c)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2010	\$16,341,765	(\$9,779,294)	\$2,314,244	\$8,876,715	\$635,000	\$2,026,531	\$2,661,531	3.34
2011	19,047,755	(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

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			Coverage
		Principal	Interest (c)	Total	
2010	\$14,594,745	\$1,780,000	\$5,400,564	\$6,132,366	2.38
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 (a)	1.53
2013	11,125,234 (a) (b)	2,640,000 (a)	5,181,408 (a)	7,821,408 (a)	1.42
2014	6,666,009 (a) (b)	2,750,000 (a)	5,037,006 (a)	7,787,006 (a)	0.86
2015	4,975,892 (a) (b)	2,875,000 (a)	4,923,045 (a)	7,798,045 (a)	0.64
2016	9,143,768 (a) (b)	3,000,000 (a)	5,003,356 (a)	9,143,768 (a)	1.00
2017	8,860,814 (a) (b)	3,135,000 (a)	5,765,392 (a)	8,900,392 (a)	1.00
2018	8,970,904 (a) (b)	3,275,000 (a)	5,599,995 (a)	8,874,995 (a)	1.01
2019	8,638,662 (a) (b)	3,420,000 (a)	5,155,090 (a)	8,575,090 (a)	1.01

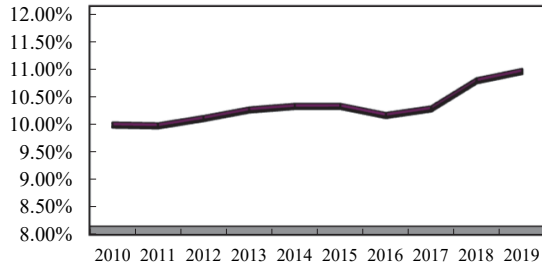
Note: (a) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.

(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.

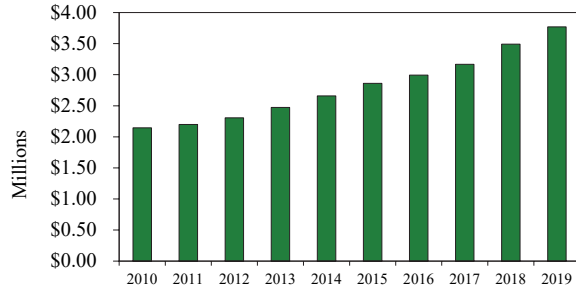
(c) Excludes the letter of credit and remarketing fees on the 2005 Tax Allocation Bonds.

Source: City of Manteca Annual Financial Statements

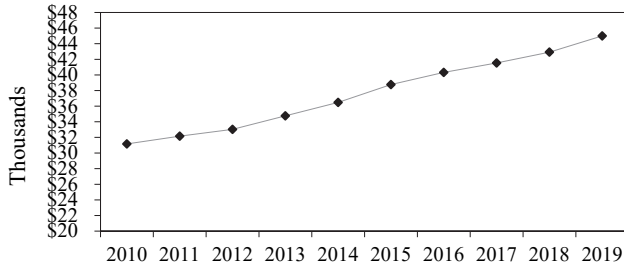
**CITY OF MANTECA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



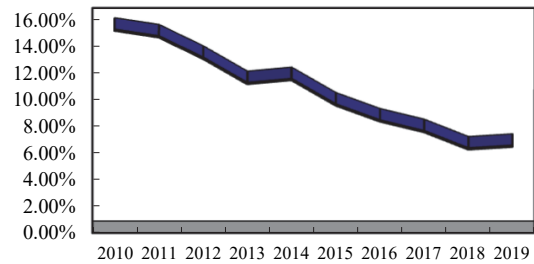
■ City Population as a % of County Population



■ Personal Income (in thousands)



◆ Per Capita Personal Income



■ Unemployment Rate

Fiscal 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	\$2,145,686	\$31,166	15.2%	694,293	9.92%
2011	68,410	2,199,860	32,157	14.7%	690,899	9.90%
2012	69,815	2,305,571	33,024	13.1%	695,750	10.03%
2013	71,164	2,473,305	34,755	11.2%	698,414	10.19%
2014	72,880	2,658,881	36,483	11.5%	710,731	10.25%
2015	73,787	2,860,648	38,769	9.6%	719,511	10.26%
2016	74,222 (b)	2,992,631	40,320 (c)	8.4%	735,677	(b) 10.09%
2017	76,247	3,166,538	41,530 (c)	7.6%	746,868	10.21%
2018	81,345	3,491,481	42,922	6.3%	758,744	10.72%
2019	83,781	3,769,726	44,995	6.5%	770,385	10.89%

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)

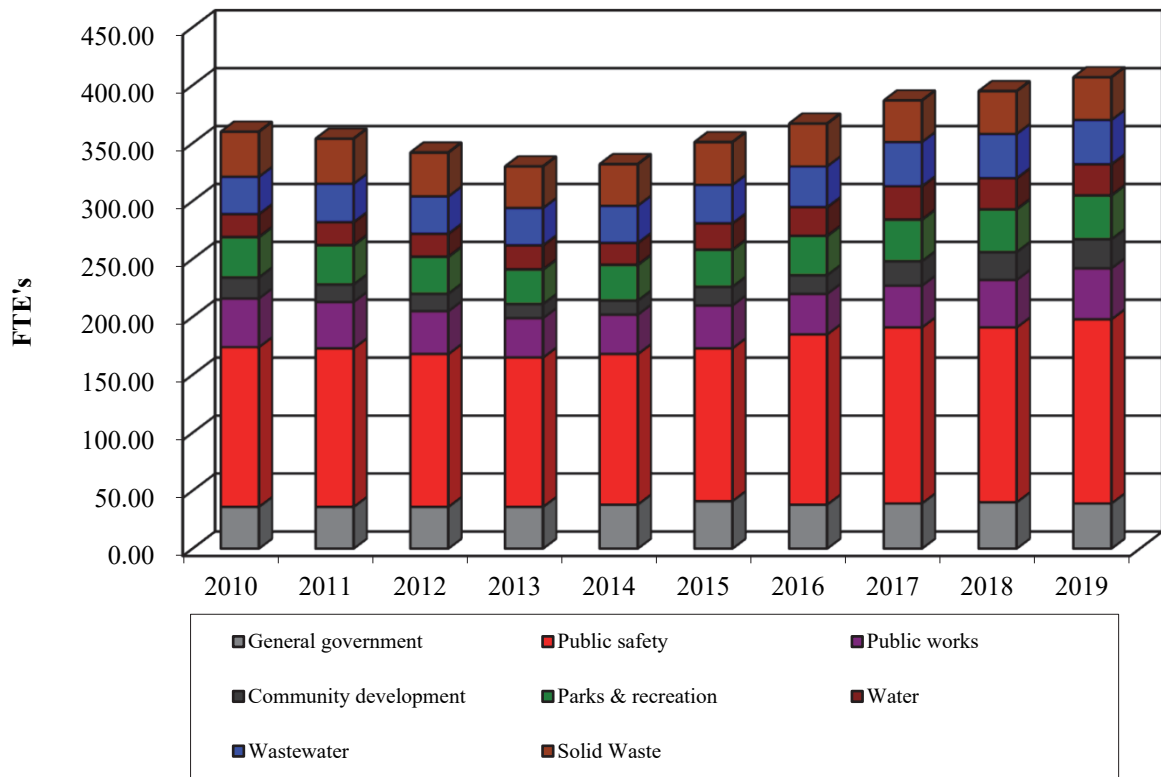
Note: Data for Per Capita 2016 and 2017 is not available. Numbers are projections
(a) Personal income is a product of the countywide per capita amount and the City's population
(b) Revised numbers from State
(c) Projected

CITY OF MANTECA
Principal Employers
Current Year and Nine Years Ago

Employer	2018-19			2009-10		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Manteca Unified School District	2,476	1	3.0%	1,400	1	2.0%
Doctors Hospital of Manteca	569	2	0.7%	370	3	0.5%
Gardner Trucking, INC	520	3	0.6%			
City of Manteca	379	4	0.5%	360	4	0.5%
Amazon.com Services, Inc.	379	5	0.5%			
Kaiser Permanente Medical Offices & Hospital	351	6	0.4%	590	2	0.9%
Wal-Mart	334	7	0.4%	301	5	0.4%
5.11, Inc	250	8	0.3%			
Lassen Canyon Nursery	250	9	0.3%			
Eckert Cold Storage	250	10	0.3%	300	6	0.4%
C. Overaa & Co.				250	7	0.4%
Advance Packaging Distribution Specialist Inc.				200	8	0.3%
COSTCO Wholesale #1031				169	9	0.2%
Target Stores				151	10	0.2%
Total City Population	83,781			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**



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
General government	36.00	36.00	36.00	36.00	38.00	41.00	38.00	39.00	40.00	39.00
Public safety	138.00	137.00	132.00	129.00	130.00	132.00	147.00	152.00	151.00	159.00
Public works	42.00	40.00	37.00	34.00	34.00	37.00	35.00	36.00	41.00	44.00
Community development	18.00	15.00	15.00	12.00	12.00	16.00	16.00	21.00	24.00	25.00
Parks & recreation	35.00	34.00	32.00	30.00	31.00	32.00	34.00	36.00	37.00	38.00
Water	20.00	20.00	20.00	21.00	19.00	23.00	25.00	29.00	27.00	27.00
Wastewater	32.00	33.00	32.00	32.00	32.00	33.00	35.00	38.00	38.00	38.00
Solid Waste	39.00	39.00	38.00	36.00	36.00	37.00	37.00	36.00	37.00	37.00
Total	360.00	354.00	342.00	330.00	332.00	351.00	367.00	387.00	395.00	407.00

Source: City of Manteca Budget Document

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

	Fiscal Year				
	2010	2011	2012	2013	2014**
Population					
Citizens	68,847	68,410	69,815	71,164	72,880
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	17.9 Sq Miles	20.1 Sq Miles	20.61 Sq Miles	20.61 Sq Miles	20.61 Sq Miles
Registered Voters	26,922	27,562	27,999	30,731	30,930
Taxable Sales	\$684,299,100	\$733,739,500	\$770,125,800	\$820,317,100	\$876,348,800
Building Permits Issued	1,843	1,675	1,783	1,891	2,134
Employees from Budget Document	360	354	342	330	336
Fire Protection					
Number of Stations	3	3	3	3	4
Number of Reserve Personnel	20	20	12	13	25
Number of Sworn Fire Personnel *	42	41	39	39	40
Number of Calls Answered	4,787	4,800	5,448	5,937	5,854
Police Protection					
Number of Stations	1	1	1	1	1
Number of Police Officers	59	58	63	63	63
Number of Volunteers	100	211	102	124	115
Number of Support Personnel	26	28	21	23	23
Number of Calls Answered	35,902	35,331	32,964	37,161	33,885
Parks & Recreation					
Park Sites	52	53	53	55	56
Acres of Parks	335	335	329	357	362
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	7,320	7,520	7,600
Number of Street Trees	10,680	10,680	10,680	10,980	17,000
Acres of Golf Course	111	111	111	111	111
Public Libraries	1	1	1	1	1
Landscape Maintenance Districts	23	23	24	27	29
Benefit Area District	4	4	4	4	4
Community Facility Districts				1	1
Public Works					
Miles of Streets	197	197	222	238	241
Number of Street Lights	4,800	4,800	4,681	4,822	4,856
Water Utility					
Number of Meters	19,700	20,071	20,338	20,675	20,876
Miles of Water Mains	236	257	258	258	259
Average Daily Consumptions (Gal)	12.68 MGD	11.83 MGD	11.83 MGD	13.25 MGD	14.06 MGD
Wastewater					
Number of Connections	23,053		23,738	24,178	24,940
Miles of Sewer Lines	184	184	223	226	227
Number of Treatment Plants	1	1	1	1	1
Average Daily Treatment	6.2 MGD	6.18 MGD	5.98 MGD	6.25 MGD	6.29 MGD
Treatment Capacity	9.87 MGD	9.87 MGD	9.87 MGD	9.87 MGD	9.87 MGD
Solid Waste					
Number of Accounts	18,765	19,400	23,397	20,066	20,399
Education					
Elementary Schools	23	24	20	20	20
High Schools	5	8	5	5	5
Alternative Schools				3	3
Adult Education	1	1	1	2	2
Charter School					
Teachers	989	953	934	978	1,094
Elementary Classrooms	895	900	903	903	897
High School Classrooms	375	390	464	438	451
Adult Education Classrooms	27	47	10	27	10
Current Enrollment	22,796	23,283	23,325	22,061	23,145

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				
	2015**	2016	2017	2018	2019
Population					
Citizens	73,787	73,841	76,247	81,345	83,781
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	20.92 Sq Miles	21.45	21.45
Registered Voters	30,975	33,105	36,327	37,775	38,575
Taxable Sales	\$922,862,200	\$918,391,100	\$1,001,063,900	\$1,055,133,700	\$1,356,938,000
Building Permits Issued	3,027	3,418	3,565	4,312	3,653
Employees from Budget Document	351	351	384	395	407
Fire Protection					
Number of Stations	4	4	4	4	4
Number of Reserve Personnel	25	22	20	24	23
Number of Sworn Fire Personnel	41	49	60	48	48
Number of Calls Answered	6,252	6,682	7,132	7,579	8,230
Police Protection					
Number of Stations	1	1	1	1	1
Number of Police Officers	64	65	65	67	73
Number of Volunteers	94	87	62	71	65
Number of Support Personnel	24	29	33	33	40
Number of Calls Answered	35,036	42,717	43,229	42,114	50,094
Parks & Recreation					
Park Sites	58	65	69	69	69
Acres of Parks	367	382	382	465	465
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	7,600	5,000
Number of Street Trees	18,000	18,500	18,700	18,700	12,500
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	6	9	10	12	12
Public Works					
Miles of Streets	250	250	259	271	271
Number of Street Lights	5,143	5,405	5,443	5,603	5,603
Water Utility					
Number of Meters	21,161	21,696	22,380	22,920	23,329
Miles of Water Mains	266	280	298	299	299
Average Daily Consumptions (Gal)	11.11 MGD	9.89 MGD	10.498 MGD	10.498 MGD	11.943 MGD
Wastewater					
Number of Connections	20,791	21,325	21,951	22,529	23,094
Miles of Sewer Lines	243	250	257	258	258
Number of Treatment Plants	1	1	1	1	1
Average Daily Treatment	6 MGD	6.25 MGD	6.21 MGD	6.21 MGD	6.21 MGD
Treatment Capacity	9.87 MGD	9.87 MGD	9.87 MGD	9.87MGD	9.87MGD
Solid Waste					
Number of Accounts	20,879	21,411	22,080	22,641	23,215
Education					
Elementary Schools	23	23	20	20	20
High Schools	5	5	5	5	5
Alternative Schools	3	3	3	3	3
Adult Education	1	1	1	1	1
Charter School	1	1	1	1	1
Teachers	1,019	1,041	1,092	1,099	1,099
Elementary Classrooms	895	895	899	884	884
High School Classrooms	461	457	457	445	445
Adult Education Classrooms	42	3	3	3	3
Current Enrollment	22,909	23,981	23,852	23,599	23,599

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

CITY OF MANTECA
CRIME POLICY NOTARY AND SECURITY BONDS OF PRINCIPAL OFFICIALS
June 30, 2019

	<u>Limit Amount of Policy¹</u>
City Manager	\$1,000,000
City Attorney	1,000,000
City Clerk	1,000,000
City Treasurer	1,000,000
Economic Development Manager	1,000,000
Public Works Director	1,000,000
Police Chief	1,000,000
Fire Chief	1,000,000
Finance Director	1,000,000
Parks and Recreation Director	1,000,000
Community Development Director	1,000,000
Director of Human Resources and Risk Management	1,000,000
Administration Assistant (Notary)	1,000,000

¹ City employees are covered by a Crime Policy amounting to a maximum of \$1,000,000 with a \$10,000 deductible.

Source: City Administration Department

**MANTECA FINANCING AUTHORITY
BASIC COMPONENT UNIT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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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, 2019, 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, 2019, and the change in financial position and, its 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 component unit financial statements present only the Authority and are not intended to present fairly the financial position and the results of operations of the City of Manteca in accordance with accounting principles generally accepted in the United States of America.

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 January 7, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California
January 7, 2021

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, 2019

	<u>2009 Sewer Revenue Bonds</u>
ASSETS	
Current Assets:	
Investments held by trustee (Note 2)	\$1,923,851
Interest receivable	<u>88,231</u>
Total Current Assets	2,012,082
Receivable from the City of Manteca (Note 3)	<u>17,076,149</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, 2019

	<u>2009 Sewer Revenue Bonds</u>
OPERATING REVENUE	
Interest on base rental payments	<u>\$1,020,178</u>
Operating Revenue	<u>1,020,178</u>
OPERATING EXPENSES	
Interest and fiscal fees	<u>1,058,764</u>
Total Operating Expenses	<u>1,058,764</u>
Operating Loss	<u>(38,586)</u>
NONOPERATING INCOME	
Interest on investments	<u>38,586</u>
Net Nonoperating Income	<u>38,586</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, 2019

	2009 Sewer <u>Revenue Bonds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from the City	\$1,030,540
Payments to bond trustees	<u>(1,058,763)</u>
Cash Flows from Operating Activities	<u>(28,223)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment interest received	<u>38,586</u>
Cash Flows from Investing Activities	<u>38,586</u>
Net Cash Flows	10,363
Cash and investments at beginning of period	<u>1,913,488</u>
Cash and investments at end of period	<u><u>\$1,923,851</u></u>
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	(\$38,586)
Change in assets:	
Receivables, net	<u>10,363</u>
Cash Flows from Operating Activities	<u><u>(\$28,223)</u></u>

See accompanying notes to financial statements

MANTECA FINANCING AUTHORITY
NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019

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, 2019

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>\$1,923,851</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, 2019 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, 2019 have an average maturity of 17 days.

MANTECA FINANCING AUTHORITY
NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019.

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
2020		\$1,020,179	\$1,020,179
2021		1,020,179	1,020,179
2022		1,020,179	1,020,179
2023		1,020,179	1,020,179
2024		1,020,179	1,020,179
2025-2029	\$3,635,000	4,690,017	8,325,017
2030-2034	5,330,000	3,472,824	8,802,824
2035-2037	10,035,000	694,161	10,729,161
	<u>\$19,000,000</u>	<u>\$13,957,897</u>	32,957,897
		<u>Less:</u>	
		Investments held by trustee	1,923,851
		Amount representing interest	<u>13,957,897</u>
			<u>\$17,076,149</u>
		Receivable from the City of Manteca at June 30, 2019	<u>\$17,076,149</u>

MANTECA FINANCING AUTHORITY
NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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:

For the Year Ending June 30	Principal	Interest	Total
2020		\$1,058,763	\$1,058,763
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
2025-2029	\$3,635,000	4,882,937	8,517,937
2030-2034	5,330,000	3,665,744	8,995,744
2035-2037	10,035,000	887,081	10,922,081
Total	<u>\$19,000,000</u>	<u>\$14,729,577</u>	<u>\$33,729,577</u>

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