

# City of Manteca

California

## Comprehensive Annual Financial Report



FISCAL YEAR ENDED JUNE 30, 2016



Prepared By The Finance Department

# City of Manteca

California

## Comprehensive Annual Financial Report



FISCAL YEAR ENDED JUNE 30, 2016

Prepared By The Finance Department



**CITY OF MANTECA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2016**

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# CITY OF MANTECA

FINANCE DEPARTMENT

February 23, 2017

Honorable Mayor  
Members of the City Council  
And Citizens of Manteca

## **Comprehensive Annual Financial Report**

The City of Manteca's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Manteca. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of Manteca. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This CAFR has been prepared in accordance with "generally accepted accounting principles" (GAAP). GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This transmittal letter is intended to be read in conjunction with the Management Discussion and Analysis (MD&A) and the Financial Statements.

## **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 of which the City has two members.

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. The activities of the Housing Successor are reported in the Successor Agency Housing 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 business will join Manteca's many large employers including packaging and distribution plants, a 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 strong recovery from the recession has continued steadily throughout the past year. Signs of resurgence are evidenced by increases in consumer spending, continued growth in new and resale home values, and continued declines in unemployment rates. Through strong economic development and bolstered consumer spending, general sales tax was 6.8% higher than revenues for the same period last year. Assessed valuations for secured property tax increased by 7.9%. Of the amount of property tax received, \$1 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 2015-16 the Building Safety division issued 508 permits for new residential construction compared to 455 permits in 2014-15 and 391 permits in 2013-14.

As of June 30, 2016, employment levels in California have continued to increase. The California Economic Development Department listed the June 2016 unemployment rate for the State and the County at 5.4% and 8.3% respectively. Manteca's unemployment rate was 8.4%. As a comparison, one year ago the State and County unemployment rates were 6.2% and 8.5%, respectively, and Manteca's was 8.6%.

As the City of Manteca looks to the future, its leadership continues to foster opportunities that will balance growth in our residential housing supply with commercial growth and job creation. To this end, the City has continued to partner with McWhinney Real Estate Services and the Manteca Development Group, LLC for the development of a Family Entertainment Zone and a hotel/waterpark resort. Additionally the City continues to partner with the CenterPoint Properties to expand industrial and warehouse opportunities including the groundbreaking of a 404,000 square foot warehouse in January 2017 to be followed by a proposed 600,000 square foot high-cube warehouse.

### **LONG TERM FINANCIAL PLANNING:**

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

To support the goal of long term financial planning and fiscal resiliency, in April 2015 the City Council adopted the City's first formal Fund Balance Reserve Policy. The policy establishes six General Fund assignments/designations of fund balance reserves including earmarks for Fiscal Stability, Economic Emergencies, Economic Revitalization, Public Facilities Oversizing, Capital Facilities, and Technology. The policy outlines the use of each of these reserves as well as establishes a guideline for

replenishment. It is the intent that through the implementation of a strong reserve policy, the City will be better able to sustain a future economic downturn while continuing to provide resources for current services and enhancements to our community.

One of the key challenges facing local government is the rising costs of employee benefits, especially those related to retirement benefits. In September 2012, the Governor of California signed the California Public Employees' Pension Reform Act of 2013 (PEPRA). To meet the requirements of PEPRA, the City was required to implement a third tier of retirement formulas effective for employees hired after January 1, 2013. The City continues to strategize on ways to address the issue of increasing pension costs.

### **Major Initiatives**

As stated above, one of the key challenges for local governments is the rising costs of employee salaries and benefits. The City's current Memoranda of Understanding (MOU) were negotiated in 2015 and expire June 30, 2019. Cost-sharing of pension benefits continued to be a corner stone of the MOUs. With the current recovery, it is anticipated that the contracts will provide for growth in employee salary and benefit packages while addressing the growing costs related to employee retirement benefits.

Infrastructure projects continue to play a key role in the City's vision for economic growth. Public Works continues to design and construct major transportation projects that will improve traffic operations, support commercial and retail development, and reduce congestion. Projects currently under design include the Union Road Bridge Widening, the Highway 120/McKinley Interchange, and improvements to the Highway 99/120 Connector. When completed, the Union Road Bridge Widening/Interchange will be the first Diverging Diamond Interchange constructed in California and will provide improved access across Highway 120 for vehicles, bicycles, and pedestrians.

In addition to infrastructure projects, the City is dedicated to sustainability. Current projects include the Food-2-Energy program designed to collect food waste and convert it to fuel to operate our solid waste trucks, the design of a new one mega-watt solar facility which will provide one-third of the power required to operate the Waste Water Quality Control Facility, and the implementation of increased water conservation standards to reduce water use by 25% from 2013 to 2016.

To support the planning for future growth and development, the City embarked on a Parks and Recreation Master Plan study in which was completed in summer 2016. The City is in the process of updating the its General Plan and zoning codes including amendments to the Municipal Code that will allow for new overlay zones in the Central Business District to support the revitalization of the downtown area.

## **Financial Information**

### ***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 at the fund level. 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.

### ***Cash Management***

The City invests temporarily idle funds in accordance with the Government Code and the Investment Policy approved by the City Council. The City pools all cash funds not held by fiscal agents in order to maximize investment opportunities and increase flexibility. Investments are conservatively managed with the three primary objectives of safety of principal, liquidity to meet disbursement requirements, and investment yield, pursued in that order.

Total cash and investments as of June 30, 2016 amounted to \$287,477,103 encompassing governmental activities, business type activities and fiduciary activities, including restricted cash and investments. During fiscal year 2015-16 investments consisted primarily of U.S. Treasuries (16%), Corporate Notes (13%), Federal Agencies (10%), and the Local Agency Investment Fund (LAIF) managed by the State Treasurer (14%). \$77,626,688 or (29%) of the portfolio is related to bond reserves, unspent bond proceeds held by trustees, and in funds held in trust for retiree health benefits

### ***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.

### ***Risk Management***

The City is a member of the Municipal Pooling Authority (MPA), a Joint Powers Authority. The City joined the MPA's general liability program in January 1998 and the workers' compensation program in 2002. The City is not insured for liability occurrences over \$29 million per occurrence and maintains an Insurance Internal Service Fund to provide for the uninsured portion of claims and judgments.

### ***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 and combining financial statements and schedules 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, 2015. This was the twenty-seventh 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***

The preparation of the Comprehensive Annual Financial Report, in a timely manner, was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Appreciation is also expressed to the very knowledgeable and supportive staff of Maze and Associates who made this presentation possible.

Comprehensive Annual Financial Report  
City of Manteca  
Transmittal Letter - Continued

I would like to thank the Mayor and members of the City Council, the City Manager, and the department managers for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "S. Mallory".

Suzanne Mallory  
Director of Finance



# CITY OF MANTECA CITY COUNCIL



**Debby Moorhead**  
Councilwoman



**Michael Morowit**  
Councilman



**Steve DeBrum**  
Mayor



**Richard Silverman**  
Councilman



**Vincent Hernandez**  
Councilman

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2016**

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## **EXECUTIVE TEAM**

**Karen L McLaughlin, City Manager**

**John Brinton, City Attorney**

**Suzanne Mallory, Director of Finance**

**Lisa Blackmon, City Clerk**

**Joe Kriskovich, Director of Human Resources and Risk Management**

**Frederic Clark, Community Development Director**

**Mark Houghton, Public Works Director**

**Nicolas Obligacion, Chief of Police**

**Kirk Waters, Fire Chief**

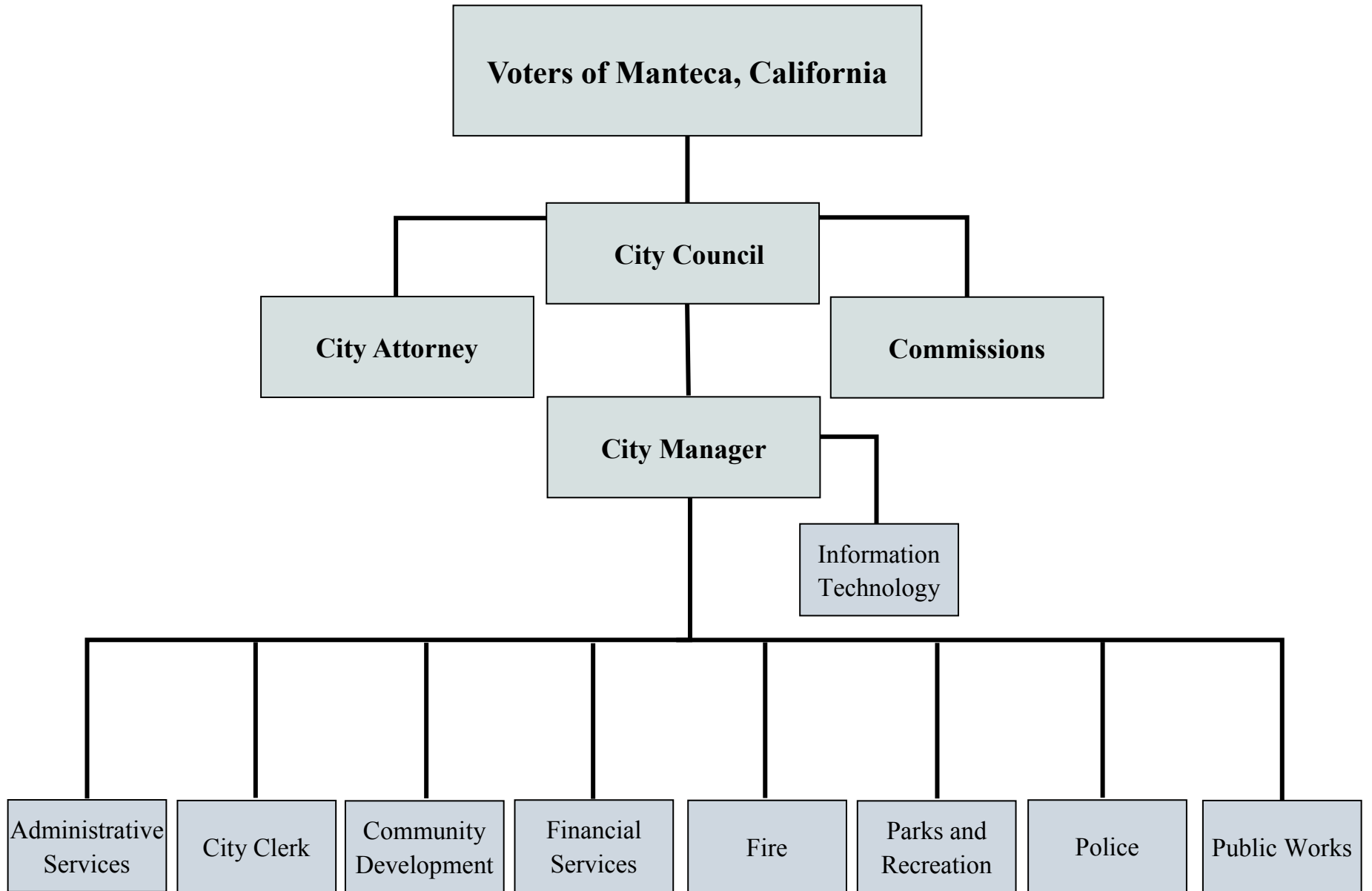
**Kevin Fant, Parks and Recreation Director**



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# City of Manteca





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, 2015**

Executive Director/CEO





## 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, 2016, 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, 2016, 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 conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

As discussed in Note 16, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Manteca Redevelopment Agency was dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective January 31, 2012. Details of the dissolution is discussed in Note 16.

The City's position on these matters is not a position of settled law and there is considerable legal uncertainty regarding these matters. It is possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorably or unfavorably to the City. No provision for liabilities resulting from the outcome of these uncertain matters has been recorded in the accompanying financial statements.

The emphasis of these matters does not constitute a modification to our opinions.

### ***Other Matters***

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. 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 financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2017 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.

*Maze & Associates*

Pleasant Hill, California  
February 23, 2017



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This discussion and analysis provides an overview of the City of Manteca's financial performance for the fiscal year ended June 30, 2016. 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 2015-2016 fiscal year by \$563 million (*Net Position*). Of this amount (\$4.3 million (*Unrestricted Net Position*)) is designated to be used to meet ongoing obligations to citizens and creditors; \$139 million is restricted for capital projects, debt service and legally segregated taxes, grants, and fees; and \$427.9 million is invested in capital assets. The negative Unrestricted Net Position reflects the inclusion of a Net Pension Liability of \$84.3 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*.
- As of June 30, 2016, the governmental funds reported combined fund balances of \$143.3 million, of which \$141.7 million is available to meet the City's current and future needs (*Restricted, Committed, Assigned, and Unassigned balances*).
- As of June 30, 2016 the fund balance for the General Fund was \$26.4 million of which \$1.1 million is designated as *Non-Spendable* for items such as deposits, prepaid assets, inter-fund advances, and inventory. Assigned fund balance was \$10.9 million, designated for items such as economic revitalization and public facilities oversizing, and the unassigned balance was \$14.4 million.
- Governmental capital assets increased by \$10 million prior to depreciation in comparison to prior year assets representing additions of capital improvements including buildings and improvements, storm drainage, equipment, and construction in progress. The increase is reflected in the net investment in capital assets.
- The City's total long-term liabilities increased by \$3.2 million compared to the prior year. This increase is primarily attributable to increases in net pension liabilities and net OPEB obligations.

### **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 liabilities, current and long-term.

Since the City's Internal Service Funds provide goods and services only to the City's governmental activities, their activities are reported only in total at the fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City Funds. These revenues are eliminated in the City-wide financial statements and any related profits or losses are returned to the Activities which created them.

- Fiduciary Funds – These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the Government-wide Financial Statements because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is similar to that used for Proprietary Funds. With the dissolution of the 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, internal service and agency funds.

## Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning 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 (government and business-type activities) totaled \$562.6 million at the close of the Fiscal Year Ended June 30, 2016. This is an increase of \$39.2 million from June 30, 2015.

The following table reflects the Summary of Net Position for the Fiscal Year Ended June 30, 2016 with comparative data for the Fiscal Year Ended June 30, 2015.

### Summary of Net Position at June 30

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current Assets	\$174,051	\$138,905	\$107,044	\$101,560	\$281,095	\$240,465
Non-Current Assets	22,754	22,914			22,754	22,914
Capital Assets	283,905	284,425	197,925	194,290	481,830	478,715
Total Assets	<u>480,710</u>	<u>446,244</u>	<u>304,969</u>	<u>295,850</u>	<u>785,679</u>	<u>742,094</u>
Deferred Outflows						
Related to Pensions	<u>\$10,859</u>	<u>6,737</u>	<u>\$3,953</u>	<u>1,861</u>	<u>\$14,812</u>	<u>8,598</u>
Current Liabilities	\$21,222	18,444	\$23,742	17,052	\$44,964	35,496
Non-Current Liabilities	82,970	78,376	98,712	100,067	181,682	178,443
Total Liabilities	<u>104,192</u>	<u>96,820</u>	<u>122,454</u>	<u>117,119</u>	<u>226,646</u>	<u>213,939</u>
Deferred Inflows						
Related to Pensions	<u>\$7,957</u>	<u>10,382</u>	<u>\$3,297</u>	<u>3,008</u>	<u>\$11,254</u>	<u>13,390</u>
Net Investment in Capital						
Assets	\$282,955	278,801	\$144,969	136,877	\$427,924	415,678
Restricted	139,015	108,825			139,015	108,825
Unrestricted	(42,550)	(41,847)	38,202	40,707	(4,348)	(1,140)
Total Net Position	<u><b>\$379,420</b></u>	<u><b>\$345,779</b></u>	<u><b>\$183,171</b></u>	<u><b>\$177,584</b></u>	<u><b>\$562,591</b></u>	<u><b>\$523,363</b></u>

The City's Government-wide Net Position as of June 30, 2016, comprised the following:

- Cash and investments comprised of \$200.5 million in the city treasury and \$69.2 million of restricted cash held by fiscal agents. This represents an increase of \$28.4 million in restricted cash and investments. The increase is primarily attributable to unspent bond proceeds that were transferred from the Successor Agency to the Manteca Redevelopment Agency to the City to be used for approved infrastructure projects.
- Governmental receivables were comprised of \$6.4 million of current receivables and \$22.7 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 \$481.8 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position, totaling \$139 million, is restricted for capital projects (\$62.9 million), redevelopment projects (\$62.3 million), and \$13.8 million may be spent on other projects as specified by funding source restrictions.
- Unrestricted Net Position totals (\$4.3) 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 negative unrestricted balance reflects the inclusion of the Net Pension Liability of \$84.3 million and the Net OPEB Obligation of \$14.2 million.

The Change in Net Position as expressed as the change in revenues and expenditures through June 30, 2016 is further reflected in the Statement of Activities.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
<i>Program revenues:</i>						
Charges for services	\$11,531	\$11,016	\$43,981	43,346	\$55,512	\$54,362
Operating grants and contributions	6,086	6,992			6,086	6,992
Capital Grants and Contributions	41,119	20,221	936	2,401	42,055	22,622
Total program revenues	58,736	38,229	44,917	45,747	103,653	83,976
General revenues:						
Taxes:						
Property taxes	12,633	13,055			12,633	13,055
Sales taxes	14,553	13,271			14,553	13,271
Other taxes	5,006	5,110			5,006	5,110
Interest income	1,635	744	1,168	607	2,803	1,351
Development Agreements, Unrestricted	72	69			72	69
Other Revenue	938	1,485	277	463	1,215	1,948
Total general revenues	34,837	33,734	1,445	1,070	36,282	34,804
Total revenues	93,573	71,963	46,362	46,817	139,935	118,780
<b>Expenses</b>						
General government	3,629	3,313			3,629	3,313
Community Development	6,616	4,988			6,616	4,988
Public Safety	25,194	25,167			25,194	25,167
Library	119	114			119	114
Public Works	4,843	5,095			4,843	5,095
Parks and Recreation	8,332	7,404			8,332	7,404
Streets and Highways	10,856	7,969			10,856	7,969
Interest and fiscal charges	102	87			102	87
Water			14,996	14,010	14,996	14,010
Sewer			14,274	13,853	14,274	13,853
Solid Waste			10,566	9,900	10,566	9,900
Golf			1,179	1,154	1,179	1,154
Total expenses	59,691	54,137	41,015	38,917	100,706	93,054
Change in net position before transfers	33,882	17,826	5,347	7,900	39,229	25,726
Transfers	(241)	(1,606)	241	1,606		
Change in net position	33,641	16,220	5,588	9,506	39,229	25,726
Net Position, Beginning of Year, as restated in 2015	345,779	329,559	177,583	168,077	523,362	497,636
Net Position, End of Year	\$379,420	\$345,779	\$183,171	\$177,583	\$562,591	\$523,362

## Revenues

Total governmental activity revenues increased by \$21.6 million or 30%. There was an overall increase of \$20.9 million in capital grants and contributions. This increase is primarily related to a combination of the \$29.7 million in unspent bond proceeds approved that were transferred from the Successor Agency to the Manteca Redevelopment Agency to the City and a decrease of \$7 million associated with a decline in donated infrastructure related to subdivision improvements.

## Expenses

Expenses for the City totaled \$100.7 million and \$93.1 million for the years ended June 30, 2016 and 2015, respectively. Governmental activities incurred \$59.7 million of expenses while business-type activities incurred \$41 million. Of the Governmental Activities, the largest expenses were in Public Safety (\$25.2 million), Streets and Highways (\$10.9 million), and Parks and Recreation (\$8.3 million).

## 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**  
(in thousands of dollars)

Program	Net Revenue/(Expense)	
	From Services	
	2016	2015
General Government	\$708	\$1,201
Community Development	30,199	10,888
Public Safety	(22,384)	(22,334)
Library	(119)	(114)
Public Works	(1,509)	(2,406)
Parks and Recreation	(4,271)	(4,079)
Streets and Highways	(3,478)	1,023
Interest and Fiscal Charges	(101)	(87)
<b>Total Net Revenue/(Expense)</b>	<b>(\$955)</b>	<b>(\$15,908)</b>

Net revenues/expenses for general activities increased by \$15 million. This increase is primarily related to the receipt of \$29.7 million in unspent bond proceeds as offset by the decline of \$7 million in Capital Grants and Contributions as noted above. Streets and Highways had an increase in \$2.9 million in expenditures related to road maintenance and improvement projects.



## Business-Type Activities

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

	Business-type Activities	
	2016	2015
<b>Net Revenue (Expense) from Business-type Activities</b>		
Water	(\$593)	\$1,544
Sewer	6,110	6,490
Solid Waste	(1,415)	(1,058)
Golf	(200)	(145)
<b>Total Business-type Activities</b>	<b>\$3,902</b>	<b>\$6,831</b>

Net revenues of Business-type Activities decreased \$2.9 million primarily as a result of decreased infrastructure related to subdivision improvements in water and sewer totaling \$1.4 million. Water expenditures have increased from prior year by \$1 million. This is primarily related to an increase in depreciation and supplies. Solid Waste expenditures have also increased by \$.7 million. This is related to a one-time expense in contractual services for waste disposal.

## **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, 2016, the City's governmental funds reported combined fund balances of \$143.3 million, which is an increase of \$32.8 million or 29.7% compared with the prior year. This increase is largely attributable to the \$29.7 million of unspent bond proceeds received from the Successor Agency to the Manteca Redevelopment Agency to the City and an increase to the General Fund's fund balance of \$2.4 million. Governmental fund revenues were \$89.9 million this year. The General Fund accounted for 40% of this total. Expenses were \$56.7 million this year. Of this total, \$31.4 million was in the General Fund, \$8.9 million was in major funds and \$16.4 million was in non-major funds.

## **General Fund**

General Fund revenues increased by \$.7 million or 2% as compared to fiscal year end 2015. Sales tax increased by 14.4% and property taxes decreased by \$.4 million or 3.3%. Property tax revenues include \$1 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 \$2.8 million or 9.9% over prior year expenditures of \$28.6 million.

At June 30, 2016, the General Fund balance was comprised of \$1.1 million in non-spendable balances, \$10.9 million of assigned balances and \$14.4 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 2015-16 this fund provided for 30 police and fire personnel. Revenues in the Public Safety Sales Tax Fund increased by \$.1 million or 2.7% over prior year receipts. The net change to fund balance was (\$246,419).

## **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, 2016, the net position of the Low and Moderate Income Housing Assets Special Revenue Fund was comprised of \$2,630,393 in restricted cash.

## **Public Facilities Implementation Plan**

The fund balance in this fund shows an increase of \$1 million. Development fees are collected in the areas designated in the Public Facilities Implementation Plan to finance the construction of future transportation and storm drainage infrastructure. Capital Improvements totaling \$.4 million were constructed in Fiscal Year 2015-2016. The Public Facilities Implementation Plan was updated in fiscal year 2013. Due to complexities, additional time was requested to prepare the transportation element which is anticipated to be completed in Fiscal Year 2016-17. The program and fee previously adopted for transportation will remain in effect until such time as the update is complete.

## **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 remaining bond proceeds were included for approval in the Agency's 2015-16A ROPS. The DOF approved both the Agreement and the transfer of the remaining bond proceeds of \$29.7 million on April 15, 2015. See note 16 for further explanation.

## **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 \$183.2 million at June 30, 2016. Proprietary operating revenues were \$44.3 million and operating expenses were \$37.7 million in fiscal 2016.

### ***Water Fund***

The net position of the Water Fund is \$64.6 million. Approximately \$25.4 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$39.1 million.

Activities for the year were comprised of \$13.9 million in operating revenues for the current year and \$13.6 million in operating expenses. Charges for services showed a decrease of 2.4% as compared to increase in the prior year. This decrease is primarily due to the continued conservation efforts throughout the City in response to the drought. Operating expenses increased by 8% from fiscal year 2015. Depreciation expense increased by \$.5 million due to multiple capital projects completing during the fiscal year. Personnel expenses increased by \$.3 million due to new positions that were added during the fiscal year.

### ***Sewer Fund***

The net position of the Sewer Fund is \$119.9 million for the current year. Operating revenues for fiscal year 2016 were \$20.1 million, an increase of 3.7% from fiscal year 2015. Operating expenditures increased by \$.5 million or 3.7% from fiscal year 2015. A total of \$100.9 million of the fund's net position is invested in capital assets, with \$19.1 million unrestricted.

### ***Solid Waste Fund***

Operating revenues for fiscal year 2016 totaled \$9.3 million, an increase of .9% over fiscal year 2015. The City is currently undertaking a rate study and will be implementing new residential and commercial rates in Fiscal Year 2016-17. Operating expenses were \$10.6 million, an increase of \$.6 million from fiscal year 2015. A total of \$3.1 million of the fund's net position is invested in capital assets. The unrestricted net position was (\$5.5) million at year-end. The decrease in unrestricted net position includes a \$6.7 million Net Pension Liability and a \$1.3 million Net OPEB Obligation.

## ***Golf Fund***

The operating revenue for this fund totaled \$1.0 million as of June 30, 2016. This is slight decrease from the operating revenue for fiscal year 2015. Operating expenses were \$1.2 million consistent with the operating expenditures for the prior year. The result was a loss of \$180,064 before contributions and transfers. The General Fund continues to contribute to the Golf Fund to compensate for the reduced rate for youth and senior programs. Additionally, advances in the amount of \$1,144,826 were made from the General Fund in prior years to assist with the continued operations of the City's Municipal Golf Course.

The aging Golf course will require major renovations and improvements over the next five to ten years. Some of the areas which will need improvements are the cart path, the lake retaining wall, the irrigation system, the parking lot expansion, tree restoration, and drainage improvements.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final amended budget for the General Fund totaled \$32.69 million. The difference in appropriations between the original budget and the final amended budget was \$520,081. The appropriations consisted of \$86,214 for budget carry forward totals for prior and current year commitments and \$433,867 for new appropriations.

As the economy continues to recover, General Fund revenues exceeded their budgeted forecasts. Property Taxes for the City surpassed projections by \$.7 million of which \$1 million was related to revenues associated with the dissolution of the former Manteca Redevelopment Agency. Also notable was an increase of Other Taxes over projections of \$614,077. This is comprised of higher than projected revenues associated with the final settle-up of Sales Tax In Lieu receipts associated with the State's Triple Flip sales tax swap that was approved by voters in March 2004 and an increase in Excise Tax receipts resulting for an increase in single family residential permit activity.

At the end of the fiscal year, the total actual expenses of the General Fund were \$1.3 million under the total amended budget. \$.6 million of this variance was attributable to public safety employee expenses related to delays in hiring new personnel. The remaining variance resulted from Storm Drain, Parks and Recreation and Nondepartmental all operating under budget. Three divisions (Legislative, City Attorney and Fire) exceeded budget by \$76,380, \$788 and \$80,887 respectively. These overages were primarily due to the payout of compensated absences and accruals associated with the retirement of long term employees.

## CAPITAL ASSETS

At the end of fiscal 2016 the City had \$481.8 million, net of depreciation, invested in a broad range of capital assets used in governmental and business type activities, as shown in below.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Non-depreciable assets						
Land	\$36,980	\$36,147	\$7,820	\$7,820	\$44,800	\$43,967
Construction in progress	10,957	9,126	1,347	8,899	12,304	18,025
Total	47,937	45,273	9,167	16,719	57,104	61,992
Depreciable assets						
Buildings and improvements	35,544	33,784	7,610	7,604	43,154	41,388
Machinery and equipment	17,221	16,352	18,799	17,070	36,020	33,422
Storm Drain	50,262	48,763			49,050	48,763
Streets	181,411	178,419			181,411	178,419
Parks	63,308	63,104			63,308	63,104
Sewer lines and improvements			58,327	51,499	58,327	51,499
Sewer plant expansion			96,465	91,109	96,465	91,109
Water wells and pipelines			111,309	107,037	113,309	107,037
Infrastructure			165	165	165	165
Less accumulated depreciation	(111,779)	(101,270)	(103,917)	(96,913)	(215,696)	(198,183)
Total	235,967	239,152	188,758	177,571	424,725	416,723
Total capital assets	<b>\$283,904</b>	<b>\$284,425</b>	<b>\$197,925</b>	<b>\$194,290</b>	<b>\$481,829</b>	<b>\$478,715</b>

## **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 \$1.15 million in debt associated with Governmental Activities and \$78.54 million in debt associated with Business-Type Activities.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Capital Lease	\$1,151	\$960			\$1,151	\$960
Revenue Bonds			\$78,536	\$81,063	78,536	81,063
Total	<b>\$1,151</b>	<b>\$960</b>	<b>\$78,536</b>	<b>\$81,063</b>	<b>\$79,687</b>	<b>\$82,023</b>

## **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.

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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, 2016**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 3)	\$112,790,840	\$87,679,033	\$200,469,873
Restricted cash and investments (Note 3)	43,623,827	25,579,229	69,203,056
Accounts receivable, net	5,480,657	4,267,323	9,747,980
Taxes receivable	613,091		613,091
Interest receivable	299,887	171,750	471,637
Internal balances (Note 4D)	10,653,970	(10,653,970)	
Prepaid items and deposits	588,694		588,694
Long-term notes receivable (Note 5)	22,689,798		22,689,798
Employee notes receivable (Note 6)	64,475		64,475
Capital assets, not being depreciated (Note 7)	47,937,084	9,167,451	57,104,535
Capital assets, being depreciated (net) (Note 7)	235,967,358	188,757,898	424,725,256
Total Assets	<u>480,709,681</u>	<u>304,968,714</u>	<u>785,678,395</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions (Note 10)	<u>10,859,161</u>	<u>3,953,032</u>	<u>14,812,193</u>
<b>LIABILITIES</b>			
Accounts payable	4,554,013	1,632,363	6,186,376
Contracts payable	7,571,896	16,115,461	23,687,357
Refundable deposits	3,281,551	2,673,399	5,954,950
Accrued liabilities	1,983,920	950,366	2,934,286
Unearned revenue	2,813,544		2,813,544
Compensated absences (Note 1G):			
Due within one year	556,191		556,191
Due in more than one year	5,005,716		5,005,716
Estimated claims liability (Note 13):			
Due within one year	215,065		215,065
Due in more than one year	1,059,009		1,059,009
Long-term debt (Note 8):			
Due within one year	245,609	2,370,000	2,615,609
Due in more than one year	905,370	76,165,949	77,071,319
Net pension liability (Note 10):			
Due in more than one year	65,263,770	19,081,818	84,345,588
Net OPEB obligation (Note 11):			
Due in more than one year	10,735,966	3,464,607	14,200,573
Total Liabilities	<u>104,191,620</u>	<u>122,453,963</u>	<u>226,645,583</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions (Note 10)	<u>7,957,244</u>	<u>3,296,498</u>	<u>11,253,742</u>
<b>NET POSITION (Note 9):</b>			
Net investment in capital assets	<u>282,954,575</u>	<u>144,968,629</u>	<u>427,923,204</u>
Restricted for:			
Capital projects	62,889,983		62,889,983
Redevelopment projects	62,330,645		62,330,645
Special revenue projects:			
Development mitigation	5,032,143		5,032,143
Landscaping and lighting	1,169,870		1,169,870
Public safety	5,642,224		5,642,224
Other special revenue projects	1,950,039		1,950,039
Total Restricted Net Position	<u>139,014,904</u>		<u>139,014,904</u>
Unrestricted	<u>(42,549,501)</u>	<u>38,202,656</u>	<u>(4,346,845)</u>
Total Net Position	<u>\$379,419,978</u>	<u>\$183,171,285</u>	<u>\$562,591,263</u>

See accompanying notes to basic financial statements

CITY OF MANTECA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
Current:							
General government	\$3,629,365	\$4,337,680			\$708,315		\$708,315
Community development	6,616,224	2,877,168	\$158,522	\$33,779,706	30,199,172		30,199,172
Public safety	25,193,524	1,360,473	952,697	496,315	(22,384,039)		(22,384,039)
Library	118,809				(118,809)		(118,809)
Public works	4,843,276	183,422	378,742	2,772,332	(1,508,780)		(1,508,780)
Parks and recreation	8,331,503	2,772,184	4,426	1,283,536	(4,271,357)		(4,271,357)
Streets and highways	10,856,381		4,591,142	2,786,926	(3,478,313)		(3,478,313)
Interest and fiscal charges	101,562				(101,562)		(101,562)
<b>Total Governmental Activities</b>	<b>59,690,644</b>	<b>11,530,927</b>	<b>6,085,529</b>	<b>41,118,815</b>	<b>(955,373)</b>		<b>(955,373)</b>
Business-type Activities:							
Water	14,996,267	13,901,722		502,007		(\$592,538)	(592,538)
Sewer	14,274,230	19,969,107		414,546		6,109,423	6,109,423
Solid waste	10,566,029	9,131,837		19,395		(1,414,797)	(1,414,797)
Golf	1,178,770	978,427				(200,343)	(200,343)
<b>Total Business-type Activities</b>	<b>41,015,296</b>	<b>43,981,093</b>		<b>935,948</b>		<b>3,901,745</b>	<b>3,901,745</b>
<b>Total</b>	<b>\$100,705,940</b>	<b>\$55,512,020</b>	<b>\$6,085,529</b>	<b>\$42,054,763</b>	<b>(955,373)</b>	<b>3,901,745</b>	<b>2,946,372</b>
General revenues:							
Taxes:							
Property taxes					12,633,502		12,633,502
Sales taxes					14,552,582		14,552,582
Other taxes					5,006,171		5,006,171
Interest income					1,635,220	1,167,858	2,803,078
Development agreements, unrestricted					72,154		72,154
Other revenue					937,712	276,950	1,214,662
Transfers (Note 4A)					(241,200)	241,200	
<b>Total general revenues and transfers</b>					<b>34,596,141</b>	<b>1,686,008</b>	<b>36,282,149</b>
Change in Net Position					33,640,768	5,587,753	39,228,521
Net Position-Beginning					345,779,210	177,583,532	523,362,742
Net Position-Ending					<b>\$379,419,978</b>	<b>\$183,171,285</b>	<b>\$562,591,263</b>

See accompanying notes to basic financial statements

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<b>FUND FINANCIAL STATEMENTS</b>
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<b>MAJOR GOVERNMENTAL FUNDS</b>
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The funds described below were determined to be Major Funds by the City in fiscal 2016. 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 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, 2016

	General	Public Safety Sales Tax	Low and Moderate Income Housing Assets	Public Facilities Implementation Plan
<b>ASSETS</b>				
Cash and investments (Note 3)	\$22,646,679	\$2,468,749		\$16,724,212
Restricted cash and investments (Note 3)			\$2,630,393	2,756,067
Accounts receivables (net of allowance for estimated uncollectible accounts)	3,567,154			290
Taxes receivable	415,168	197,653		
Interest receivable	193,336	5,121		28,816
Due from other funds (Note 4B)	806,438			
Advances to other funds (Note 4C)	925,775			11,093,856
Prepaid items	214,346			
Long-term notes receivable (Note 5)			23,269,867	
<b>Total Assets</b>	<b>\$28,768,896</b>	<b>\$2,671,523</b>	<b>\$25,900,260</b>	<b>\$30,603,241</b>
<b>LIABILITIES</b>				
Accounts payable	\$2,058,014	\$1,498		\$36,519
Contracts payable	732			929,793
Refundable deposits	327,538			2,444,066
Accrued liabilities	19,395			
Due to other funds (Note 4B)			\$710,600	
Advances from other funds (Note 4C)				1,365,661
Unearned revenue				
<b>Total Liabilities</b>	<b>2,405,679</b>	<b>1,498</b>	<b>710,600</b>	<b>4,776,039</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - notes receivable (Note 5)			23,269,867	
<b>FUND BALANCES</b>				
Fund balance (Note 9):				
Nonspendable	1,140,121			
Restricted		2,670,025	1,919,793	25,827,202
Committed				
Assigned	10,860,353			
Unassigned	14,362,743			
<b>Total Fund Balances</b>	<b>26,363,217</b>	<b>2,670,025</b>	<b>1,919,793</b>	<b>25,827,202</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$28,768,896</b>	<b>\$2,671,523</b>	<b>\$25,900,260</b>	<b>\$30,603,241</b>

See accompanying notes to basic financial statements

<u>Redevelopment Bonds Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$51,731,712	\$93,571,352
\$37,308,295	727,960	43,422,715
	1,875,754	5,443,198
	270	613,091
	60,805	288,078
	805,869	1,612,307
367,368		12,019,631
		581,714
		<u>23,269,867</u>
<u>\$37,675,663</u>	<u>\$55,202,370</u>	<u>\$180,821,953</u>
\$132,173	\$2,017,699	\$4,245,903
	28,411	958,936
	509,754	3,281,358
		19,395
	901,707	1,612,307
		1,365,661
	<u>2,813,544</u>	<u>2,813,544</u>
<u>132,173</u>	<u>6,271,115</u>	<u>14,297,104</u>
		<u>23,269,867</u>
367,368		1,507,489
37,176,122	41,491,474	109,084,616
	566,659	566,659
	6,873,122	17,733,475
		<u>14,362,743</u>
<u>37,543,490</u>	<u>48,931,255</u>	<u>143,254,982</u>
<u>\$37,675,663</u>	<u>\$55,202,370</u>	<u>\$180,821,953</u>

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CITY OF MANTECA  
Reconciliation of the  
GOVERNMENTAL FUNDS-BALANCE SHEET  
with the  
GOVERNMENTAL ACTIVITIES NET POSITION  
JUNE 30, 2016

Total fund balances reported on the Governmental Funds Balance Sheet \$143,254,982

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.

281,504,322

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	19,219,488
Restricted cash and investments	201,112
Accounts receivable	37,459
Interest receivable	11,809
Prepaid items	6,980
Employee notes receivable	64,475
Capital assets, not being depreciated	755,290
Capital assets (net of accumulated depreciation)	1,644,830
Contracts and accounts payable	(308,110)
Accrued liabilities	(1,964,525)
Refundable deposits	(193)
Compensated absences	(5,561,907)
Long-term liability	(487,931)
Estimated claims liability	(1,274,074)
Net pension liability and deferred outflows/inflows related to pensions	(1,892,463)
Net OPEB obligation	(121,786)

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.

23,269,867

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	(663,048)
Net pension liability and deferred outflows/inflows related to pensions	(60,469,390)
Net OPEB obligation	(10,614,180)
Contracts payable	(6,612,960)
Allowance for conditional grants	(580,069)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$379,419,978

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, 2016

	General	Public Safety Sales Tax	Low and Moderate Income Housing Assets	Public Facilities Implementation Plan
<b>REVENUES</b>				
Property taxes	\$12,633,502			
Sales taxes	9,111,983	\$5,440,599		
Other taxes	5,761,596			
Licenses and permits	932,265			
Fines and forfeitures	251,348			
Use of money and property	613,002	33,333	\$85,466	\$362,669
Revenue from other agencies	437,197			
Charges for current services	5,193,582			1,366,773
Other revenue	633,708		110,034	3,542
<b>Total Revenues</b>	<b>35,568,183</b>	<b>5,473,932</b>	<b>195,500</b>	<b>1,732,984</b>
<b>EXPENDITURES</b>				
Current:				
General government	3,336,865			
Community development	179,708		1,000,142	
Public safety	19,464,489	5,720,351		
Library	119,733			
Public works	1,754,308			248,042
Parks and recreation	3,553,774			
Streets and highways				
Nondepartmental	2,620,108			
Capital outlay	341,338			388,310
Debt service:				
Principal				
Interest and fiscal charges				67,165
<b>Total Expenditures</b>	<b>31,370,323</b>	<b>5,720,351</b>	<b>1,000,142</b>	<b>703,517</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,197,860</b>	<b>(246,419)</b>	<b>(804,642)</b>	<b>1,029,467</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt (Note 8)				
Proceeds from sale of property	1,787			
Transfers in (Note 4A)				
Transfers (out) (Note 4A)	(1,778,013)			
<b>Total Other Financing Sources (Uses)</b>	<b>(1,776,226)</b>			
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,421,634</b>	<b>(246,419)</b>	<b>(804,642)</b>	<b>1,029,467</b>
<b>BEGINNING FUND BALANCES</b>	<b>23,941,583</b>	<b>2,916,444</b>	<b>2,724,435</b>	<b>24,797,735</b>
<b>ENDING FUND BALANCES</b>	<b>\$26,363,217</b>	<b>\$2,670,025</b>	<b>\$1,919,793</b>	<b>\$25,827,202</b>

See accompanying notes to basic financial statements

Redevelopment Bonds Projects	Other Governmental Funds	Total Governmental Funds
		\$12,633,502
		14,552,582
		5,761,596
	\$4,568,468	5,500,733
		251,348
\$47,484	382,606	1,524,560
29,671,675	6,349,648	36,458,520
	5,833,241	12,393,596
	93,327	840,611
<u>29,719,159</u>	<u>17,227,290</u>	<u>89,917,048</u>
	89,267	3,426,132
	2,789,864	3,969,714
	1,330,361	26,515,201
		119,733
	941,198	2,943,548
	2,893,596	6,447,370
	3,657,370	3,657,370
		2,620,108
1,448,910	4,403,680	6,582,238
	277,308	277,308
	34,397	101,562
<u>1,448,910</u>	<u>16,417,041</u>	<u>56,660,284</u>
<u>28,270,249</u>	<u>810,249</u>	<u>33,256,764</u>
	580,000	580,000
		1,787
(3,811,408)	4,773,733	4,773,733
	(225,512)	(5,814,933)
<u>(3,811,408)</u>	<u>5,128,221</u>	<u>(459,413)</u>
24,458,841	5,938,470	32,797,351
<u>13,084,649</u>	<u>42,992,785</u>	<u>110,457,631</u>
<u>\$37,543,490</u>	<u>\$48,931,255</u>	<u>\$143,254,982</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, 2016

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 \$32,797,351

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	5,961,186
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$347,848 which has already been allocated to serviced funds)	(10,799,664)
Retirements are deducted from the fund balance	(1,787)
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.	4,108,031

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	277,308
Issuance of long-term debt is deducted from fund balance	(580,000)

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	(110,034)
Contracts and accounts payable	(1,349,288)
Allowance for conditional grants	(51,817)
Net pension liability and deferred outflows/inflows related to pensions	3,414,480
Net OPEB obligation	(679,329)

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	654,331
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$33,640,768
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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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$11,911,500	\$11,911,500	\$12,633,502	\$722,002
Sales taxes	8,865,000	8,865,000	9,111,983	246,983
Other taxes	5,147,525	5,147,525	5,761,596	614,071
Licenses and permits	837,255	837,255	932,265	95,010
Fines and forfeitures	285,500	285,500	251,348	(34,152)
Use of money and property	80,000	80,000	613,002	533,002
Revenue from other agencies	330,000	364,167	437,197	73,030
Charges for current services	4,959,455	4,959,455	5,193,582	234,127
Other revenue	495,000	495,000	633,708	138,708
<b>Total Revenues</b>	<b>32,911,235</b>	<b>32,945,402</b>	<b>35,568,183</b>	<b>2,622,781</b>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Legislative	773,930	773,930	850,310	(76,380)
City Attorney	182,920	182,920	183,708	(788)
Administration	952,810	977,810	917,881	59,929
Human resources	447,315	501,295	458,928	42,367
Financial services	968,530	968,530	926,038	42,492
<b>Total general government</b>	<b>3,325,505</b>	<b>3,404,485</b>	<b>3,336,865</b>	<b>67,620</b>
Community development	193,945	196,380	179,708	16,672
Public safety:				
Police	13,292,970	13,311,364	12,714,955	596,409
Fire	6,302,840	6,309,360	6,390,247	(80,887)
Animal control	386,605	401,605	359,287	42,318
<b>Total public safety</b>	<b>19,982,415</b>	<b>20,022,329</b>	<b>19,464,489</b>	<b>557,840</b>
Library	126,120	126,120	119,733	6,387
Public works:				
Engineering	396,720	311,500	296,223	15,277
Street maintenance	18,710	18,710	15,239	3,471
Storm drain maintenance and operation	325,570	355,455	211,638	143,817
Vehicle maintenance	638,165	642,265	585,091	57,174
Building maintenance	680,720	682,720	646,117	36,603
<b>Total public works</b>	<b>2,059,885</b>	<b>2,010,650</b>	<b>1,754,308</b>	<b>256,342</b>
Parks and recreation:				
Park facility maintenance	3,360,670	3,445,890	3,267,989	177,901
Senior center	319,745	319,745	285,785	33,960
<b>Total parks and recreation</b>	<b>3,680,415</b>	<b>3,765,635</b>	<b>3,553,774</b>	<b>211,861</b>
Nondepartmental charges	2,728,155	2,764,322	2,620,108	144,214

(Continued)

CITY OF MANTECA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Capital outlay	73,135	399,735	341,338	58,397
Total Expenditures	<u>32,169,575</u>	<u>32,689,656</u>	<u>31,370,323</u>	<u>1,319,333</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>741,660</u>	<u>255,746</u>	<u>4,197,860</u>	<u>3,942,114</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property			1,787	1,787
Transfers (out)	<u>(875,000)</u>	<u>(1,711,815)</u>	<u>(1,778,013)</u>	<u>(66,198)</u>
Total Other Financing Sources (Uses)	<u>(875,000)</u>	<u>(1,711,815)</u>	<u>(1,776,226)</u>	<u>(64,411)</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$133,340)</u></u>	<u><u>(\$1,456,069)</u></u>	2,421,634	<u><u>\$3,877,703</u></u>
BEGINNING FUND BALANCE			<u>23,941,583</u>	
ENDING FUND BALANCE			<u><u>\$26,363,217</u></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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Sales taxes	\$5,398,500	\$5,398,500	\$5,440,599	\$42,099
Use of money and property	11,000	11,000	33,333	22,333
Total Revenues	<u>5,409,500</u>	<u>5,409,500</u>	<u>5,473,932</u>	<u>64,432</u>
EXPENDITURES:				
Current:				
Public safety	6,108,700	6,107,426	5,720,351	387,075
Total Expenditures	<u>6,108,700</u>	<u>6,107,426</u>	<u>5,720,351</u>	<u>387,075</u>
NET CHANGE IN FUND BALANCE	<u>(\$699,200)</u>	<u>(\$697,926)</u>	(246,419)	<u>\$451,507</u>
BEGINNING FUND BALANCE			<u>2,916,444</u>	
ENDING FUND BALANCE			<u><u>\$2,670,025</u></u>	

See accompanying notes to basic financial statements

CITY OF MANTECA  
 LOW AND MODERATE INCOME HOUSING ASSETS FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$2,000	\$2,000	\$85,466	\$83,466
Other revenue	10,000	10,000	110,034	100,034
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>195,500</u>	<u>183,500</u>
EXPENDITURES:				
Current:				
Community development	30,000	2,660,000	1,000,142	1,659,858
Total Expenditures	<u>30,000</u>	<u>2,660,000</u>	<u>1,000,142</u>	<u>1,659,858</u>
NET CHANGE IN FUND BALANCE	<u>(\$18,000)</u>	<u>(\$2,648,000)</u>	(804,642)	<u>\$1,843,358</u>
BEGINNING FUND BALANCE			<u>2,724,435</u>	
ENDING FUND BALANCE			<u>\$1,919,793</u>	

See accompanying notes to basic financial statements



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<b>MAJOR PROPRIETARY FUNDS</b>
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Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges. The City has determined all of its enterprise funds to be major funds in fiscal 2016, 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, 2016

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Total	
<b>ASSETS</b>						
Current assets						
Cash and investments (Note 3)	\$41,803,633	\$43,962,992	\$1,736,600	\$175,808	\$87,679,033	\$19,219,488
Accounts receivables (net of allowance for estimated uncollectible accounts)	844,740	2,549,944	853,033	19,606	4,267,323	37,459
Interest receivable	83,582	84,537	3,631		171,750	11,809
Prepaid items						6,980
<b>Total current assets</b>	<b>42,731,955</b>	<b>46,597,473</b>	<b>2,593,264</b>	<b>195,414</b>	<b>92,118,106</b>	<b>19,275,736</b>
Non-current assets						
Restricted cash and investments (Note 3)	6,264,314	19,314,915			25,579,229	201,112
Advances to other funds (Note 4C)	346,906	647,487			994,393	
Employee notes receivable (Note 6)						64,475
Capital assets not being depreciated (Note 7)	557,555	7,491,686	66,511	1,051,699	9,167,451	755,290
Capital assets (net of accumulated depreciation) (Note 7)	70,122,616	114,855,744	3,077,539	701,999	188,757,898	1,644,830
<b>Total non-current assets</b>	<b>77,291,391</b>	<b>142,309,832</b>	<b>3,144,050</b>	<b>1,753,698</b>	<b>224,498,971</b>	<b>2,665,707</b>
<b>Total Assets</b>	<b>120,023,346</b>	<b>188,907,305</b>	<b>5,737,314</b>	<b>1,949,112</b>	<b>316,617,077</b>	<b>21,941,443</b>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions (Note 10)	1,100,082	1,305,028	1,387,013	160,909	3,953,032	399,584
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	828,262	465,744	308,277	30,080	1,632,363	308,110
Contracts payable	3,300,150	12,815,311			16,115,461	
Accrued liabilities						1,964,525
Refundable deposits	1,948,096	720,879	4,424		2,673,399	193
Interest payable	798,062	152,304			950,366	
Compensated absences (Note 1G)						556,191
Estimated claims liability (Note 13)						215,065
Revenue bonds (Note 8)	1,190,000	1,180,000			2,370,000	
Capital lease obligations (Note 8)						115,901
<b>Total current liabilities</b>	<b>8,064,570</b>	<b>15,334,238</b>	<b>312,701</b>	<b>30,080</b>	<b>23,741,589</b>	<b>3,159,985</b>
Long-term liabilities						
Advances from other funds (Note 4C)	4,762,498	6,885,865			11,648,363	
Compensated absences (Note 1G)						5,005,716
Estimated claims liability (Note 13)						1,059,009
Revenue bonds (Note 8)	36,597,462	39,568,487			76,165,949	
Capital lease obligations (Note 8)						372,030
Net pension liability (Note 10)	5,286,308	6,286,540	6,719,171	789,799	19,081,818	1,954,675
Net OPEB obligation (Note 11)	912,201	1,073,797	1,287,382	191,227	3,464,607	121,786
<b>Total long-term liabilities</b>	<b>47,558,469</b>	<b>53,814,689</b>	<b>8,006,553</b>	<b>981,026</b>	<b>110,360,737</b>	<b>8,513,216</b>
<b>Total Liabilities</b>	<b>55,623,039</b>	<b>69,148,927</b>	<b>8,319,254</b>	<b>1,011,106</b>	<b>134,102,326</b>	<b>11,673,201</b>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions (Note 10)	913,529	1,086,194	1,160,490	136,285	3,296,498	337,372
<b>NET POSITION (Note 9):</b>						
Net investment in capital assets	39,157,023	100,913,858	3,144,050	1,753,698	144,968,629	2,113,301
Unrestricted	25,429,837	19,063,354	(5,499,467)	(791,068)	38,202,656	8,217,153
<b>Total Net Position</b>	<b>\$64,586,860</b>	<b>\$119,977,212</b>	<b>(\$2,355,417)</b>	<b>\$962,630</b>	<b>\$183,171,285</b>	<b>\$10,330,454</b>

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, 2016

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Total	
<b>OPERATING REVENUES</b>						
Charges for services	\$13,901,722	\$19,969,107	\$9,131,837	\$978,427	\$43,981,093	\$2,162,550
Insurance premium contribution from other funds						2,609,360
Miscellaneous	10,102	119,191	120,580	20,279	270,152	321,152
<b>Total Operating Revenues</b>	<b>13,911,824</b>	<b>20,088,298</b>	<b>9,252,417</b>	<b>998,706</b>	<b>44,251,245</b>	<b>5,093,062</b>
<b>OPERATING EXPENSES</b>						
Personnel services	3,571,229	4,142,132	4,594,378	692,775	13,000,514	1,337,310
Contractual services	347,304	670,205	2,806,244	88,592	3,912,345	170,509
Supplies	4,092,345	626,560	717,698	74,361	5,510,964	186,230
Utilities	535,552	1,303,805	13,866	73,407	1,926,630	39,629
Repairs and maintenance	45,711	424,567	60,576	61,812	592,666	629,396
Vehicle maintenance and operations	19,242	14,044	366,487		399,773	58
Interdepartmental	1,017,155	1,486,430	1,081,565	27,340	3,612,490	9,880
Insurance	255,640	355,860	286,310	15,330	913,140	1,948,452
Claims						548,640
Depreciation (Note 7)	3,638,701	3,248,022	625,678	140,476	7,652,877	347,848
Miscellaneous	46,484	155,737	13,227	4,677	220,125	116,391
<b>Total Operating Expenses</b>	<b>13,569,363</b>	<b>12,427,362</b>	<b>10,566,029</b>	<b>1,178,770</b>	<b>37,741,524</b>	<b>5,334,343</b>
<b>Operating Income (Loss)</b>	<b>342,461</b>	<b>7,660,936</b>	<b>(1,313,612)</b>	<b>(180,064)</b>	<b>6,509,721</b>	<b>(241,281)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest income	580,435	562,567	24,856		1,167,858	110,660
Gain (loss) from retirement of capital assets	3,050		3,748		6,798	6,423
Interest (expense)	(1,426,904)	(1,846,868)			(3,273,772)	(21,471)
Intergovernmental grants		12,927	19,395		32,322	
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(843,419)</b>	<b>(1,271,374)</b>	<b>47,999</b>		<b>(2,066,794)</b>	<b>95,612</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(500,958)</b>	<b>6,389,562</b>	<b>(1,265,613)</b>	<b>(180,064)</b>	<b>4,442,927</b>	<b>(145,669)</b>
Contributions	502,007	401,619			903,626	
Transfers in (Note 4A)		241,200			241,200	810,000
Transfers (out) (Note 4A)						(10,000)
<b>Net Contributions and Transfers</b>	<b>502,007</b>	<b>642,819</b>			<b>1,144,826</b>	<b>800,000</b>
<b>Change in net position</b>	<b>1,049</b>	<b>7,032,381</b>	<b>(1,265,613)</b>	<b>(180,064)</b>	<b>5,587,753</b>	<b>654,331</b>
<b>BEGINNING NET POSITION (DEFICIT)</b>	<b>64,585,811</b>	<b>112,944,831</b>	<b>(1,089,804)</b>	<b>1,142,694</b>	<b>177,583,532</b>	<b>9,676,123</b>
<b>ENDING NET POSITION (DEFICIT)</b>	<b>\$64,586,860</b>	<b>\$119,977,212</b>	<b>(\$2,355,417)</b>	<b>\$962,630</b>	<b>\$183,171,285</b>	<b>\$10,330,454</b>

See accompanying notes to basic financial statements

CITY OF MANTECA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$15,239,058	\$20,309,276	\$9,362,091	\$1,003,803	\$45,914,228	\$5,134,967
Payments to suppliers	(6,262,629)	2,285,513	(4,308,104)	(311,848)	(8,597,068)	(3,521,391)
Payments to or on behalf of employees	(3,713,993)	(4,311,144)	(4,772,910)	(713,234)	(13,511,281)	(1,415,967)
Internal activity - payments to other funds	(1,017,155)	(1,486,430)	(1,081,565)	(27,340)	(3,612,490)	
Payments on employee notes receivable						(2,111)
Claims paid						(524,398)
<b>Cash Flows from Operating Activities</b>	<b>4,245,281</b>	<b>16,797,215</b>	<b>(800,488)</b>	<b>(48,619)</b>	<b>20,193,389</b>	<b>(328,900)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interfund receipts		151,238			151,238	
Interfund (payments)	(42,914)				(42,914)	
Transfers in from other funds		241,200			241,200	810,000
Transfers (out) to other funds						(10,000)
<b>Cash Flows from Noncapital Financing Activities</b>	<b>(42,914)</b>	<b>392,438</b>			<b>349,524</b>	<b>800,000</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets, net	(478,261)	(8,473,790)	(1,508,787)	(28,973)	(10,489,811)	(559,064)
Proceeds from sale of capital assets	81,703		30,105		111,808	6,423
Capital grants		12,927	19,395		32,322	
Long-term debt payment - principal	(1,145,000)	(1,105,000)			(2,250,000)	(112,069)
Long-term debt payment - interest	(1,643,120)	(1,933,724)			(3,576,844)	(21,471)
<b>Cash Flows from Capital and Related Financing Activities:</b>	<b>(3,184,678)</b>	<b>(11,499,587)</b>	<b>(1,459,287)</b>	<b>(28,973)</b>	<b>(16,172,525)</b>	<b>(686,181)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest	575,335	546,199	28,448		1,149,982	112,186
<b>Cash Flows from Investing Activities</b>	<b>575,335</b>	<b>546,199</b>	<b>28,448</b>		<b>1,149,982</b>	<b>112,186</b>
<b>Net Cash Flows</b>	<b>1,593,024</b>	<b>6,236,265</b>	<b>(2,231,327)</b>	<b>(77,592)</b>	<b>5,520,370</b>	<b>(102,895)</b>
Cash and investments at beginning of period	46,474,923	57,041,642	3,967,927	253,400	107,737,892	19,523,495
Cash and investments at end of period	<u>\$48,067,947</u>	<u>\$63,277,907</u>	<u>\$1,736,600</u>	<u>\$175,808</u>	<u>\$113,258,262</u>	<u>\$19,420,600</u>

(Continued)

CITY OF MANTECA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Totals	
Reconciliation of Operating Income (Loss) to Cash Flows						
from Operating Activities:						
Operating income (loss)	\$342,461	\$7,660,936	(\$1,313,612)	(\$180,064)	\$6,509,721	(\$241,281)
Adjustments to reconcile operating income (loss) to cash flows						
from operating activities:						
Depreciation	3,638,701	3,248,022	625,678	140,476	7,652,877	347,848
Change in assets and liabilities:						
Accounts receivables (net of allowance for estimated uncollectible accounts)	311,769	(482,825)	112,832	5,097	(53,127)	46,781
Related party notes receivable						(2,111)
Prepaid items						1,801
Accounts payable and other accrued expenses	113,060	207,346	(46,854)	6,331	279,883	(690,339)
Contracts payable	(17,946)	6,332,748			6,314,802	
Accrued liabilities						133,824
Compensated absences						120,882
Claims liability						24,242
Net pension liability, deferred outflows and inflows	(213,621)	(252,808)	(267,194)	(30,589)	(764,212)	(76,222)
Net OPEB obligation	70,857	83,796	88,662	10,130	253,445	5,675
	<u>\$4,245,281</u>	<u>\$16,797,215</u>	<u>(\$800,488)</u>	<u>(\$48,619)</u>	<u>\$20,193,389</u>	<u>(\$328,900)</u>
Cash Flows from Operating Activities						
NONCASH TRANSACTIONS:						
Contributions of capital assets, net	<u>\$502,007</u>	<u>\$401,619</u>			<u>\$903,626</u>	
Amortization of bond premium	<u>\$193,316</u>	<u>\$84,094</u>			<u>\$277,410</u>	

See accompanying notes to basic financial statements

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<b>FIDUCIARY FUNDS</b>
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***FIDUCIARY FUNDS***

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

***RETIREE HEALTH SAVINGS PLAN TRUST FUND***

The Fund is used to account for the medical benefits for former employees of the City.

***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.

***AGENCY FUNDS***

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



CITY OF MANTECA  
 FIDUCIARY FUNDS  
 STATEMENTS OF FIDUCIARY NET POSITION  
 JUNE 30, 2016

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
<b>ASSETS</b>			
Cash and investments (Note 3)		\$6,906,999	
Restricted cash and investments (Note 3)		10,396,685	
Retiree Health Savings Plan cash and investments (Note 3):			
American United Life Annuity	\$500,490		
Capital assets, not being depreciated (Note 16C)		5,901,124	
Capital assets, being depreciated (net) (Note 16C)		2,494,569	
Total Assets	500,490	25,699,377	
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Accumulated decrease in fair value of hedging derivative (Note 16D)		14,833,908	
<b>LIABILITIES</b>			
Accounts payable		31,681	
Refundable deposits		5,000	
Interest payable		814,669	
Derivative instrument (Note 16D)		14,833,908	
Long-term obligations (Note 16D):			
Due in one year		3,135,000	
Due in more than one year		110,615,000	
Total Liabilities		129,435,258	
<b>NET POSITION (DEFICIT)</b>			
Held in trust for OPEB benefits and other purposes	\$500,490	(\$88,901,973)	

See accompanying notes to basic financial statements

CITY OF MANTECA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Retiree Health Savings Plan Trust Fund</u>	<u>Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund</u>
<b>ADDITIONS</b>		
Property taxes		\$9,143,768
Contributions	\$873,442	
Net investment income	<u>28</u>	<u>162,109</u>
Total additions	<u>873,470</u>	<u>9,305,877</u>
<b>DEDUCTIONS</b>		
Premiums paid	873,097	
Community development Capital projects funding transferred to the City of Manteca (Note 16A)		349,672
Depreciation (Note 16C)		29,671,675
Interest and fiscal charges		125,618
		<u>5,919,991</u>
Total deductions	<u>873,097</u>	<u>36,066,956</u>
<b>NET CHANGE IN NET POSITION</b>	373	(26,761,079)
<b>NET POSITION HELD IN TRUST FOR OPEB BENEFITS AND OTHER PURPOSES</b>		
Beginning of year	<u>500,117</u>	<u>(62,140,894)</u>
End of year	<u>\$500,490</u>	<u>(\$88,901,973)</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, 2016**

**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 is 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 2016. 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, 2016**

**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. 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.

**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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**LOW AND MODERATE INCOME HOUSING ASSETS FUND** – Established to account for 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** - 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.

**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 Retiree Health Savings Plan Trust Fund accounts for the accumulation of resources to be used for retiree medical benefit payments at appropriate amounts and times in the future. 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 Agency Fund held funds for the City of Lathrop for their share of the expansion of the Wastewater Control Facility. This fund was closed in fiscal year 2016. The financial activities of the funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**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.

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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**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	\$5,441,025
Additions	3,604,715
Payments	<u>(3,483,833)</u>
Ending Balance	<u><u>\$5,561,907</u></u>
Current Portion	<u><u>\$556,191</u></u>

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



**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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 two 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 GASB Statement No. 53. The City also has deferred outflows of resources related to pensions as discussed in Note 10.

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 arises under the full accrual basis of accounting related to pensions as discussed in Note 10. 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.

**J. *New and Closed Funds***

The Fire Grants Special Revenue Fund was established in fiscal year 2016 to account for the fire grants received by the City. Federal grants are used for specific equipment and personnel costs incurred in the implementation of the grant programs.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**K. *Estimates and Assumptions***

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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 Street Improvements Special Revenue 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.

**C. *Expenditures in Excess of Appropriations***

The General Fund incurred departmental expenditures in excess of appropriations in the Legislative, City Attorney and Public Safety Fire in the amounts of \$76,380, \$788 and \$80,887, respectively. The Community Facilities Districts Special Revenue Fund incurred expenditures in excess of appropriations at the fund level in the amounts of \$1,206. Sufficient resources were available within each fund to finance these excesses.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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.

**B. Classification**

Cash and investments as of June 30, 2016 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	\$200,469,873
Restricted cash and investments	69,203,056
Total City cash and investments of primary government	269,672,929
Cash and investments in Fiduciary Funds	6,906,999
Restricted cash and investments in Fiduciary Funds	10,897,175
Total cash and investments	\$287,477,103

Cash and investments as of June 30, 2016 consist of the following:

Cash on hand	\$3,775
Deposits with financial institutions	20,797,476
Investments	266,675,852
Total cash and investments	\$287,477,103

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, 2016**

**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-	5 years	None	100%	No Limit
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	<b>(1)</b>	No Limit
Other State Obligations	5 years	A	<b>(1)</b>	No Limit
Bankers' Acceptances	180 days	Highest Category	40%	15% <b>(2)</b>
Commercial Paper	270 days	Highest Category	25%	15% <b>(3)</b>
Negotiable Certificates of Deposit	5 years	A	30%	15% <b>(2)</b>
Repurchase Agreements	90 days	None	100%	15% <b>(2)</b>
Local Agency Investment Fund	n/a	None	\$65 million/account	\$65 million/account
Time Certificates of Deposit	5 years	None	25%	15% <b>(2)</b>
Medium-Term Corporation Notes	5 years	A	30%	15% <b>(2)</b>
Money Market Funds	n/a	Highest Category	100%	15% <b>(2)</b>
Local Government Investment Pools	n/a	None	50%	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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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. Investments Authorized for the Retiree Health Savings Plan Trust**

The authorized investments for the Retiree Health Savings Plan Trust were established pursuant to the Declaration of Trust. The City, as trustee, has elected to only invest the Trust assets in an annuity, the American United Life Annuity.

**F. 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, 2016**

**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
<b><i>Held by City:</i></b>					
Federal Agency Obligations					
Non-Callable		\$9,971,833	\$17,722,066		\$27,693,899
Mortgage Pass Through Federal Agency Securities		680,471	3,534,347	\$1,319,041	5,533,859
U.S. Treasury Notes		3,724,109	33,811,999	3,815,588	41,351,696
Corporate Notes					
Callable		6,573,640	1,718,086		8,291,726
Non-Callable	\$3,188,963	15,977,368	5,943,035		25,109,366
Negotiable Certificates of Deposit	16,616,754	19,285,965			35,902,719
Municipal Bonds	685,000				685,000
California Local Agency Investment Fund	37,977,773				37,977,773
California Asset Management Program	6,427,565				6,427,565
Money Market Mutual Funds (U.S. Securities)	75,561				75,561
<b><i>Held by Trustees:</i></b>					
U.S. Government Agency Obligations				7,272,499	7,272,499
Time Certificates of Deposit	480,646		243,398	731,158	1,455,202
Guaranteed Investment Contracts				2,533,121	2,533,121
California Asset Management Program	7,631,827				7,631,827
Money Market Mutual Funds (U.S. Securities)	58,734,039				58,734,039
Total Investments	<u>\$131,818,128</u>	<u>\$56,213,386</u>	<u>\$62,972,931</u>	<u>\$15,671,407</u>	<u>\$266,675,852</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. 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, 2016, these investments have an average maturity of 167 days.

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. At June 30, 2016, the fair value was approximate to the City's cost. At June 30, these investments had an average maturity of 47 days.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

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, 2016, and have a weighted average maturity of 6 to 47 days.

**G. 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, 2016 for each investment type as provided by Standard and Poor's investment rating system.

Investment Type	AA+/AA/AA-	A+/A/A-	AAAm	Total
<b><i>Held by City:</i></b>				
Federal Agency Obligations				
Non-Callable	\$27,693,899			\$27,693,899
Mortgage Pass Through Federal Agency Securities	5,533,859			5,533,859
Corporate Notes				
Callable		\$8,291,726		8,291,726
Non-Callable	13,792,939	11,316,427		25,109,366
California Asset Management Program			\$6,427,565	6,427,565
Money Market Mutual Funds (U.S. Securities)			75,561	75,561
<b><i>Held by Trustees:</i></b>				
U.S. Government Agency Obligations	7,272,499			7,272,499
California Asset Management Program			7,631,827	7,631,827
Money Market Mutual Funds (U.S. Securities)			58,734,039	58,734,039
Totals	<u>\$54,293,196</u>	<u>\$19,608,153</u>	<u>\$72,868,992</u>	146,770,341
<b><i>Not rated:</i></b>				
Negotiable Certificates of Deposit				35,902,719
California Local Agency Investment Fund				37,977,773
Guaranteed Investment Contracts				2,533,121
Time Certificates of Deposit				1,455,202
Municipal Bonds				685,000
<b><i>Exempt from credit rating disclosure:</i></b>				
U.S. Treasury Notes				<u>41,351,696</u>
Total Investments				<u>\$266,675,852</u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**H. Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2016, the book value of the City's cash with banks and petty cash was \$20,801,251 and the associated bank balances were \$16,370,203. Of the City's bank balances of \$16,370,203 as of June 30, 2016, \$306,392 was exposed to custodial credit risk, because it was not FDIC insured or collateralized by securities as noted in Note 3A above.

**I. 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, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>Investments by Fair Value Level:</b>			
U.S. Government Agency Obligations		\$27,693,899	\$27,693,899
Mortgage Pass Through Federal Agency Securities		5,533,859	5,533,859
U.S. Treasury Notes	\$41,351,696		41,351,696
Corporate Notes		33,401,092	33,401,092
California Local Agency Investment Fund		37,977,773	37,977,773
Negotiable Certificates of Deposit		35,902,719	35,902,719
Municipal Bonds		685,000	685,000
Held by Trustees:			
U.S. Government Agency Obligations		7,272,499	7,272,499
	<u>\$41,351,696</u>	<u>\$148,466,841</u>	189,818,537
<b>Investments Measured at Net Asset Value Per Share:</b>			
California Asset Management Program			14,059,392
<b>Investments Measured at Amortized Cost:</b>			
Money Market Mutual Funds (U.S. Securities)			75,561
Held by Trustees:			
Money Market Mutual Funds (U.S. Securities)			58,734,039
Guaranteed Investment Contracts			2,533,121
<b>Investments Measured at Cost:</b>			
Time Certificates of Deposit			<u>1,455,202</u>
Total Investments			<u>\$266,675,852</u>



**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

Investments classified in Level 1 of the fair value hierarchy, valued at \$41,351,696 million are valued using quoted prices in active markets. All investments classified in Level 2 of the fair value hierarchy, with the exception of the California Local Agency Investment Fund, are valued using matrix pricing techniques maintained by various pricing vendors. These prices are obtained from various pricing sources from our custodian bank. The California Local Agency Investment Fund, classified in Level 2 of the fair value hierarchy, is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool. Fair value is defined as the quoted market value on the last trading day of the period.

**J. 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
<b>Entity Wide:</b>	Federal National Mortgage Association	United States Government Agency Obligations	\$21,692,557
<b>Fiduciary Fund:</b>			
Successor Agency to the Redevelopment Agency Private Purpose Trust Fund	IXIS Fund Corporation	Guaranteed Investment Contract	2,533,121
	Federal National Mortgage Association	United States Government Agency Obligations	1,201,584
	Federal Home Loan Mortgage Corporation	United States Government Agency Obligations	1,366,565

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 4 - INTERFUND TRANSACTIONS**

**A. Transfers Between Funds**

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund, which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund. During the fiscal year ended June 30, 2016 the transfers were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
Sewer Enterprise Fund	General Fund	\$241,200 A
Non-Major Governmental Funds	General Fund	736,813 B
	Redevelopment Bonds Projects Fund	3,811,408 C
	Non-Major Governmental Funds	225,512 D
Internal Service Funds	General Fund	800,000 E
	Internal Service Funds	10,000 E
		<u>\$5,824,933</u>

- 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 recreation, development services, and SAFER grant activities
- C Transfer in accordance with bond proceeds agreement. See Note 16A.
- D To fund development services and capital projects
- E To fund internal service fund allocations

**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, 2016, interfund balances were as follows:

Due From Funds	Due To Funds	Amount
General Fund	Low and Moderate Income Housing Assets Fund	\$710,600
	Non-Major Governmental Funds	95,838
Non-Major Governmental Fund	Non-Major Governmental Funds	805,869
	Total Current Interfund Balances	<u>\$1,612,307</u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**C. Long-Term Interfund Advances**

At June 30, 2016 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	\$925,775
Public Facilities Implementation Plan Fund	Water Enterprise Fund	4,374,617
	Sewer Enterprise Fund	6,719,239
Water Enterprise Fund	Public Facilities Implementation Plan Fund	180,280
	Sewer Enterprise Fund	166,626
Sewer Enterprise Fund	Public Facilities Implementation Plan Fund	259,606
	Water Enterprise Fund	387,881
	Total Advances	<u>\$13,014,024</u>

*Public Facilities Implementation Plan*

Advances above in the amount of \$13,014,024 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 to 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%.

**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, 2016 are set forth below:

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**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, 2016, these Notes totaled:

HOPE Shelter	\$1,206,037
Habitat for Humanity	10,000
Down Payment Assistance Program	1,585,545
Residential Rehabilitation	106,771
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	26,840
Manteca Atherton Associates - Juniper Apartments	12,750,000
Total notes receivable	<u>23,269,867</u>
Less: Allowance for conditional grants	<u>(580,069)</u>
Net long-term notes receivable	<u><u>\$22,689,798</u></u>

Unavailable revenue at June 30, 2016 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.

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, 2016, HOPE had drawn down \$1,206,037 of the available loans and no further drawdowns are expected.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**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 Agency 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, 2016, loans related to this Program in the amount of \$1,585,545 had been extended. These loans are secured by second deeds of trust, and bear no interest. These promissory notes are due if the home is sold, equity is removed, home is non-owner occupied, or after 40 years.

**E. *Residential Rehabilitation Loans***

During fiscal year 2003 the Redevelopment Agency began the Residential Rehabilitation Matching Grant Program under which it made loans to real property owners in the Redevelopment Area for the purpose of making property improvements. The Agency agreed to forgive the loans after five years based on program provisions; the loans bear eight percent interest due from date of closing applicable only in case of default. At June 30, 2016, loans receivable under this program totaled \$106,771.

**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, 2016 was \$60,000.

**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.

**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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**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, 2016, 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 Agency fifty percent of the receipts. At June 30, 2016, \$750,000 has been drawn down from the loan, and \$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, 2016, loans receivable under this program totaled \$26,840.

**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, 2016 is \$12,750,000.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

*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 City Manager. 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, 2016, 57 employees had notes totaling \$64,475 due to the City.

**NOTE 7 - CAPITAL ASSETS**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are valued at their estimated fair market value on the date contributed. 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, 2016**

**NOTE 7 - CAPITAL ASSETS (Continued)**

**A. Capital Asset Additions and Retirements**

Capital assets activities for the year ended June 30, 2016 were as follows:

<i>Governmental activities</i>	Balance at June 30, 2015	Additions	Retirements	Transfers	Balance at June 30, 2016
Capital assets not being depreciated:					
Land and improvements	\$36,146,886	\$835,395	(\$1,787)		\$36,980,494
Construction in progress	9,126,209	3,485,058		(\$1,654,677)	10,956,590
Total capital assets not being depreciated	<u>45,273,095</u>	<u>4,320,453</u>	<u>(1,787)</u>	<u>(1,654,677)</u>	<u>47,937,084</u>
Capital assets being depreciated:					
Buildings and improvements	33,784,115	212,086	(14,003)	1,561,573	35,543,771
Machinery and equipment	16,351,463	1,493,738	(624,333)		17,220,868
Storm drain	48,763,185	1,498,359			50,261,544
Streets	178,419,208	2,899,074		93,104	181,411,386
Parks	63,104,025	204,571			63,308,596
Total capital assets being depreciated	<u>340,421,996</u>	<u>6,307,828</u>	<u>(638,336)</u>	<u>1,654,677</u>	<u>347,746,165</u>
Less accumulated depreciation for:					
Buildings and improvements	(8,686,772)	(1,099,040)	14,003		(9,771,809)
Machinery and equipment	(12,499,797)	(932,011)	624,333		(12,807,475)
Storm drain	(10,126,400)	(995,660)			(11,122,060)
Streets	(53,807,542)	(5,949,885)			(59,757,427)
Parks	(16,149,120)	(2,170,916)			(18,320,036)
Total accumulated depreciation	<u>(101,269,631)</u>	<u>(11,147,512)</u>	<u>638,336</u>		<u>(111,778,807)</u>
Net capital assets being depreciated	<u>239,152,365</u>	<u>(4,839,684)</u>		<u>1,654,677</u>	<u>235,967,358</u>
Governmental activity capital assets, net	<u>\$284,425,460</u>	<u>(\$519,231)</u>	<u>(\$1,787)</u>		<u>\$283,904,442</u>



**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 7 - CAPITAL ASSETS (Continued)**

<i>Business-type activities</i>	Balance at June 30, 2015	Additions	Retirements	Transfers	Balance at June 30, 2016
Capital assets not being depreciated:					
Land and improvements	\$7,819,649				\$7,819,649
Construction in progress	8,899,064	\$1,653,906	(\$78,657)	(\$9,126,511)	1,347,802
Total capital assets not being depreciated	<u>16,718,713</u>	<u>1,653,906</u>	<u>(78,657)</u>	<u>(9,126,511)</u>	<u>9,167,451</u>
Capital assets being depreciated:					
Sewer lines and improvements	51,498,609	6,828,087			58,326,696
Water wells, pipelines and water rights	107,036,829	502,308		3,770,349	111,309,486
Buildings and improvements	7,604,210	5,945			7,610,155
Machinery and equipment	17,070,512	2,403,191	(675,076)		18,798,627
Infrastructure	165,424				165,424
Sewer plant expansion	91,108,819			5,356,162	96,464,981
	<u>274,484,403</u>	<u>9,739,531</u>	<u>(675,076)</u>	<u>9,126,511</u>	<u>292,675,369</u>
Less accumulated depreciation for:					
Sewer lines and improvements	(16,484,266)	(1,045,942)			(17,530,208)
Water wells, pipelines and water rights	(39,446,183)	(3,410,653)			(42,856,836)
Buildings and improvements	(4,301,153)	(239,812)			(4,540,965)
Machinery and equipment	(12,123,196)	(1,193,794)	648,723		(12,668,267)
Infrastructure	(28,392)	(6,567)			(34,959)
Sewer plant expansion	(24,530,127)	(1,756,109)			(26,286,236)
	<u>(96,913,317)</u>	<u>(7,652,877)</u>	<u>648,723</u>		<u>(103,917,471)</u>
Net capital assets being depreciated	<u>177,571,086</u>	<u>2,086,654</u>	<u>(26,353)</u>	<u>9,126,511</u>	<u>188,757,898</u>
Total Business-type activity capital assets, net	<u>\$194,289,799</u>	<u>\$3,740,560</u>	<u>(\$105,010)</u>		<u>\$197,925,349</u>

**B. Capital Asset Contributions**

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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:

<b>Governmental Activities</b>	
General government	\$588,564
Community development	46,002
Public safety	568,529
Public works	1,370,680
Parks and recreation	2,331,443
Streets and highways	5,894,446
Internal service funds	347,848
<b>Total Governmental Activities</b>	<u><u>\$11,147,512</u></u>
<b>Business-Type Activities</b>	
Water	\$3,638,701
Sewer	3,248,022
Solid waste	625,678
Golf	140,476
<b>Total Business-Type Activities</b>	<u><u>\$7,652,877</u></u>

**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 Amount	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Current Portion
<b>Governmental Activity Debt:</b>						
<b>Capital Leases -</b>						
New World Accounting Software, 4.25%	\$969,360	\$210,356		\$210,356		
Chipper Truck, 3.39%	150,000	150,000		28,017	\$121,983	\$28,975
IT Equipment (Internal Service), 3.39%	600,000	600,000		112,069	487,931	115,901
Fire Engine, 3.55%	580,000		\$580,000	38,935	541,065	100,733
<b>Total Governmental Activity Debt</b>	<u>\$2,299,360</u>	<u>\$960,356</u>	<u>\$580,000</u>	<u>\$389,377</u>	<u>\$1,150,979</u>	<u>\$245,609</u>
<b>Business-type Activity Debt:</b>						
<b>Sewer Revenue Bonds</b>						
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	20,625,000		\$1,105,000	19,520,000	\$1,180,000
Net premium		2,312,581		84,094	2,228,487	
<b>Water Revenue Bonds</b>						
Series 2012 Refunding Bonds, 2.00 - 5.00%	35,840,000	33,810,000		1,145,000	32,665,000	1,190,000
Net premium		5,315,778		193,316	5,122,462	
<b>Total Business - Type Activity Debt</b>	<u>\$77,530,000</u>	<u>\$81,063,359</u>	<u>\$2,527,410</u>	<u>\$2,527,410</u>	<u>\$78,535,949</u>	<u>\$2,370,000</u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 8 - LONG TERM DEBT (Continued)**

**B. Capital Lease Obligations**

On January 4, 2011, the City entered into a lease agreement in the amount of \$969,360 with Leasource Financial Services, Inc. for the purchase of a new general ledger accounting system. The lease interest and principal payments are due every December 22, with the final payment on December 22, 2015. The lease was fully repaid during the fiscal year ended June 30, 2016.

On May 25, 2015, the City entered into a 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 25<sup>th</sup> with a final payment on May 25, 2020.

On July 1, 2015, the City entered into a \$580,000 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.

**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 \$62,570,669. The Sewer Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$2,949,216 and \$4,876,046, respectively.

**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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 8 - LONG TERM DEBT (Continued)**

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 \$49,394,325. The Water Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$2,763,950 and \$4,418,833, respectively.

**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	
	Principal	Interest	Principal	Interest
2017	\$245,609	\$37,790	\$2,370,000	\$3,382,191
2018	254,172	29,227	2,505,000	3,303,241
2019	263,033	20,365	2,510,000	3,217,791
2020	272,204	11,194	2,750,000	3,101,041
2021	115,961	3,097	2,935,000	2,958,916
2022-2026			15,990,000	12,564,409
2027-2031			18,530,000	8,602,422
2032-2036			20,060,000	3,548,353
2037			3,535,000	101,630
Total	<u>\$1,150,979</u>	<u>\$101,673</u>	71,185,000	<u>\$40,779,994</u>
Plus: Bond Premiums			<u>7,350,949</u>	
Gross Long Term Debt			<u>\$78,535,949</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.

**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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

*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.

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

Detailed classifications of the City’s Fund Balances, as of June 30, 2016, are below:

Fund Balance Classifications	Special Revenue			Capital Projects		Other Governmental Funds	Total
	General Fund	Public Safety Sales Tax	Low and Moderate Income Housing Assets	Public Facilities Implementation Plan	Redevelopment Bonds Projects		
<b>Nonspendable:</b>							
Items not in spendable form:							
Prepaid Expenses	\$214,346				\$367,368		\$581,714
Advance	925,775						\$925,775
<b>Total Nonspendable Fund Balances</b>	<b>1,140,121</b>				<b>367,368</b>		<b>1,507,489</b>
<b>Restricted for:</b>							
Low and Moderate Income Housing Projects			\$1,919,793				1,919,793
Transportation Projects						\$20,190,227	20,190,227
Development Services Projects						6,928,170	6,928,170
Public Safety Projects		\$2,670,025				2,972,199	5,642,224
Parks Projects						1,663,526	1,663,526
Major Equipment Purchases						385,968	385,968
Landscaping and Lighting Projects						1,169,870	1,169,870
City and Public Facilities Projects				\$25,827,202	\$37,176,122	8,181,514	71,184,838
<b>Total Restricted Fund Balances</b>		<b>2,670,025</b>	<b>1,919,793</b>	<b>25,827,202</b>	<b>37,176,122</b>	<b>41,491,474</b>	<b>109,084,616</b>
<b>Committed to:</b>							
Recreation Programs						566,659	566,659
<b>Total Committed Fund Balances</b>						<b>566,659</b>	<b>566,659</b>
<b>Assigned to:</b>							
Capital Projects						6,873,122	6,873,122
Economic Revitalization	3,023,460						3,023,460
Public Facilities Oversizing	4,735,767						4,735,767
Capital Facilities	1,378,278						1,378,278
Technology	1,722,848						1,722,848
<b>Total Assigned Fund Balances</b>	<b>10,860,353</b>					<b>6,873,122</b>	<b>17,733,475</b>
<b>Unassigned:</b>							
General Fund	14,362,743						14,362,743
<b>Total Unassigned Fund Balances</b>	<b>14,362,743</b>						<b>14,362,743</b>
<b>Total Fund Balances</b>	<b>\$26,363,217</b>	<b>\$2,670,025</b>	<b>\$1,919,793</b>	<b>\$25,827,202</b>	<b>\$37,543,490</b>	<b>\$48,931,255</b>	<b>\$143,254,982</b>

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

The objective of the City’s Fund Balance Reserve Policy (Resolution 2015-56) was to establish adequate levels of fund balance reserve to mitigate risks and provide a back-up for revenue shortfalls. Industry best practices were used in establishing fund balance reserve levels including a target range for General Fund Operating Reserves and Emergency Reserves (Unassigned Fund Balance) of a combined total of no less than 17% of expenditures and up to 35%, depending upon identified risk factors. The goal of the Policy is to maintain reserves at or near the maximum end of the range. If the Unassigned Fund Balance reserve falls below 75% of the maximum, action will be required to increase the Unassigned Fund Balance reserve to at least 75% over an agreed upon specified number of years. If the Unassigned Fund Balance reserve falls below 50% of the range, a more-aggressive plan will need to be implemented to return the Unassigned Fund Balance reserve to a range between 75% and 100% of the maximum within a specified period of time.

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

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

*Fiscal Stability, Cash Flow and Contingencies (Operating Reserve):* The City will strive to maintain an unrestricted fund balance of at least 25% of operating expenditures in the General Fund based upon the subsequent year's operating budget, which represents 90 days of cash flow.

This fund balance reserve is set up to provide for unanticipated operating expenses or revenue shortfalls adversely affecting City services and programs that were provided for and approved in the current fiscal year's budget. This restricted fund balance shall serve as the source of funding for impacted City services/programs or to transition expenditure growth to match slower revenue growth during the course of a recessionary cycle. 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. It is designed as "bridge financing" necessary to offset slower revenue growth during a recession.

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; and making investments in technology, liability reductions, economic development and revenue base improvements, productivity improvements and other strategies that will strengthen City revenues or reduce future costs.

Where a forecast shows an ongoing structural gap, in providing a strategic bridge to the future.

On the other hand, reserves should not be used to fund ongoing costs or projected systemic "gaps." Stated simply, reserves can only be used once, so the use should be restricted to one-time (or short-term) uses.

*Economic Emergencies and Uncertainties (Emergency Reserve):* The City will strive to maintain an unassigned fund balance of at least 10% of operating expenditures in the General Fund based upon the subsequent year's operating budget.

The purpose of this reserve is to meet unexpected circumstances arising from financial and/or public emergencies that require immediate funding that cannot be met by any other means. These may include a natural disaster, an immediate threat to health and public safety, or a fiscal emergency as recommended by the City Manager. Any use of the General Fund Emergency Reserve shall require two-thirds vote of approval by the City Council.

*Economic Revitalization:* Prior to the dissolution of redevelopment in January 2011, the City had access to an array of financial assistance tools to support affordable housing, promote the development of living-wage jobs and stimulate the local economy. While several of the financial mechanisms permitted under the redevelopment law are no longer viable, the City recognizes the need to identify new programs to support economic revitalization within our community.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

While the former designated source of property tax revenue for these economic programs no longer exists in the same form, the City as an Affected Taxing Entity (ATE) receives a pro-rata portion of residual property tax generated from the former redevelopment project areas in excess of State-approved Enforceable Obligations. Since the amount of residual property tax is based on Enforceable Obligations tied to variable rate debt service, the amount of revenues received as an ATE can vary greatly from year to year. Due to the uncertainty of the receipts, the revenue from this source should not be relied upon for ongoing expenditures. In order to use these revenues in a manner consistent with the former Manteca Redevelopment Agency, all property tax revenues received per Health and Safety Code 34183(a)(4) shall be set aside in the Assignment for Economic Revitalization.

The use of these funds shall be restricted to programs authorized and approved by the majority of the City Council.

*Public Facilities Oversizing:* 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.

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, in combination with designated fund balances as of February 2013, will be assigned to public facilities oversizing. The use of these funds shall be restricted to projects approved by the majority of Council and identified in the City's adopted Capital Improvement Plan.

*Capital Facilities:* 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).

The City will establish an amount of 4% of General Fund appropriations based on the subsequent year's budget to be used exclusively for capital items described within this Article.

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.

This assigned fund balance shall be built up at a rate of one-half of one percent (.5%) of approved General Fund revenues, per year. This fund balance is to be phased in based upon eight consecutive quarters of stabilized/increased General Fund primary revenues and City Manager's recommendation to Council.



**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

*Technology:* 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 Data Links.

The City will establish an amount of three percent (3%) of General Fund appropriations based upon the subsequent year's budget to be used exclusively for major hardware and software items described within this Article.

The reserve target and the actual balance of each reserve for the year ended June 30, 2016, which are reported within the assigned and unassigned fund balance of the General Fund follows:

	Minimum Reserve	Reserve as of June 30, 2016
<b>General Fund:</b>		
Assigned Fund Balance:		
Economic Revitalization	\$3,023,460	\$3,023,460
Public Facilities Oversizing	\$4,735,767	4,735,767
Capital Facilities	\$1,378,278	1,378,278
Technology	\$1,722,848	1,722,848
Total Assigned Fund Balance		\$10,860,353
Unassigned Fund Balance:		
Fiscal Stability	\$8,614,238	\$8,614,238
Economic Emergencies	\$3,445,695	3,445,695
Unassigned		2,302,810
Total Unassigned Fund Balance		\$14,362,743

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

At June 30, 2016, the Solid Waste Enterprise Fund and the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund had deficit net position of \$2,355,417 and \$88,901,973, respectively. These deficits will be eliminated by future revenues.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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 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](mailto: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.

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	\$8,545,687	\$41,217,313	\$7,120,946
Safety - Police and Fire	5,963,817	42,442,275	4,132,796
PARS Retirement Enhancement Plan	302,689	686,000	
Total	<u>\$14,812,193</u>	<u>\$84,345,588</u>	<u>\$11,253,742</u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

Each Plan is discussed in detail below.

**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, 2016, 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	27.914%	27.914%	27.914%

**Employees Covered** – As of the June 30, 2014 actuarial valuation date and the June 30, 2015 measurement date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	
	June 30, 2014	June 30, 2015
Inactive employees or beneficiaries currently receiving benefits	211	219
Inactive employees entitled to but not yet receiving benefits	166	172
Active employees	224	229
Total	601	620

As of June 30, 2016, the City had 250 active employees in the Miscellaneous Plan.

**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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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)
<b>Balance at June 30, 2014</b>	\$134,576,742	\$95,608,088	\$38,968,654
<b>Changes in the year:</b>			
Service cost	2,785,261		2,785,261
Interest on the total pension liability	9,947,329		9,947,329
Differences between actual and expected experience	(606,531)		(606,531)
Changes in assumptions	(2,540,846)		(2,540,846)
Changes in benefit terms			
Contribution - employer		4,021,488	(4,021,488)
Contribution - employee (paid by employer)			
Contribution - employee		1,275,356	(1,275,356)
Net investment income		2,149,298	(2,149,298)
Administrative expenses		(109,588)	109,588
Benefit payments, including refunds of employee contributions	(5,583,081)	(5,583,081)	
<b>Net changes</b>	4,002,132	1,753,473	2,248,659
<b>Balance at June 30, 2015</b>	\$138,578,874	\$97,361,561	\$41,217,313

**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	6.65%
Net Pension Liability	\$60,695,956
Current Discount Rate	7.65%
Net Pension Liability	\$41,217,313
1% Increase	8.65%
Net Pension Liability	\$25,219,135

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

*Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions* - For the year ended June 30, 2016, the City recognized negative pension expense of \$1,960,171. At June 30, 2016, 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	\$4,443,255	
Differences between actual and expected experience		(\$433,236)
Changes in assumptions		(1,814,890)
Net differences between projected and actual earnings on plan investments	4,102,432	(4,872,820)
Total	<u>\$8,545,687</u>	<u>(\$7,120,946)</u>

\$4,443,255 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, 2017. 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
2017	(\$1,497,917)
2018	(1,497,917)
2019	(1,048,288)
2020	1,025,608
2021	
Thereafter	

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

**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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**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, 2015, are summarized as follows:

	<b>Safety</b>		
	<b>Police</b>		
	<b>First Tier</b>	<b>Second Tier</b>	<b>PEPRA</b>
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%	2.0% - 2.7%
Required employee contribution rates	9%	9%	12%
Required employer contribution rates	38.192%	38.192%	38.192%

	<b>Fire</b>	
	<b>First Tier</b>	<b>PEPRA</b>
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
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9%	12%
Required employer contribution rates	37.102%	37.102%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the cost-sharing 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 and side fund. The dollar amounts are billed on a monthly basis.

**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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

For the year ended June 30, 2016, the contributions to the Safety Plan were as follows:

	<b>Total</b>
Contributions - employer	\$4,055,568

***Pension Liabilities, Pension Expenses 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, 2016, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan in the amount of \$42,442,275.

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, 2015, 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, 2014 rolled forward to June 30, 2015 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, 2014 and 2015 was as follows:

	<b>Total</b>
Proportion - June 30, 2014	1.07932%
Proportion - June 30, 2015	1.03004%
Change - Increase (Decrease)	-0.04928%

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

For the year ended June 30, 2016, the City recognized negative pension expense of \$2,406,492 for the Safety Plan. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the Safety Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$4,055,568	
Differences between actual and expected experience		(\$521,137)
Changes in assumptions		(2,396,897)
Net differences between projected and actual earnings on plan investments		(1,214,762)
Change in proportion and differences between actual contributions and proportionate share of contributions	<u>1,908,249</u>	
Total	<u>\$5,963,817</u>	<u>(\$4,132,796)</u>

\$4,055,568 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2016	(\$1,230,715)
2017	(1,248,584)
2018	(1,236,445)
2019	1,491,197
2020	
Thereafter	

***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:

	<u>Total</u>
1% decrease	6.65%
Net Pension Liability	\$61,160,613
Current Discount Rate	7.65%
Net Pension Liability	\$42,442,275
1% Increase	8.65%
Net Pension Liability	\$27,093,582

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, 2016**

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

**D. Information Common to the Miscellaneous and Safety Plans**

**Actuarial Assumptions** – For the measurement period ended June 30, 2015, the total pension liabilities were determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous and Safety (Fire and Police)
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% 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 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on the CalPERS website under Forms and Publications

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

**Change of Assumptions** – GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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**  
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**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, 2015 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	0
Active employees	2
Total	8

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

Contributions during the fiscal year ended June 30, 2016 totaled \$272,689.

**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, 2015 using an annual 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, 2015, the total pension liability was determined using an actuarial valuation as of that date. The June 30, 2016 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, 2016**

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

	PARS Plans
Valuation Date	June 30, 2015
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age, level percent of payroll
Amortization method	Level dollar amount
Amortization period	5 year closed period
Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	3.00%
Projected Salary Increase	3.25%
Investment Rate of Return	5.50% (1)
Mortality Rate Table	CalPERS 1997-2011 Experience Study
Mortality Improvement Scale	Post-retirement mortality projected fully generational with Scale AA

(1) Net of pension plan investment expenses

**Discount Rate** - The discount rate used to measure the total pension liability for the Plan was 5.50%. 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, 2015 Measurement Date follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2015</b>	<b>\$2,295,000</b>	<b>\$1,499,000</b>	<b>\$796,000</b>
<b>Changes in the year:</b>			
Service cost	25,000		25,000
Interest on the total pension liability	124,000		124,000
Differences between actual and expected experience			
Changes in assumptions			
Changes in benefit terms			
Contribution - employer		245,000	(245,000)
Contribution - employee			
Net investment income		21,000	(21,000)
Administrative expenses		(7,000)	7,000
Benefit payments, including refunds of employee contributions	(99,000)	(99,000)	
<b>Net changes</b>	<b>50,000</b>	<b>160,000</b>	<b>(110,000)</b>
<b>Balance at June 30, 2016</b>	<b>\$2,345,000</b>	<b>\$1,659,000</b>	<b>\$686,000</b>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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	4.50%
Net Pension Liability	\$972,000
Current Discount Rate	5.50%
Net Pension Liability	\$686,000
1% Increase	6.50%
Net Pension Liability	\$445,000

*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, 2016, the City recognized negative pension expense of \$195,000 for the Plan. At June 30, 2016, 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	\$272,689	
Differences between actual and expected experience		
Changes in assumptions		
Net differences between projected and actual earnings on plan investments	30,000	
Total	\$302,689	\$0

\$272,689 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, 2017. 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
2017	\$6,000
2018	6,000
2019	5,000
2020	13,000
Thereafter	

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS**

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, 2016 there were 168 participants receiving these health care benefits.

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 for each MOU and associated benefits are summarized below:

	Manteca Police Officers Association	Fire	Manteca Police Employees Association	Technical Support Services	General Services	Management
Benefit Types Provided	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	\$655 for single \$1,140 for two party \$1,340 for family	\$695 for single \$1,202 for two party \$1,561 for family	\$675 for single \$1,165 for two party \$1,535 for family	\$683 for single \$1,321 for two party \$1,761 for family
City Contribution Cap per Month (Basic) retirement after 12/31/2011, but hired on or before 12/31/2011	\$400	\$400, except disabled firefighters receive \$675	\$400	\$400	\$425	\$425
City Contribution Cap per Month (Basic) hired after 12/31/2011	\$125	\$125	\$125	\$125	\$125	\$125

The City elected to establish an irrevocable trust to provide a funding mechanism for the postemployment benefits (OPEB) during fiscal year 2012. The activities of the Trust are accounted for in the Retiree Health Savings Plan Trust Fund.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

*Funding Policy and Actuarial Assumptions*

The City’s policy is to fund these benefits by accumulating assets in the Trust Fund discussed above pursuant to City Council Resolution 2011-206 (Resolution). The annual required contribution (ARC) was determined as part of a June 30, 2016 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.0% investment rate of return, and (b) 3.25% projected annual salary increase, and (c) 5% to 6.7% health inflation increase. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the City and the plan members to that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City’s OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period on a closed basis, with 25 years remaining.

*Funding Progress and Funded Status*

In accordance with the City’s budget, the contributions to the Plan for fiscal year 2016 are based on pay-as-you-go financing. Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2016, the City contributed \$1,551,551 to the Plan, representing the pay-as-you-go premiums, contributions to the Trust and implicit subsidy benefits. The City has calculated and recorded the Net OPEB Obligation, representing the difference between the ARC and contributions, as presented below:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2016	\$2,490,000	\$1,551,551	62%	\$14,200,573



**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

The City's Net OPEB Obligation (NOO) is recorded in the Statement of Net Position and is calculated as follows:

Annual required contribution (ARC)	\$2,561,000
Interest on net OPEB obligation	530,000
Adjustment to annual required contribution	<u>(601,000)</u>
Annual OPEB cost	<u>2,490,000</u>
Contributions made:	
Contributions made to OPEB Trust	(873,442)
City portion of current year premiums paid	(236,109)
Implicit subsidy benefits	<u>(442,000)</u>
Total contributions	<u>(1,551,551)</u>
Change in net OPEB obligation	938,449
Net OPEB Obligation at June 30, 2015	<u>13,262,124</u>
<b>Net OPEB Obligation at June 30, 2016</b>	<b><u><u>\$14,200,573</u></u></b>

To comply with newly revised Actuarial Standard of Practice No. 6 (ASOP 6), the June 30, 2016 actuarial valuation includes an implicit subsidy liability. This liability was not calculated in prior reports because of the former "community rating" exemption for employers participating in large pooled health plans like CalPERS. When premiums for retirees are determined using a blend of active employee and retiree experience, it creates an implicit subsidy to the retirees, since retiree healthcare costs are generally higher than active employees. ASOP 6 effectively requires most public agencies to calculate an implicit subsidy liability whenever their retirees participate in the group medical plans, but only pay the same premiums as active employees. ASOP 6 is effective for all actuarial valuations with a measurement date on or after March 31, 2015.

The Schedule of Funding Progress below and the required supplementary information immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the most recent actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
6/30/2016	\$0	\$31,630,000	(\$31,630,000)	0.00%	\$28,978,000	-109%

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 12 - DEFERRED COMPENSATION PLAN**

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

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

**NOTE 13 - RISK MANAGEMENT**

**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 (\$10,000)	1,000,000
Workers' Compensation (\$500,000)	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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

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.

**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, 2014	\$1,571,267	\$1,480,976	\$3,052,243
Net change in:			
Liability for current fiscal year claims		135,327	135,327
Liability for prior fiscal years' claims and claims incurred but not reported (IBNR)	(977,747)	(624,015)	(1,601,762)
Claims paid	(21,609)	(314,367)	(335,976)
Balance June 30, 2015	571,911	677,921	1,249,832
Net change in:			
Liability for current fiscal year claims		82,037	82,037
Liability for prior years' claims and claims incurred but not reported (IBNR)	(43,372)	200,642	157,270
Claims paid	(46,921)	(168,144)	(215,065)
Balance June 30, 2016	<u>\$481,618</u>	<u>\$792,456</u>	<u>\$1,274,074</u>
Claims liability, due within one year	<u>\$46,921</u>	<u>\$168,144</u>	<u>\$215,065</u>

For the fiscal years ended June 30, 2016, 2015 and 2014 the amount of settlements did not exceed insurance coverage.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

**A. *Litigation***

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

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

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

**C. *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, 2016, the City had outstanding reimbursement commitments totaling \$22,178,159.

**D. *Encumbrances***

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding by fund as of June 30, 2016 were as follows: General Fund \$3,984 and Non-Major Governmental Funds \$2,400.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**E. 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 2016, payments made to the developer under the agreement were \$360,465 and payments to date total \$1,790,073.

**F. Costco Sales Tax Sharing Agreement**

In fiscal 2008, the City entered into a sales tax sharing agreement with Costco Wholesale Corporation (Corporation) to 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 lease 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 2016, payments made to the Corporation under the agreement totaled \$379,441 and \$2,314,702 has been paid since the start of the agreement.

**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, 2016, 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, 2016**

**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. When final approval is received from the DOF, the identified parcel will be transferred to the City.

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 is comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

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, 2016 are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2016.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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, 2016 are set forth below:

B.S. Family Partnership	\$1,433,357
AKF Development, LLC	54,080
Cabral Western Motors	<u>338,040</u>
Total notes receivable	1,825,477
Less: Allowance for conditional grants	<u>(1,825,477)</u>
Net long-term notes receivable	<u><u>\$0</u></u>

***Owner Participation Agreement***

During fiscal year 2006 the Redevelopment Agency entered into an Owner Participation Agreement under which it made a loan totaling \$1,433,357 to a real property owner in the Redevelopment Area for the purpose of making street improvements. The loan bears interest at six percent with the entire outstanding amount of principal and accrued interest due on September 20, 2011. The Owner signed a promissory note secured by a deed of trust. However, the Agency agrees to forgive the repayment of the loan if loan forgiveness conditions are met. Although the owner met the forgiveness provisions, due to the dissolution of the former Redevelopment Agency, reconveyance has not yet been completed and at June 30, 2016, the total outstanding balance on this loan was \$1,433,357.

***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, 2016, 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, 2016, the principal balance outstanding was \$338,040.



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

*Conditional Grants*

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

**C. Capital Assets**

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

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

Capital asset recorded as of June 30, 2016 comprise:

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Balance at June 30, 2016</u>
Capital assets not being depreciated:			
Land	\$5,901,124		\$5,901,124
Capital assets being depreciated:			
Buildings and improvements	3,788,211		3,788,211
Less accumulated depreciation	<u>(1,168,024)</u>	<u>(\$125,618)</u>	<u>(1,293,642)</u>
Net capital assets being depreciated	<u>2,620,187</u>	<u>(125,618)</u>	<u>2,494,569</u>
Governmental activity capital assets, net	<u><u>\$8,521,311</u></u>	<u><u>(\$125,618)</u></u>	<u><u>\$8,395,693</u></u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**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, 2015	Retirements	Balance June 30, 2016	Current Portion
<b>Redevelopment Agency Tax Allocation Bonds -</b>				
Series 2002 Subordinated Tax Allocation Refunding Bonds, 2.0-5.25%	\$23,415,000	\$760,000	\$22,655,000	\$800,000
Series 2004 Amended Merged Project Area Subordinated Tax Allocation Bonds, 3.0-5.0%	20,930,000	775,000	20,155,000	310,000
Series 2004 Amended Merged Project Area Subordinated Tax Allocation (Housing Set-Aside) Bonds, 3.0-5.0%	4,455,000	140,000	4,315,000	150,000
Series 2005 Amended Merged Project Area Subordinated Tax Allocation Refunding Bonds, variable rate	47,400,000	830,000	46,570,000	1,355,000
Series 2006 Amended Merged Project Area Subordinated Tax Allocation Bonds, 4.0-5.0%	20,550,000	495,000	20,055,000	520,000
<b>Total Successor Agency Debt</b>	<b>\$116,750,000</b>	<b>\$3,000,000</b>	<b>\$113,750,000</b>	<b>\$3,135,000</b>

**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.

On November 30, 2004, the 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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

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.

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.

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, 2018, therefore the Bonds are reported as due in one year. The Agency is required to pay Street Bank and Trust Company an annual Letter of Credit Fee equal to 2.05% 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.

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.

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

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 \$181,356,786 in the Bonds above, which is scheduled to occur in 2042.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County’s Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total property taxes available for distribution to the Successor Agency and other taxing entities for fiscal year 2016 calculated by the County Auditor-Controller was \$17,244,039 and the total received by the Successor Agency for fiscal year 2016 debt service was \$9,143,768, which the Agency combined with other available revenues/resources to pay the \$7,846,936 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 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 3.381%. 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, 2016, 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/S&P)	Issuer Pays	Issuer Receives	Maturity/ Termination Date
Amended Merged Project Area Variable Rate Subordinate Tax Allocation Refunding Bonds, Series 2005	\$46,570,000	12/13/2005	Piper Jaffray Financial Products Inc, with credit guarantee by Morgan Stanley	Baa2/A-2	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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

*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.

As of June 30, 2016, the fair value of the cash flow hedging derivative swap was in favor of the counterparty in the amount of (\$14,833,908), a decrease of \$4,441,495 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, 2016, 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 Baa2/A- 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, 2016**

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

*Swap payments and associated debt.* Using rates as of June 30, 2016, 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		
2017	\$1,355,000	\$153,681	\$1,386,400	\$2,895,081
2018	1,410,000	149,210	1,343,666	2,902,876
2019	1,465,000	144,557	1,299,255	2,908,812
2020	1,520,000	139,722	1,253,167	2,912,889
2021	1,090,000	134,706	1,217,698	2,442,404
2022-2026	7,900,000	608,141	5,421,852	13,929,993
2027-2031	5,180,000	484,705	4,349,668	10,014,373
2032-2036	6,330,000	403,970	3,574,131	10,308,101
2037-2041	13,605,000	256,526	2,026,569	15,888,095
2042-2043	6,715,000	33,446	138,933	6,887,379
Totals	<u>\$46,570,000</u>	<u>\$2,508,664</u>	<u>\$22,011,339</u>	<u>\$71,090,003</u>

**4. Debt Service Requirements**

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

For the Year Ending June 30	Principal	Interest
2017	\$3,135,000	\$4,714,833
2018	3,275,000	4,579,728
2019	3,420,000	4,439,867
2020	3,570,000	4,296,240
2021	3,115,000	4,160,451
2022-2026	17,780,000	18,674,966
2027-2031	22,165,000	14,459,785
2032-2036	27,530,000	8,776,891
2037-2041	21,185,000	3,246,820
2042-2043	8,575,000	257,205
Total	<u>\$113,750,000</u>	<u>\$67,606,786</u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

**E. COMMITMENTS AND CONTINGENCIES**

**1. 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.

**2. State Asset Transfer Review**

The activities of the former Redevelopment Agency and the Successor Agency are subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time. In addition, the State Controller's Office conducted a review of the propriety of asset transfers between the former Redevelopment Agency or the Successor Agency and any public agency that occurred on or after January 1, 2011. The City received the results of the State Controller's asset transfer review in February 2015 that indicates the City is to return capital assets in the amount of \$459,477 to the Successor Agency. Concurrent with the finalization of the asset transfer review, the City has been working with the California Department of Finance (DOF) on the Agency's Long Range Property Management Plan (LRPMP). Initial conversations with the DOF indicate that the capital assets identified in the asset transfer review will be identified as City-owned land upon final approval of the 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.

**NOTE 17 – SUBSEQUENT EVENT**

In December 2016, CalPERS' Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates for employers beginning in fiscal year 2019, and result in increases to employers' normal costs and unfunded actuarial liabilities.

**REQUIRED SUPPLEMENTARY INFORMATION**



<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan  
Last 10 Years\*

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

<b>Measurement Date</b>	<b>6/30/2014</b>	<b>6/30/2015</b>
<b>Total Pension Liability</b>		
Service Cost	\$2,865,004	\$2,785,261
Interest	9,470,268	9,947,329
Differences between expected and actual experience		(606,531)
Changes in assumptions		(2,540,846)
Changes in benefits		
Benefit payments, including refunds of employee contributions	(5,192,533)	(5,583,081)
<b>Net change in total pension liability</b>	7,142,739	4,002,132
<b>Total pension liability - beginning</b>	127,434,003	134,576,742
<b>Total pension liability - ending (a)</b>	\$134,576,742	\$138,578,874
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$3,345,873	\$4,021,488
Contributions - employee	1,159,125	1,275,356
Net investment income	14,228,681	2,149,298
Administrative expenses		(109,588)
Benefit payments, including refunds of employee contributions	(5,192,533)	(5,583,081)
<b>Net change in plan fiduciary net position</b>	13,541,146	1,753,473
<b>Plan fiduciary net position - beginning</b>	82,066,942	95,608,088
<b>Plan fiduciary net position - ending (b)</b>	\$95,608,088	\$97,361,561
 Net pension liability - ending (a)-(b)	\$38,968,654	\$41,217,313
 Plan fiduciary net position as a percentage of the total pension liability	71.04%	70.26%
 Covered payroll	\$14,222,604	\$15,917,657
 Net pension liability as percentage of covered-employee payroll	273.99%	258.94%

**Notes to Schedule:**

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the actuarial valuation date. This applies 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 long-term expected rate of return should be determined be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

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

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan  
Last 10 Years\*

**SCHEDULE OF CONTRIBUTIONS**

	2015	2016
Actuarially determined contribution	\$4,019,753	\$3,345,873
Contributions in relation to the actuarially determined contributions	(4,019,753)	(3,345,873)
Contribution deficiency (excess)	\$0	\$0
Covered payroll	\$15,260,582	\$15,917,657
Contributions as a percentage of covered-employee payroll	26.34%	21.02%

**Notes to Schedule**

Valuation date:	6/30/2012	6/30/2013
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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	24 years as of valuation date
Asset valuation method	15 year Smoothed Market value
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
Investment rate of return	The probability of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Retirement age	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.
Mortality Rate Table	

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

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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Safety Plan  
 Cost Sharing Multiple-Employer Defined Pension Plan  
 Last 10 Years\*

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	<b>6/30/2014</b>	<b>6/30/2015</b>
Plan's proportion of the Net Pension Liability (Asset)	1.07938%	1.03004%
Plan's proportion share of the Net Pension Liability (Asset)	\$40,485,157	\$42,442,275
Plan's Covered Payroll	\$11,200,196	12,016,702
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	361.47%	353.19%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	69.45%	68.91%

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

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

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

	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$4,331,842	\$4,055,568
Contributions in relation to the actuarially determined contributions	<u>(4,331,842)</u>	<u>(4,055,568)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
 Covered payroll	 \$11,833,325	 \$ 12,016,702
 Contributions as a percentage of covered payroll	 36.61%	 33.75%

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

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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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
<b>Total Pension Liability</b>		
Service Cost	\$33,000	\$25,000
Interest	122,000	124,000
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Changes in benefits	-	-
Benefit payments, including refunds of employee contributions	(97,000)	(99,000)
<b>Net change in total pension liability</b>	58,000	50,000
<b>Total pension liability - beginning</b>	2,237,000	2,295,000
<b>Total pension liability - ending (a)</b>	\$2,295,000	\$2,345,000
<b>Plan fiduciary net position</b>		
Contributions - employer	\$204,000	\$245,000
Contributions - employee	-	-
Net investment income	110,000	21,000
Administrative expenses	(7,000)	(7,000)
Benefit payments, including refunds of employee contributions	(97,000)	(99,000)
<b>Net change in plan fiduciary net position</b>	210,000	160,000
<b>Plan fiduciary net position - beginning</b>	1,289,000	1,499,000
<b>Plan fiduciary net position - ending (b)</b>	\$1,499,000	\$1,659,000
 Net pension liability - ending (a)-(b)	 \$796,000	 \$686,000
 Plan fiduciary net position as a percentage of the total pension liability	 65.32%	 70.75%
 Covered - employee payroll	 \$635,597	 \$586,464
 Net pension liability as percentage of covered-employee payroll	 125.24%	 116.97%

**Notes to Schedule:**

**Benefit changes.** There were no changes in benefits.

**Changes in assumptions.** There were no changes in assumptions.

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

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

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

**SCHEDULE OF CONTRIBUTIONS**

	2015	2016
Actuarially determined contribution	\$204,000	\$280,000
Contributions in relation to the actuarially determined contributions	(246,689)	(272,689)
Contribution deficiency (excess)	(\$42,689)	\$7,311
 Covered-employee payroll	 \$653,039	 \$586,464
 Contributions as a percentage of covered-employee payroll	 37.78%	 46.50%

**Notes to Schedule**

Valuation date:	6/30/2014	6/30/2015
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal, level percent of payroll
Amortization method	Level percentage of payroll, closed
Average remaining amortization period	5 year closed period
Asset valuation method	Actuarial value of assets
	Investment gains and losses spread over a 5-year rolling period
	Not less than 80% nor, more than 120% of market value
Discount rate	5.50% , net of investment and administrative expenses
Inflation	3.00%
Projected Salary Increase	3.25%
Mortality Rate Table	CalPERS 1997-2011 Experience Study
Mortality Improvement Scale	Post-retirement mortality projected fully generational with Scale AA

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

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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**OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES**

**SCHEDULE OF CONTRIBUTIONS**

The Plan's actual required contributions and actual contributions for the last six fiscal years are set forth below:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$1,558,000	\$821,648	53%	\$10,717,590
6/30/2012	1,626,000	1,010,602	62%	11,332,988
6/30/2013	1,240,000	1,104,022	89%	11,468,966
6/30/2014	1,926,000	1,055,035	55%	12,339,931
6/30/2015	1,981,000	1,058,807	53%	13,262,124
6/30/2016	2,490,000	1,551,551	62%	14,200,573

**SCHEDULE OF FUNDING PROGRESS**

The Schedule of Funding Progress below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented below:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Entry Age Actuarial Accrued Liability (B)</u>	<u>Overfunded (Underfunded) Actuarial Accrued Liability (A - B)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A - B)/C]</u>
6/30/2010	\$0	\$18,320,000	(\$18,320,000)	0.00%	\$26,368,000	-69%
6/30/2014	0	24,857,000	(24,857,000)	0.00%	25,752,000	-97%
6/30/2016	0	31,630,000	(31,630,000)	0.00%	28,978,000	-109%

<b>MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS</b>
--

**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, 2016

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$100,000	\$362,669	\$262,669
Charges for current services	1,224,820	1,366,773	141,953
Other revenue		3,542	3,542
Total Revenues	1,324,820	1,732,984	408,164
<b>EXPENDITURES</b>			
Current:			
Public works	428,590	248,042	180,548
Capital outlay	9,627,620	388,310	9,239,310
Debt service:			
Interest and fiscal charges	67,165	67,165	
Total Expenditures	10,123,375	703,517	9,419,858
<b>NET CHANGE IN FUND BALANCE</b>	<b>(\$8,798,555)</b>	1,029,467	<b>\$9,828,022</b>
<b>BEGINNING FUND BALANCE</b>		24,797,735	
<b>ENDING FUND BALANCE</b>		<b>\$25,827,202</b>	

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, 2016

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Use of money and property		\$47,484	\$47,484
Revenue from other agencies	\$29,672,000	29,671,675	(325)
Total Revenues	29,672,000	29,719,159	47,159
<b>EXPENDITURES</b>			
Current:			
Capital outlay	37,374,128	1,448,910	35,925,218
Total Expenditures	37,374,128	1,448,910	35,925,218
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(7,702,128)	28,270,249	(35,878,059)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(3,811,408)	(3,811,408)	
Total Other Financing Sources (Uses)	(3,811,408)	(3,811,408)	
<b>NET CHANGE IN FUND BALANCE</b>	(\$11,513,536)	24,458,841	(\$35,878,059)
<b>BEGINNING FUND BALANCE</b>		13,084,649	
<b>ENDING FUND BALANCE</b>		\$37,543,490	

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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.

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

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

**DEVELOPMENT MITIGATION**

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

**FEDERAL TRANSIT MANAGEMENT**

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

**COMMUNITY FACILITIES DISTRICTS**

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

**FIRE GRANTS**

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

**CAPITAL IMPROVEMENT FUNDS:****STATE GASOLINE TAX**

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

**REGIONAL TRANSPORTATION IMPACT FEES**

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

**MEASURE K**

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

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

CITY OF MANTECA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Police Grants	Supplemental Law Enforcement Services	Recreation	Street Improvements
<b>ASSETS</b>					
Cash and investments			\$99,527	\$743,684	\$54,012
Restricted cash and investments					
Accounts receivables (net of allowance for estimated uncollectible accounts)	\$25,830	\$46,863	1,247	3,875	
Taxes receivable					
Interest receivable			38		
Due from other funds					
Total Assets	\$25,830	\$46,863	\$100,812	\$747,559	\$54,012
<b>LIABILITIES</b>					
Accounts payable	\$10,920			\$56,389	
Contracts payable					
Refundable deposits				124,511	
Due to other funds	14,443	\$31,736			
Unearned revenue	467				
Total Liabilities	25,830	31,736		180,900	
<b>FUND BALANCE</b>					
Fund balance:					
Restricted		15,127	\$100,812		\$54,012
Committed				566,659	
Assigned					
Total Fund Balances		15,127	100,812	566,659	54,012
Total Liabilities and Fund Balances	\$25,830	\$46,863	\$100,812	\$747,559	\$54,012

SPECIAL REVENUE FUNDS

Major Equipment Purchase Fee	Landscape and Lighting Maintenance District	Public Safety Endowment Fee	Development Services	Development Mitigation	Federal Transit Management	Community Facilities Districts	Fire Grants
\$357,498 355,279	\$1,208,814	\$2,845,393	\$2,018,697	\$5,071,399	\$2,602,191	\$180,437	
		4,943	1,424	10,000	285,235		\$49,659
650	270 153	5,924	688	2,981	688		
<u>\$713,427</u>	<u>\$1,209,237</u>	<u>\$2,856,260</u>	<u>\$2,020,809</u>	<u>\$5,084,380</u>	<u>\$2,888,114</u>	<u>\$180,437</u>	<u>\$49,659</u>
\$327,459	\$39,367		\$124,782	\$52,237	\$63,037	\$2,873	
					12,000		\$49,659
					2,813,077		
<u>327,459</u>	<u>39,367</u>		<u>124,782</u>	<u>52,237</u>	<u>2,888,114</u>	<u>2,873</u>	<u>49,659</u>
385,968	1,169,870	\$2,856,260	1,896,027	5,032,143		177,564	
<u>385,968</u>	<u>1,169,870</u>	<u>2,856,260</u>	<u>1,896,027</u>	<u>5,032,143</u>		<u>177,564</u>	
<u>\$713,427</u>	<u>\$1,209,237</u>	<u>\$2,856,260</u>	<u>\$2,020,809</u>	<u>\$5,084,380</u>	<u>\$2,888,114</u>	<u>\$180,437</u>	<u>\$49,659</u>

(Continued)



CITY OF MANTECA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016

	CAPITAL IMPROVEMENT FUNDS				
	State Gasoline Tax	Regional Transportation Impact Fees	Measure K	Parks	Government Building Facilities
<b>ASSETS</b>					
Cash and investments	\$3,312,886	\$11,156,089	\$4,762,357	\$2,363,443	\$8,156,218
Restricted cash and investments				372,681	
Accounts receivables (net of allowance for estimated uncollectible accounts)	3,637		271,475		
Taxes receivable					
Interest receivable	3,096	15,325	7,300	4,930	8,331
Due from other funds			805,869		
Total Assets	\$3,319,619	\$11,171,414	\$5,847,001	\$2,741,054	\$8,164,549
<b>LIABILITIES</b>					
Accounts payable	\$37,850	\$151,041	\$12,928	\$702,628	\$160,599
Contracts payable				2,219	
Refundable deposits				372,681	
Due to other funds					
Unearned revenue					
Total Liabilities	37,850	151,041	12,928	1,077,528	160,599
<b>Fund Balance</b>					
Fund balance:					
Restricted	3,281,769	11,020,373	5,834,073	1,663,526	8,003,950
Committed					
Assigned					
Total Fund Balances	3,281,769	11,020,373	5,834,073	1,663,526	8,003,950
Total Liabilities and Fund Balances	\$3,319,619	\$11,171,414	\$5,847,001	\$2,741,054	\$8,164,549

CAPITAL  
IMPROVEMENT  
FUND

Special Apportionment Streets	Total Nonmajor Governmental Funds
\$6,799,067	\$51,731,712 727,960
1,171,566	1,875,754 270
10,701	60,805 805,869
<u>\$7,981,334</u>	<u>\$55,202,370</u>
\$275,589	\$2,017,699
26,192	28,411
562	509,754
805,869	901,707
<u>1,108,212</u>	<u>2,813,544</u>
<u>1,108,212</u>	<u>6,271,115</u>
6,873,122	41,491,474 566,659 6,873,122
<u>6,873,122</u>	<u>48,931,255</u>
<u>\$7,981,334</u>	<u>\$55,202,370</u>

CITY OF MANTECA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Police Grants	Supplemental Law Enforcement Services	Recreation	Street Improvements
<b>REVENUES</b>					
Licenses and permits					
Use of money and property			\$165	\$260	
Revenue from other agencies	\$158,522	\$166,313	140,184		
Charges for current services				1,100,006	
Other revenue				12,628	
<b>Total Revenues</b>	<b>158,522</b>	<b>166,313</b>	<b>140,349</b>	<b>1,112,894</b>	
<b>EXPENDITURES</b>					
Current:					
General government	89,267				
Community development	4,269				
Public safety		138,802			
Public works					
Parks and recreation	4,472			1,288,670	
Streets and highways					
Capital outlay	60,514	27,662	85,737		
Debt service:					
Principal					
Interest and fiscal charges					
<b>Total Expenditures</b>	<b>158,522</b>	<b>166,464</b>	<b>85,737</b>	<b>1,288,670</b>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		<b>(151)</b>	<b>54,612</b>	<b>(175,776)</b>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt					
Transfers in				200,000	
Transfers (out)					
<b>Total Other Financing Sources (Uses)</b>				<b>200,000</b>	
<b>NET CHANGE IN FUND BALANCES</b>		<b>(151)</b>	<b>54,612</b>	<b>24,224</b>	
<b>BEGINNING FUND BALANCES</b>		<b>15,278</b>	<b>46,200</b>	<b>542,435</b>	<b>\$54,012</b>
<b>ENDING FUND BALANCES</b>		<b>\$15,127</b>	<b>\$100,812</b>	<b>\$566,659</b>	<b>\$54,012</b>

SPECIAL REVENUE FUNDS

Major Equipment Purchase Fee	Landscape and Lighting Maintenance District	Public Safety Endowment Fee	Development Services	Development Mitigation	Federal Transit Management	Community Facilities Districts	Fire Grants
\$5,453	\$627	\$40,033 52,169	\$2,156,570 2,925	\$12,661	\$2,596 794,754		\$295,105
190,303	1,184,197 130		444,772 2,056	72,154	107,832 1,000	\$305,372 10	
<u>195,756</u>	<u>1,184,954</u>	<u>92,202</u>	<u>2,606,323</u>	<u>84,815</u>	<u>906,182</u>	<u>305,382</u>	<u>295,105</u>
		859,641	2,773,785	11,810			331,918
	935,353			55,068	868,957	250,597	
704,483				529,415	37,225		
277,308 34,397							
<u>1,016,188</u>	<u>935,353</u>	<u>859,641</u>	<u>2,773,785</u>	<u>596,293</u>	<u>906,182</u>	<u>250,597</u>	<u>331,918</u>
(820,432)	249,601	(767,439)	(167,462)	(511,478)		54,785	(36,813)
580,000			700,000	3,811,408 (200,000)			36,813
<u>580,000</u>			<u>700,000</u>	<u>3,611,408</u>			<u>36,813</u>
(240,432)	249,601	(767,439)	532,538	3,099,930		54,785	
<u>626,400</u>	<u>920,269</u>	<u>3,623,699</u>	<u>1,363,489</u>	<u>1,932,213</u>		<u>122,779</u>	
<u>\$385,968</u>	<u>\$1,169,870</u>	<u>\$2,856,260</u>	<u>\$1,896,027</u>	<u>\$5,032,143</u>		<u>\$177,564</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, 2016

	CAPITAL IMPROVEMENT FUNDS				
	State Gasoline Tax	Regional Transportation Impact Fees	Measure K	Parks	Government Building Facilities
<b>REVENUES</b>					
Licenses and permits					\$2,411,898
Use of money and property	\$13,297	\$99,501	\$47,468	\$33,541	53,999
Revenue from other agencies	1,585,952		1,109,692		
Charges for current services		1,217,223		1,283,536	
Other revenue	3,747				
	1,602,996	1,316,724	1,157,160	1,317,077	2,465,897
<b>EXPENDITURES</b>					
Current:					
General government					
Community development					
Public safety					
Public works	17,173				
Parks and recreation	88,890			325,614	
Streets and highways	1,850,509	22,423	1,334,745		
Capital outlay	7,842	22,494	155,963	1,931,170	218,799
Debt service:					
Principal					
Interest and fiscal charges					
	1,964,414	44,917	1,490,708	2,256,784	218,799
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	(361,418)	1,271,807	(333,548)	(939,707)	2,247,098
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt					
Transfers in			25,512		
Transfers (out)					
			25,512		
<b>NET CHANGE IN FUND BALANCES</b>					
	(361,418)	1,271,807	(308,036)	(939,707)	2,247,098
<b>BEGINNING FUND BALANCES</b>					
	3,643,187	9,748,566	6,142,109	2,603,233	5,756,852
<b>ENDING FUND BALANCES</b>					
	\$3,281,769	\$11,020,373	\$5,834,073	\$1,663,526	\$8,003,950

CAPITAL  
IMPROVEMENT  
FUNDS

Special Apportionment Streets	Total Nonmajor Governmental Funds
	\$4,568,468
\$70,080	382,606
2,046,957	6,349,648
	5,833,241
1,602	93,327
2,118,639	17,227,290
	89,267
	2,789,864
	1,330,361
	941,198
449,693	2,893,596
622,376	3,657,370
	4,403,680
	277,308
	34,397
1,072,069	16,417,041
1,046,570	810,249
	580,000
	4,773,733
(25,512)	(225,512)
(25,512)	5,128,221
1,021,058	5,938,470
5,852,064	42,992,785
\$6,873,122	\$48,931,255

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, 2016

	COMMUNITY DEVELOPMENT BLOCK GRANT			POLICE GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Licenses and permits						
Use of money and property						
Revenue from other agencies	\$349,862	\$158,522	(\$191,340)	\$252,695	\$166,313	(\$86,382)
Charges for current services						
Other revenue						
<b>Total Revenues</b>	<u>349,862</u>	<u>158,522</u>	<u>(191,340)</u>	<u>252,695</u>	<u>166,313</u>	<u>(86,382)</u>
<b>EXPENDITURES</b>						
Current:						
General government	211,330	89,267	122,063			
Community development	26,160	4,269	21,891			
Public safety				225,088	138,802	86,286
Public works						
Parks and recreation	4,472	4,472				
Streets and highways						
Capital outlay	642,326	60,514	581,812	27,610	27,662	(52)
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>884,288</u>	<u>158,522</u>	<u>725,766</u>	<u>252,698</u>	<u>166,464</u>	<u>86,234</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(534,426)</u>		<u>534,426</u>	<u>(3)</u>	<u>(151)</u>	<u>(148)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt						
Transfers in						
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>						
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>(\$534,426)</u></u>		<u><u>\$534,426</u></u>	<u><u>(3)</u></u>	<u><u>(151)</u></u>	<u><u>(\$148)</u></u>
<b>BEGINNING FUND BALANCES</b>					<u>15,278</u>	
<b>ENDING FUND BALANCES</b>					<u><u>\$15,127</u></u>	

SUPPLEMENTAL LAW ENFORCEMENT SERVICES			RECREATION			STREET IMPROVEMENTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$115,000	\$165 140,184	\$165 25,184		\$260	\$260			
			\$868,300 10,000	1,100,006 12,628	231,706 2,628			
<u>115,000</u>	<u>140,349</u>	<u>25,349</u>	<u>878,300</u>	<u>1,112,894</u>	<u>234,594</u>			
			1,305,670	1,288,670	17,000			
94,500	85,737	8,763						
<u>94,500</u>	<u>85,737</u>	<u>8,763</u>	<u>1,305,670</u>	<u>1,288,670</u>	<u>17,000</u>			
20,500	54,612	34,112	(427,370)	(175,776)	251,594			
			200,000	200,000				
			200,000	200,000				
<u>\$20,500</u>	54,612	<u>\$34,112</u>	<u>(\$227,370)</u>	24,224	<u>\$251,594</u>			
	<u>46,200</u>			<u>542,435</u>			<u>\$54,012</u>	
	<u>\$100,812</u>			<u>\$566,659</u>			<u>\$54,012</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, 2016

	<u>MAJOR EQUIPMENT PURCHASE FEE</u>			<u>LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>						
Licenses and permits						
Use of money and property	\$4,300	\$5,453	\$1,153		\$627	\$627
Revenue from other agencies						
Charges for current services	130,000	190,303	60,303	\$1,190,655	1,184,197	(6,458)
Other revenue					130	130
	<u>134,300</u>	<u>195,756</u>	<u>61,456</u>	<u>1,190,655</u>	<u>1,184,954</u>	<u>(5,701)</u>
<b>Total Revenues</b>						
<b>EXPENDITURES</b>						
Current:						
General government						
Community development						
Public safety						
Public works						
Parks and recreation				1,148,062	935,353	212,709
Streets and highways						
Capital outlay	707,048	704,483	2,565	72,290		72,290
Debt service:						
Principal	346,380	277,308	69,072			
Interest and fiscal charges	13,805	34,397	(20,592)			
	<u>1,067,233</u>	<u>1,016,188</u>	<u>51,045</u>	<u>1,220,352</u>	<u>935,353</u>	<u>284,999</u>
<b>Total Expenditures</b>						
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(932,933)</u>	<u>(820,432)</u>	<u>112,501</u>	<u>(29,697)</u>	<u>249,601</u>	<u>279,298</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt		580,000	580,000			
Transfers in						
Transfers (out)						
		<u>580,000</u>	<u>580,000</u>			
<b>Total Other Financing Sources (Uses)</b>						
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>(\$932,933)</u></u>	<u><u>(240,432)</u></u>	<u><u>\$692,501</u></u>	<u><u>(\$29,697)</u></u>	<u><u>249,601</u></u>	<u><u>\$279,298</u></u>
<b>BEGINNING FUND BALANCES</b>		<u>626,400</u>			<u>920,269</u>	
<b>ENDING FUND BALANCES</b>		<u><u>\$385,968</u></u>			<u><u>\$1,169,870</u></u>	

PUBLIC SAFETY ENDOWMENT FEE			DEVELOPMENT SERVICES			DEVELOPMENT MITIGATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$14,000	\$40,033	\$26,033	\$1,580,000	\$2,156,570	\$576,570	\$24,000	\$12,661	(\$11,339)
162,000	52,169	(109,831)		2,925	2,925			
			457,000	444,772	(12,228)	72,155	72,154	(1)
				2,056	2,056			
<u>176,000</u>	<u>92,202</u>	<u>(83,798)</u>	<u>2,037,000</u>	<u>2,606,323</u>	<u>569,323</u>	<u>96,155</u>	<u>84,815</u>	<u>(11,340)</u>
						17,350		17,350
895,815	859,641	36,174	3,616,080	2,773,785	842,295	128,190	11,810	116,380
						440,000	55,068	384,932
						801,116	529,415	271,701
<u>895,815</u>	<u>859,641</u>	<u>36,174</u>	<u>3,616,080</u>	<u>2,773,785</u>	<u>842,295</u>	<u>1,386,656</u>	<u>596,293</u>	<u>790,363</u>
<u>(719,815)</u>	<u>(767,439)</u>	<u>(47,624)</u>	<u>(1,579,080)</u>	<u>(167,462)</u>	<u>1,411,618</u>	<u>(1,290,501)</u>	<u>(511,478)</u>	<u>779,023</u>
			700,000	700,000		3,811,410	3,811,408	(2)
						(200,000)	(200,000)	
			700,000	700,000		3,611,410	3,611,408	(2)
<u>(\$719,815)</u>	<u>(767,439)</u>	<u>(\$47,624)</u>	<u>(\$879,080)</u>	532,538	<u>\$1,411,618</u>	<u>\$2,320,909</u>	3,099,930	<u>\$779,021</u>
	<u>3,623,699</u>			<u>1,363,489</u>			<u>1,932,213</u>	
	<u>\$2,856,260</u>			<u>\$1,896,027</u>			<u>\$5,032,143</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, 2016

	FEDERAL TRANSIT MANAGEMENT			COMMUNITY FACILITIES DISTRICTS		
	Budget	Actual	Variance	Budget	Actual	Variance
			Positive (Negative)			Positive (Negative)
<b>REVENUES</b>						
Licenses and permits		\$2,596	\$2,596			
Use of money and property						
Revenue from other agencies	\$2,142,515	794,754	(1,347,761)			
Charges for current services	104,975	107,832	2,857	\$249,585	\$305,372	\$55,787
Other revenue		1,000	1,000		10	10
	<u>2,247,490</u>	<u>906,182</u>	<u>(1,341,308)</u>	<u>249,585</u>	<u>305,382</u>	<u>55,797</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Community development						
Public safety						
Public works	1,249,250	868,957	380,293			
Parks and recreation				201,981	250,597	(48,616)
Streets and highways						
Capital outlay	1,823,135	37,225	1,785,910	47,410		47,410
Debt service:						
Principal						
Interest and fiscal charges						
	<u>3,072,385</u>	<u>906,182</u>	<u>2,166,203</u>	<u>249,391</u>	<u>250,597</u>	<u>(1,206)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(824,895)</u>		<u>824,895</u>	<u>194</u>	<u>54,785</u>	<u>54,591</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt						
Transfers in						
Transfers (out)						
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total Other Financing Sources (Uses)						
<b>NET CHANGE IN FUND BALANCES</b>	<u>(824,895)</u>		<u>824,895</u>	<u>\$194</u>	<u>54,785</u>	<u>\$54,591</u>
<b>BEGINNING FUND BALANCES</b>					<u>122,779</u>	
<b>ENDING FUND BALANCES</b>		<u>                  </u>			<u>\$177,564</u>	

FIRE GRANTS			STATE GASOLINE TAX			REGIONAL TRANSPORTATION IMPACT FEES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,272,234	\$295,105	(\$977,129)	\$4,500	\$13,297	\$8,797		\$99,501	\$99,501
			1,542,700	1,585,952	43,252			
						\$963,900	1,217,223	253,323
			5,000	3,747	(1,253)			
<u>1,272,234</u>	<u>295,105</u>	<u>(977,129)</u>	<u>1,552,200</u>	<u>1,602,996</u>	<u>50,796</u>	<u>963,900</u>	<u>1,316,724</u>	<u>352,824</u>
331,936	331,918	18	29,000	17,173	11,827			
			85,845	88,890	(3,045)			
			2,308,781	1,850,509	458,272	15,000	22,423	(7,423)
			8,000	7,842	158	1,411,265	22,494	1,388,771
<u>331,936</u>	<u>331,918</u>	<u>18</u>	<u>2,431,626</u>	<u>1,964,414</u>	<u>467,212</u>	<u>1,426,265</u>	<u>44,917</u>	<u>1,381,348</u>
940,298	(36,813)	(977,111)	(879,426)	(361,418)	518,008	(462,365)	1,271,807	1,734,172
36,815	36,813	(2)						
<u>36,815</u>	<u>36,813</u>	<u>(2)</u>						
<u>\$977,113</u>		<u>(\$977,113)</u>	<u>(\$879,426)</u>	<u>(361,418)</u>	<u>\$518,008</u>	<u>(\$462,365)</u>	1,271,807	<u>\$1,734,172</u>
				<u>3,643,187</u>			<u>9,748,566</u>	
				<u>\$3,281,769</u>			<u>\$11,020,373</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, 2016

	MEASURE K			PARKS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Licenses and permits						
Use of money and property	\$4,500	\$47,468	\$42,968	\$9,000	\$33,541	\$24,541
Revenue from other agencies	1,122,500	1,109,692	(12,808)			
Charges for current services				324,910	1,283,536	958,626
Other revenue						
<b>Total Revenues</b>	<b>1,127,000</b>	<b>1,157,160</b>	<b>30,160</b>	<b>333,910</b>	<b>1,317,077</b>	<b>983,167</b>
<b>EXPENDITURES</b>						
Current:						
General government						
Community development						
Public safety						
Public works						
Parks and recreation				589,140	325,614	263,526
Streets and highways	2,863,615	1,334,745	1,528,870			
Capital outlay	1,613,805	155,963	1,457,842	3,198,703	1,931,170	1,267,533
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<b>4,477,420</b>	<b>1,490,708</b>	<b>2,986,712</b>	<b>3,787,843</b>	<b>2,256,784</b>	<b>1,531,059</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,350,420)</b>	<b>(333,548)</b>	<b>3,016,872</b>	<b>(3,453,933)</b>	<b>(939,707)</b>	<b>2,514,226</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt						
Transfers in		25,512	25,512			
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>		<b>25,512</b>	<b>25,512</b>			
<b>NET CHANGE IN FUND BALANCES</b>	<b>(\$3,350,420)</b>	<b>(308,036)</b>	<b>\$3,042,384</b>	<b>(\$3,453,933)</b>	<b>(939,707)</b>	<b>\$2,514,226</b>
<b>BEGINNING FUND BALANCES</b>		<b>6,142,109</b>			<b>2,603,233</b>	
<b>ENDING FUND BALANCES</b>		<b>\$5,834,073</b>			<b>\$1,663,526</b>	

GOVERNMENT BUILDING FACILITIES			SPECIAL APPORTIONMENT STREETS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,553,000	\$2,411,898	\$858,898			
13,500	53,999	40,499	\$9,000	\$70,080	\$61,080
			3,622,820	2,046,957	(1,575,863)
				1,602	1,602
<u>1,566,500</u>	<u>2,465,897</u>	<u>899,397</u>	<u>3,631,820</u>	<u>2,118,639</u>	<u>(1,513,181)</u>
			2,036,990	449,693	1,587,297
2,333,715	218,799	2,114,916	3,406,410	622,376	2,784,034
<u>2,333,715</u>	<u>218,799</u>	<u>2,114,916</u>	<u>5,443,400</u>	<u>1,072,069</u>	<u>4,371,331</u>
<u>(767,215)</u>	<u>2,247,098</u>	<u>3,014,313</u>	<u>(1,811,580)</u>	<u>1,046,570</u>	<u>2,858,150</u>
				(25,512)	(25,512)
				(25,512)	(25,512)
<u>(\$767,215)</u>	2,247,098	<u>\$3,014,313</u>	<u>(\$1,811,580)</u>	1,021,058	<u>\$2,832,638</u>
	<u>5,756,852</u>			<u>5,852,064</u>	
	<u>\$8,003,950</u>			<u>\$6,873,122</u>	

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## **INTERNAL SERVICE FUNDS**

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

For the Statement of Activities, the net revenues or expenses of each internal service fund are eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

### **VEHICLE**

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

### **EQUIPMENT**

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

### **PAYROLL TAX BENEFIT ALLOCATION**

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

### **INSURANCE**

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



CITY OF MANTECA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$904,065	\$1,776,189	\$9,911,235	\$6,627,999	\$19,219,488
Restricted cash and investments		201,112			201,112
Accounts receivable	31,054		(3,593)	9,998	37,459
Interest receivable	917			10,892	11,809
Prepaid items				6,980	6,980
Employee notes receivable			64,475		64,475
<b>Total Current Assets</b>	<b>936,036</b>	<b>1,977,301</b>	<b>9,972,117</b>	<b>6,655,869</b>	<b>19,541,323</b>
Capital assets not being depreciated		755,290			755,290
Capital assets (net of accumulated depreciation)	472,004	1,172,826			1,644,830
<b>Total Non-Current Assets</b>	<b>472,004</b>	<b>1,928,116</b>			<b>2,400,120</b>
<b>Total Assets</b>	<b>1,408,040</b>	<b>3,905,417</b>	<b>9,972,117</b>	<b>6,655,869</b>	<b>21,941,443</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions		303,122		96,462	399,584
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	3,091	24,358	108,638	172,023	308,110
Accrued liabilities		2,068	1,962,457		1,964,525
Refundable deposits				193	193
Compensated absences			556,191		556,191
Estimated claims liability				215,065	215,065
Capital lease obligations		115,901			115,901
<b>Total Current Liabilities</b>	<b>3,091</b>	<b>142,327</b>	<b>2,627,286</b>	<b>387,281</b>	<b>3,159,985</b>
Long-term Liabilities:					
Compensated absences			5,005,716		5,005,716
Estimated claims liability				1,059,009	1,059,009
Capital lease obligation		372,030			372,030
Net pension liability		1,448,302		506,373	1,954,675
Net OPEB obligation				121,786	121,786
<b>Total Long-Term Liabilities</b>		<b>1,820,332</b>	<b>5,005,716</b>	<b>1,687,168</b>	<b>8,513,216</b>
<b>Total Liabilities</b>	<b>3,091</b>	<b>1,962,659</b>	<b>7,633,002</b>	<b>2,074,449</b>	<b>11,673,201</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions		250,382		86,990	337,372
<b>NET POSITION</b>					
Net investment in capital assets	472,004	1,641,297			2,113,301
Unrestricted	932,945	354,201	2,339,115	4,590,892	8,217,153
<b>Total Net Position</b>	<b>\$1,404,949</b>	<b>\$1,995,498</b>	<b>\$2,339,115</b>	<b>\$4,590,892</b>	<b>\$10,330,454</b>

CITY OF MANTECA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$10,000	\$2,152,550			\$2,162,550
Insurance premium contribution from other funds				\$2,609,360	2,609,360
Miscellaneous		17,729		303,423	321,152
<b>Total Operating Revenues</b>	<b>10,000</b>	<b>2,170,279</b>		<b>2,912,783</b>	<b>5,093,062</b>
<b>OPERATING EXPENSES</b>					
Personnel services		895,867	\$135,540	305,903	1,337,310
Contractual services			40,655	129,854	170,509
Supplies		140,414		45,816	186,230
Utilities		31,293		8,336	39,629
Repairs and maintenance		627,829		1,567	629,396
Vehicle maintenance and operations		58			58
Interdepartmental				9,880	9,880
Insurance		16,260		1,932,192	1,948,452
Claims				548,640	548,640
Depreciation	65,585	282,263			347,848
Miscellaneous	2,414	62,423		51,554	116,391
<b>Total Operating Expenses</b>	<b>67,999</b>	<b>2,056,407</b>	<b>176,195</b>	<b>3,033,742</b>	<b>5,334,343</b>
<b>Total Operating Income (Loss)</b>	<b>(57,999)</b>	<b>113,872</b>	<b>(176,195)</b>	<b>(120,959)</b>	<b>(241,281)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	4,303	2,505	33,219	70,633	110,660
Interest expense		(21,471)			(21,471)
Gain (Loss) from sale of capital assets	6,423				6,423
<b>Total Nonoperating Revenues (Expenses)</b>	<b>10,726</b>	<b>(18,966)</b>	<b>33,219</b>	<b>70,633</b>	<b>95,612</b>
<b>Income (Loss) Before Contributions and Transfers</b>					
Transfers in	500,000	310,000			810,000
Transfers (out)	(10,000)				(10,000)
<b>Net Contributions and Transfers</b>	<b>490,000</b>	<b>310,000</b>			<b>800,000</b>
<b>Change in Net Position</b>	<b>442,727</b>	<b>404,906</b>	<b>(142,976)</b>	<b>(50,326)</b>	<b>654,331</b>
<b>BEGINNING NET POSITION</b>	<b>962,222</b>	<b>1,590,592</b>	<b>2,482,091</b>	<b>4,641,218</b>	<b>9,676,123</b>
<b>ENDING NET POSITION</b>	<b>\$1,404,949</b>	<b>\$1,995,498</b>	<b>\$2,339,115</b>	<b>\$4,590,892</b>	<b>\$10,330,454</b>

CITY OF MANTECA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$14,524	\$2,170,279		\$2,950,164	\$5,134,967
Payments to suppliers	(37,238)	(1,408,058)		(2,076,095)	(3,521,391)
Payments to or on behalf of employees		(952,991)	(\$145,718)	(317,258)	(1,415,967)
Payments on employee notes receivable			(2,111)		(2,111)
Claims paid				(524,398)	(524,398)
Cash Flows from (used by) Operating Activities	<u>(22,714)</u>	<u>(190,770)</u>	<u>(147,829)</u>	<u>32,413</u>	<u>(328,900)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in from other funds	500,000	310,000			810,000
Transfers (out) to other funds	<u>(10,000)</u>				<u>(10,000)</u>
Cash flows from (used by) Noncapital Financing Activities	<u>490,000</u>	<u>310,000</u>			<u>800,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(277,435)	(281,629)			(559,064)
Proceeds from sale of capital assets	6,423				6,423
Long-term debt payment - principal		(112,069)			(112,069)
Long-term debt payment - interest		<u>(21,471)</u>			<u>(21,471)</u>
Cash Flows from (used by) Capital and Related Financing Activities	<u>(271,012)</u>	<u>(415,169)</u>			<u>(686,181)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest earnings	4,636	4,450	33,219	69,881	112,186
Cash Flows from Investing Activities	<u>4,636</u>	<u>4,450</u>	<u>33,219</u>	<u>69,881</u>	<u>112,186</u>
Net Cash Flows	200,910	(291,489)	(114,610)	102,294	(102,895)
Cash and investments at beginning of period	703,155	2,268,790	10,025,845	6,525,705	19,523,495
Cash and investments at end of period	<u>\$904,065</u>	<u>\$1,977,301</u>	<u>\$9,911,235</u>	<u>\$6,627,999</u>	<u>\$19,420,600</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>					
Operating income (loss)	(\$57,999)	\$113,872	(\$176,195)	(\$120,959)	(\$241,281)
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>					
Depreciation	65,585	282,263			347,848
<b>Change in assets and liabilities:</b>					
Receivables, net	4,524		4,876	37,381	46,781
Prepaid items				1,801	1,801
Related party notes receivable			(2,111)		(2,111)
Accounts and other payables	(34,824)	(529,781)	(226,844)	101,110	(690,339)
Accrued liabilities		2,068	131,563	193	133,824
Compensated absences			120,882		120,882
Claims liability				24,242	24,242
Net pension liability, deferred outflows and inflows		(59,192)		(17,030)	(76,222)
Net OPEB obligation				5,675	5,675
Cash Flows from (used by) Operating Activities	<u>(\$22,714)</u>	<u>(\$190,770)</u>	<u>(\$147,829)</u>	<u>\$32,413</u>	<u>(\$328,900)</u>

## AGENCY FUND

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

The City's Agency fund accounts for funds received from the City of Lathrop for their share of the Wastewater Quality Control Facility Phase III expansion project.

CITY OF MANTECA  
 AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2016

<u>AGENCY FUND</u>	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
<u>Assets</u>				
Cash and investments	\$5,351		\$5,351	
Total Assets	<u>\$5,351</u>		<u>\$5,351</u>	
<u>Liabilities</u>				
Due to stakeholders	\$5,351		\$5,351	
Total Liabilities	<u>\$5,351</u>		<u>\$5,351</u>	

## 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

<b>STATISTICAL SECTION (Continued)</b>
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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

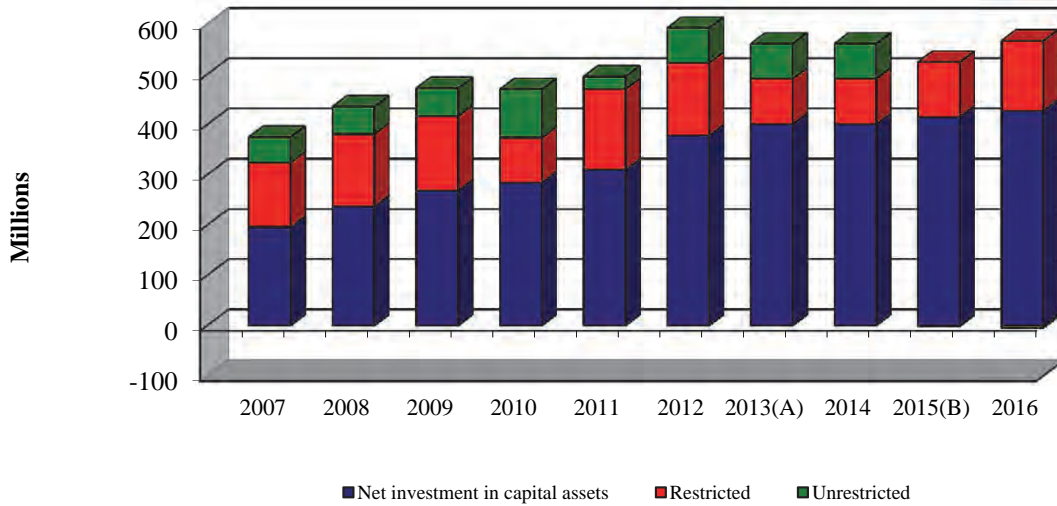
***Sources***

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)**



	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental activities</b>					
Net investment in capital assets	\$110,719,509	\$141,625,313	\$168,403,886	\$171,675,891	\$188,291,863
Restricted	128,104,351	144,023,997	148,127,615	89,276,875	160,477,438
Unrestricted	7,997,825	3,984,025	(2,956,474)	44,968,093	(26,952,930)
Total governmental activities net position	<u>\$246,821,685</u>	<u>\$289,633,335</u>	<u>\$313,575,027</u>	<u>\$305,920,859</u>	<u>\$321,816,371</u>
<b>Business-type activities</b>					
Net investment in capital assets	\$85,696,108	\$95,592,559	\$100,051,333	\$113,151,440	\$121,850,958
Unrestricted	42,834,995	50,615,963	58,841,297	51,398,693	52,096,899
Total business-type activities net position	<u>\$128,531,103</u>	<u>\$146,208,522</u>	<u>\$158,892,630</u>	<u>\$164,550,133</u>	<u>\$173,947,857</u>
<b>Primary government</b>					
Net investment in capital assets	\$196,415,617	\$237,217,872	\$268,455,219	\$284,827,331	\$310,142,821
Restricted	128,104,351	144,023,997	148,127,615	89,276,875	160,477,438
Unrestricted	50,832,820	54,599,988	55,884,823	96,366,786	25,143,969
Total primary government net position	<u>\$375,352,788</u>	<u>\$435,841,857</u>	<u>\$472,467,657</u>	<u>\$470,470,992</u>	<u>\$495,764,228</u>

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

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

<b>2012</b>	<b>2013(A)</b>	<b>2014</b>	<b>2015(B)</b>	<b>2016</b>
\$254,330,807	\$272,862,137	\$271,754,541	\$278,800,432	\$282,954,575
144,103,748	90,527,590	104,193,296	108,825,262	139,014,904
14,672,681	16,479,375	19,495,181	(41,846,484)	(42,549,501)
<u>\$413,107,236</u>	<u>\$379,869,102</u>	<u>\$395,443,018</u>	<u>\$345,779,210</u>	<u>\$379,419,978</u>
\$124,505,612	\$128,003,081	\$132,768,445	\$136,876,673	\$144,968,629
54,957,132	53,338,111	54,770,104	40,706,859	38,202,656
<u>\$179,462,744</u>	<u>\$181,341,192</u>	<u>\$187,538,549</u>	<u>\$177,583,532</u>	<u>\$183,171,285</u>
\$378,836,419	\$400,865,218	\$400,865,218	\$415,677,105	\$427,923,204
144,103,748	90,527,590	90,527,590	108,825,262	139,014,904
69,629,813	69,817,486	69,817,486	(1,139,625)	(4,346,845)
<u>\$592,569,980</u>	<u>\$561,210,294</u>	<u>\$561,210,294</u>	<u>\$523,362,742</u>	<u>\$562,591,263</u>

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

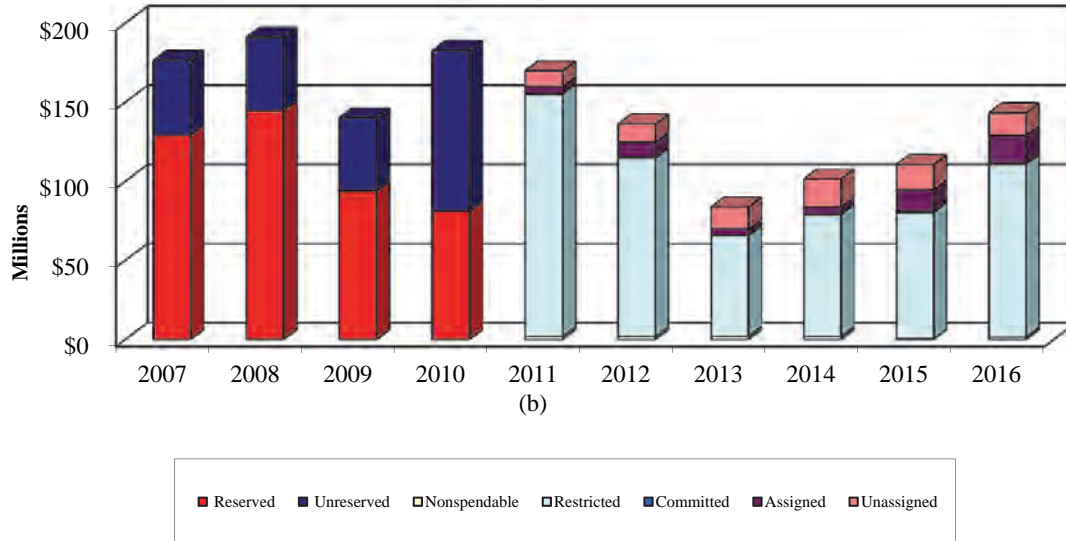
	<b>Fiscal Year Ended June 30,</b>				
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
General Government	\$3,534,631	\$5,520,665	\$5,058,599	\$3,109,047	\$3,174,292
Community Development	7,211,719	6,932,523	5,829,037	14,446,062	7,745,806
Public Safety	20,392,894	23,982,219	27,534,943	27,065,592	24,280,052
Library	152,824	157,466	136,037	113,092	109,752
Public Works	5,070,777	4,726,065	3,901,601	5,862,331	4,940,031
Parks and Recreation	5,824,783	7,260,986	7,941,094	6,652,295	6,482,442
Streets and Highways	3,894,616	4,843,101	5,112,187	4,927,588	5,882,611
Interest and Fiscal Charges	5,819,231	7,029,436	6,035,886	5,964,171	6,346,120
<b>Total Governmental Activities Expenses</b>	<b>51,901,475</b>	<b>60,452,461</b>	<b>61,549,384</b>	<b>68,140,178</b>	<b>58,961,106</b>
<b>Business-Type Activities:</b>					
Water	10,715,712	12,291,710	12,667,365	13,226,177	12,992,447
Sewer	10,536,235	10,511,796	11,067,524	12,503,682	13,103,679
Solid Waste	7,193,512	7,717,703	8,712,715	9,029,774	8,796,614
Golf	1,326,557	1,170,939	1,244,412	1,268,361	1,156,149
<b>Total Business-Type Activities Expenses</b>	<b>29,772,016</b>	<b>31,692,148</b>	<b>33,692,016</b>	<b>36,027,994</b>	<b>36,048,889</b>
<b>Total Primary Government Expenses</b>	<b>\$81,673,491</b>	<b>\$92,144,609</b>	<b>\$95,241,400</b>	<b>\$104,168,172</b>	<b>\$95,009,995</b>
<b>Program Revenues:</b>					
<b>Governmental Activities:</b>					
<b>Charges for Services:</b>					
General Government	\$5,795,799	\$3,865,283	\$3,863,991	\$2,939,727	\$2,903,308
Community Development	2,849,501	2,104,057	990,726	1,969,679	2,585,271
Public Safety	1,018,344	1,173,161	1,295,958	1,050,347	989,504
Public Works	15,984			2,003	2,003
Parks and Recreation	922,124	1,590,320	1,657,534	1,667,858	1,615,658
Streets and Highways	340,938	164,000	164,000	164,000	164,000
Operating Grants and Contributions	4,331,741	7,075,977	4,317,151	4,177,794	6,560,679
Capital Grants and Contributions	28,202,450	30,997,048	25,070,949	8,229,819	20,103,722
<b>Total Government Activities Program Revenues</b>	<b>43,476,881</b>	<b>46,969,846</b>	<b>37,360,309</b>	<b>20,201,227</b>	<b>34,924,145</b>
<b>Business-Type Activities:</b>					
<b>Charges for Services:</b>					
Water	14,900,645	14,825,250	13,291,670	13,235,259	13,207,371
Sewer	19,304,123	16,137,851	15,084,085	16,332,422	19,001,593
Solid Waste	7,769,529	7,996,902	7,994,026	8,037,838	8,159,479
Golf	1,170,209	1,198,976	1,196,998	1,202,991	
Operating Grants and Contributions					
Capital Grants and Contributions	4,253,941	4,756,193	4,480,489	338,640	2,305,694
<b>Total Business-Type Activities Program Revenue</b>	<b>47,398,447</b>	<b>44,915,172</b>	<b>42,047,268</b>	<b>39,147,150</b>	<b>42,674,137</b>
<b>Total Primary Government Program Revenues</b>	<b>\$90,875,328</b>	<b>\$91,885,018</b>	<b>\$79,407,577</b>	<b>\$59,348,377</b>	<b>\$77,598,282</b>
<b>Net (Expense)/Revenue:</b>					
Governmental Activities	(\$8,424,594)	(\$13,482,615)	(\$24,189,075)	(\$47,940,954)	(\$24,036,961)
Business-Type Activities	17,626,431	13,223,024	8,355,252	3,119,156	7,739,216
<b>Total Primary Government Net Expense</b>	<b>\$9,201,837</b>	<b>(\$259,591)</b>	<b>(\$15,833,823)</b>	<b>(\$44,821,798)</b>	<b>(\$16,297,745)</b>
<b>General Revenues and Other</b>					
<b>Changes in Net Position:</b>					
<b>Governmental Activities:</b>					
<b>Taxes:</b>					
Property Taxes	\$25,849,273	\$27,228,016	\$27,225,355	\$23,848,385	\$23,066,757
Sales Taxes	6,356,704	9,779,701	9,278,231	9,653,398	10,067,580
Other Taxes	4,112,928	3,940,114	3,854,252	3,270,746	4,171,694
Interest Income	4,369,508	7,243,110	4,641,537	2,257,961	1,381,906
<b>Intergovernmental:</b>					
Motor Vehicle In-Lieu Grants	406,742	308,149	244,605	151,915	236,814
Other Revenue	520,630	312,945	418,794		
Developer Contributions	2,833,230	3,745,107	1,625,719	1,056,231	314,968
Gain From Sale of Capital Assets	13,782,813	3,737,123	842,274	48,150	60,109
Transfers, net					192,760
Extraordinary item	(23,900)				439,885
<b>Total Government Activities</b>	<b>58,207,928</b>	<b>56,294,265</b>	<b>48,130,767</b>	<b>40,286,786</b>	<b>39,932,473</b>
<b>Business-Type Activities:</b>					
Interest Income	3,292,440	4,079,798	3,891,990	1,812,779	1,155,140
Other Revenue	362,500	374,597	436,866	292,200	933,153
Gain From Sale of Capital Assets				433,368	10,100
Transfers, net	23,900				(439,885)
<b>Total Business-Type Activities</b>	<b>3,678,840</b>	<b>4,454,395</b>	<b>4,328,856</b>	<b>2,538,347</b>	<b>1,658,508</b>
<b>Total Primary Government</b>	<b>\$61,886,768</b>	<b>\$60,748,660</b>	<b>\$52,459,623</b>	<b>\$42,825,133</b>	<b>\$41,590,981</b>
<b>Change in Net Position:</b>					
Governmental Activities	\$49,783,334	\$42,811,650	\$23,941,692	(\$7,654,168)	\$15,895,512
Business-Type Activities	21,305,271	17,677,419	12,684,108	5,657,503	9,397,724
<b>Total Primary Government</b>	<b>\$71,088,605</b>	<b>\$60,489,069</b>	<b>\$36,625,800</b>	<b>(\$1,996,665)</b>	<b>\$25,293,236</b>

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

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

2012	2013(1)	2014	2015(2)	2016
\$3,072,865	\$3,471,459	\$3,662,065	\$3,312,873	\$3,629,365
5,245,747	4,723,211	4,811,707	4,987,786	6,616,224
22,875,613	23,555,968	23,663,325	25,166,890	25,193,524
85,762	156,209	99,369	114,291	118,809
3,765,228	3,828,636	4,166,837	5,094,875	4,843,276
6,456,949	6,827,567	7,083,257	7,403,446	8,331,503
6,248,464	7,258,013	8,359,402	7,969,409	10,856,381
3,380,281	148,895	105,935	87,096	101,562
<u>51,130,909</u>	<u>49,969,958</u>	<u>51,951,897</u>	<u>54,136,666</u>	<u>59,690,644</u>
13,328,494	14,818,353	13,936,206	14,009,670	14,996,267
13,184,836	14,658,322	13,720,540	13,853,066	14,274,230
9,105,662	8,949,815	9,591,309	9,900,313	10,566,029
1,098,871	1,179,120	1,197,545	1,154,179	1,178,770
<u>36,717,863</u>	<u>39,605,610</u>	<u>38,445,600</u>	<u>38,917,228</u>	<u>41,015,296</u>
<u>\$87,848,772</u>	<u>\$89,575,568</u>	<u>\$90,397,497</u>	<u>\$93,053,894</u>	<u>\$100,705,940</u>
\$2,994,366	\$3,851,426	\$3,482,110	\$4,513,841	\$4,337,680
2,307,275	1,724,184	2,263,202	2,575,570	2,877,168
1,078,717	1,120,531	1,380,990	1,621,244	1,360,473
62,029	57,103	177,929	41,889	183,422
2,098,940	2,003,973	2,373,422	2,263,443	2,772,184
5,968,148	10,700,485	7,862,956	6,991,694	6,085,529
<u>10,372,326</u>	<u>10,979,228</u>	<u>20,231,150</u>	<u>20,220,600</u>	<u>41,118,815</u>
<u>24,881,801</u>	<u>30,436,930</u>	<u>37,771,759</u>	<u>38,228,281</u>	<u>58,735,271</u>
13,143,709	13,400,887	14,300,665	14,240,103	13,901,722
17,478,380	17,432,082	18,095,530	19,270,009	19,969,107
8,206,348	8,446,006	8,443,817	8,827,211	9,131,837
1,121,220	1,084,478	1,040,365	1,009,100	978,427
55,131				
411,377	1,751,102	1,447,128	2,401,413	935,948
<u>40,416,165</u>	<u>42,114,555</u>	<u>43,327,505</u>	<u>45,747,836</u>	<u>44,917,041</u>
<u>\$65,297,966</u>	<u>\$72,551,485</u>	<u>\$81,099,264</u>	<u>\$83,976,117</u>	<u>\$103,652,312</u>
(\$26,249,108)	(\$19,533,028)	(\$14,180,138)	(\$15,908,385)	(\$955,373)
3,698,302	2,508,945	4,881,905	6,830,608	3,901,745
<u>(\$22,550,806)</u>	<u>(\$17,024,083)</u>	<u>(\$9,298,233)</u>	<u>(\$9,077,777)</u>	<u>\$2,946,372</u>
\$16,866,055	\$10,674,783	\$11,051,871	\$13,054,963	\$12,633,502
10,622,542	11,566,467	12,361,731	13,271,312	14,552,582
4,195,411	4,493,507	4,792,936	5,109,652	5,006,171
1,607,554	31,395	897,034	744,569	1,635,220
522,320	1,219,181	775,632	1,484,667	937,712
61,962	64,158	40,000	69,231	72,154
			(1,606,375)	(241,200)
<u>83,664,129</u>	<u>(43,670,205)</u>	<u>29,919,204</u>	<u>32,128,019</u>	<u>34,596,141</u>
117,539,973	(15,620,714)			
1,320,576	166,835	617,958	606,799	1,167,858
496,009	499,913	532,344	462,941	276,950
			1,606,375	241,200
<u>1,816,585</u>	<u>666,748</u>	<u>1,150,302</u>	<u>2,676,115</u>	<u>1,686,008</u>
<u>\$119,356,558</u>	<u>(\$14,953,966)</u>	<u>\$31,069,506</u>	<u>\$34,804,134</u>	<u>\$36,282,149</u>
\$91,290,865	(\$34,987,897)	\$15,739,066	\$16,219,634	\$33,640,768
5,514,887	3,009,848	6,032,207	9,506,723	5,587,753
<u>\$96,805,752</u>	<u>(\$31,978,049)</u>	<u>\$21,771,273</u>	<u>\$25,726,357</u>	<u>\$39,228,521</u>

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



	<b>June 30,</b>				
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011 (b)</b>
<b>General Fund:</b>					
Reserved	\$1,420,277	\$1,681,076	\$1,822,967	\$1,917,928	
Unreserved	16,466,493	12,798,045	13,346,867	10,137,693	
Nondspendable					\$1,716,914
Assigned					24,329
Unassigned					10,746,187
<b>Total General Fund</b>	<b>\$17,886,770</b>	<b>\$14,479,121</b>	<b>\$15,169,834</b>	<b>\$12,055,621</b>	<b>\$12,487,430</b>
<b>All Other Governmental Funds:</b>					
Reserved	\$127,534,384	\$142,845,030	\$91,946,949	\$79,080,523	
Unreserved, reported in:					
Special revenue funds	28,916,559	31,681,735	26,977,907	25,237,443	
Capital project funds	1,931,318	2,054,083	5,923,572	66,218,838	
Nondspendable					\$182,800
Restricted					153,102,767
Committed					383,968
Assigned					4,525,889
Unassigned					(980,085)
<b>Total All Other Governmental Funds</b>	<b>\$158,382,261</b>	<b>\$176,580,848</b>	<b>\$124,848,428</b>	<b>\$170,536,804</b>	<b>\$157,215,339</b>

(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.

2012	2013	2014	2015	2016
\$1,773,218	\$1,914,952	\$1,926,248	\$227,542	\$1,140,121
134,186	38,600	22,092	7,921,152	10,860,353
11,358,781	13,897,866	17,736,555	15,792,889	14,362,743
<u>\$13,266,185</u>	<u>\$15,851,418</u>	<u>\$19,684,895</u>	<u>\$23,941,583</u>	<u>\$26,363,217</u> (a)

\$121,865	\$60,930			\$367,368
112,765,524	63,581,446	\$76,888,357	\$80,121,549	109,084,616
267,919	347,995	443,166	542,435	566,659
9,696,257	3,835,995	4,364,455	5,852,064	6,873,122
	(1,168)			
<u>\$122,851,565</u>	<u>\$67,825,198</u>	<u>\$81,695,978</u>	<u>\$86,516,048</u>	<u>\$116,891,765</u> (a)

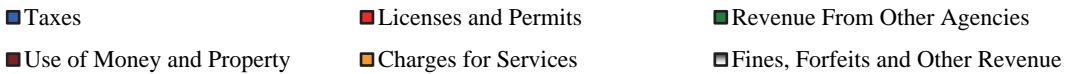
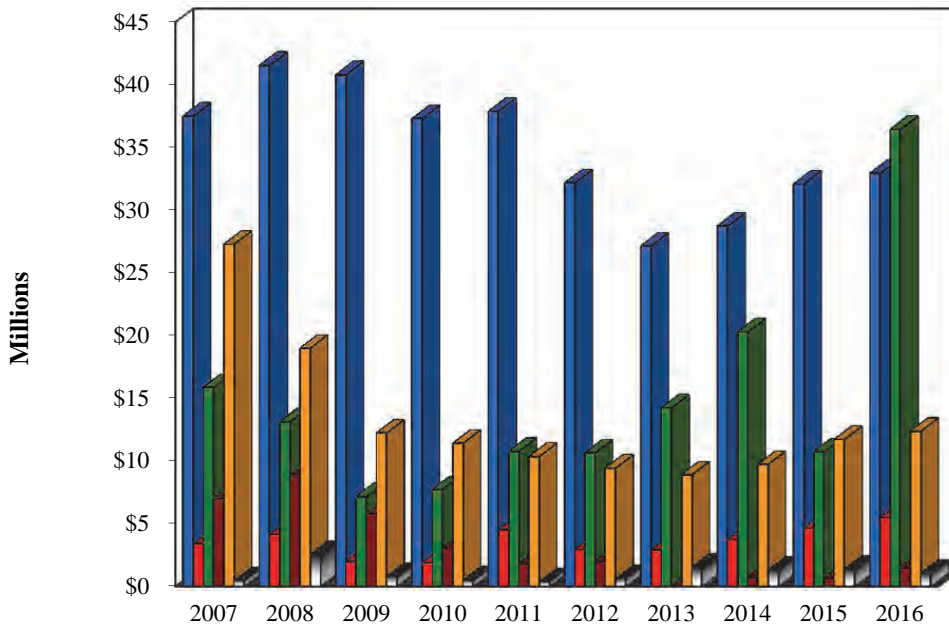
**CITY OF MANTECA**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	<b>Fiscal Year Ended June 30,</b>				
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Revenues</b>					
Taxes	\$37,519,811	\$41,549,587	\$40,802,726	\$37,315,264	\$37,885,239
Licenses and permits	3,421,479	4,154,266	2,018,165	1,887,780	4,550,326
Fines and forfeitures	189,764	292,224	289,147	227,372	182,835
Use of money and property	7,074,383	8,974,771	5,833,346	3,126,330	1,851,487
Revenue from other agencies	15,910,594	13,160,419	7,173,063	7,750,146	10,792,463
Charges for services	27,309,138	19,036,847	12,260,805	11,423,374	10,379,307
Other revenue	307,132	2,307,519	538,817	295,478	222,860
<b>Total Revenues</b>	<b>91,732,301</b>	<b>89,475,633</b>	<b>68,916,069</b>	<b>62,025,744</b>	<b>65,864,517</b>
<b>Expenditures</b>					
Current:					
General government	3,379,358	4,988,101	4,320,817	3,096,572	2,741,890
Community development	7,239,389	6,142,052	6,495,974	7,169,691	18,246,166
Public safety	19,719,694	23,235,778	24,182,106	23,849,627	23,015,102
Library	141,817	147,961	131,234	120,917	112,092
Public works	4,226,997	4,009,469	4,214,766	4,091,100	3,636,835
Parks and recreation	4,665,686	5,724,593	6,090,427	5,132,634	4,864,431
Streets and highways	2,761,592	2,818,412	2,533,710	1,970,408	1,978,593
Nondepartmental	936,759	1,213,134	1,393,965	1,904,961	2,334,370
Supplemental Educational Revenue					
Augmentation Fund payment				6,664,258	1,372,053
Capital outlay	27,925,988	22,006,218	13,568,055	6,438,353	12,950,145
Debt service:					
Principal repayment	1,060,081	1,168,248	1,983,377	2,155,866	2,724,044
Interest and fiscal charges	5,705,160	7,119,245	6,100,146	5,965,342	6,380,457
<b>Total Expenditures</b>	<b>77,762,521</b>	<b>78,573,211</b>	<b>71,014,577</b>	<b>68,559,729</b>	<b>80,356,178</b>
Excess (deficiency) of revenues over (under) expenditures	13,969,780	10,902,422	(2,098,508)	(6,533,985)	(14,491,661)
<b>Other Financing Sources (Uses)</b>					
Transfers in	20,402,679	7,348,134	9,459,738	217,832	59,989,059
Transfers (out)	(21,191,440)	(8,071,719)	(9,459,738)	(217,832)	(59,549,174)
Issuance of long-term debt	22,675,000				969,360
Bond issuance premium	105,544				
Proceeds from capital lease obligations		1,055,000	164,949		
Proceeds from sale of property	1,123,028	3,557,101			192,760
Extraordinary item					
<b>Total other financing sources (uses)</b>	<b>23,114,811</b>	<b>3,888,516</b>	<b>164,949</b>		<b>1,602,005</b>
<b>Net Change in Fund Balances</b>	<b>\$37,084,591</b>	<b>\$14,790,938</b>	<b>(\$1,933,559)</b>	<b>(\$6,533,985)</b>	<b>(\$12,889,656)</b>
Debt service as a percentage of noncapital expenditures	9.5%	11.8%	14.3%	12.9%	13.2%

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$32,190,532	\$27,184,087	\$28,753,641	\$32,094,372	\$32,947,680
2,970,397	2,934,737	3,731,526	4,662,438	5,500,733
322,653	296,262	337,288	283,690	251,348
2,007,087	24,727	775,017	657,340	1,524,560
10,672,408	14,262,235	20,324,768	10,759,079	36,458,520
9,453,285	8,928,001	9,755,068	11,740,989	12,393,596
321,242	1,268,428	1,010,619	1,136,856	840,611
<u>57,937,604</u>	<u>54,898,477</u>	<u>64,687,927</u>	<u>61,334,764</u>	<u>89,917,048</u>
2,388,310	2,667,341	2,585,212	3,179,851	3,426,132
4,268,143	2,022,147	2,076,066	2,186,882	3,969,714
21,935,765	22,237,001	22,661,015	24,376,036	26,515,201
87,158	105,483	104,939	115,182	119,733
2,942,711	3,116,806	3,074,652	2,936,956	2,943,548
4,874,253	5,098,332	5,303,386	5,820,120	6,447,370
1,995,725	2,486,394	1,903,753	1,944,873	3,657,370
2,276,198	2,323,236	2,602,469	2,745,157	2,620,108
14,539,693	22,003,541	5,963,377	7,098,897	6,582,238
3,000,250	2,181,486	450,222	310,581	277,308
3,415,000	148,895	105,935	87,096	101,562
<u>61,723,206</u>	<u>64,390,662</u>	<u>46,831,026</u>	<u>50,801,631</u>	<u>56,660,284</u>
<u>(3,785,602)</u>	<u>(9,492,185)</u>	<u>17,856,901</u>	<u>10,533,133</u>	<u>33,256,764</u>
1,603,423	5,271,444	2,015,513	431,526	4,773,733
(1,624,923)	(5,271,444)	(2,180,663)	(2,037,901)	(5,814,933)
			150,000	580,000
500	721,883	12,506		1,787
<u>(29,778,417)</u>	<u>(43,670,205)</u>			
<u>(29,799,417)</u>	<u>(42,948,322)</u>	<u>(152,644)</u>	<u>(1,456,375)</u>	<u>(459,413)</u>
<u>(\$33,585,019)</u>	<u>(\$52,440,507)</u>	<u>\$17,704,257</u>	<u>\$9,076,758</u>	<u>\$32,797,351</u>
13.5%	5.5%	1.4%	0.9%	0.7%



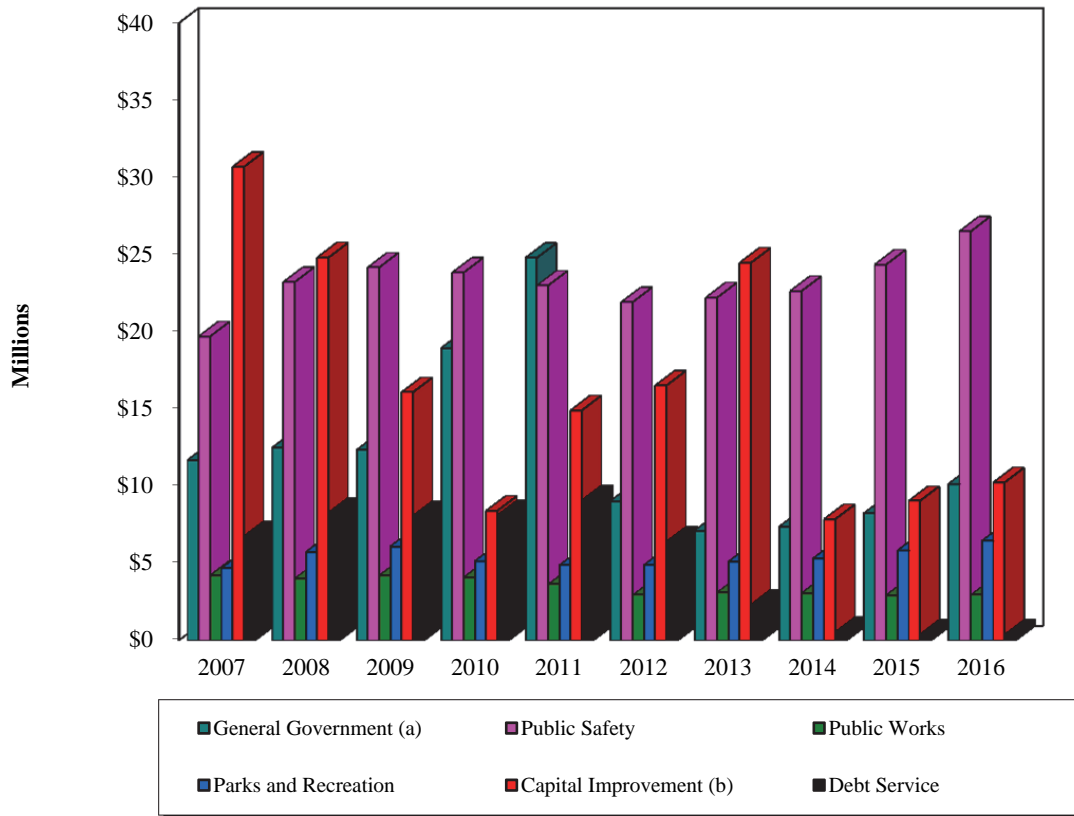
**CITY OF MANTECA  
GENERAL REVENUES BY SOURCE  
ALL GOVERNMENTAL FUND TYPES  
LAST TEN FISCAL YEARS**



Fiscal Year	Taxes	Licenses and Permits	Revenue From Other Agencies	Use of Money and Property	Charges for Services	Fines, Forfeits and Other Revenue	Total
2007	\$37,519,811	\$3,421,479	\$15,910,594	\$7,074,383	\$27,309,138	\$496,896	\$91,732,301
2008	41,549,587	4,154,266	13,160,419	8,974,771	19,036,847	2,599,743	89,475,633
2009	40,802,726	2,018,165	7,173,063	5,833,346	12,260,805	827,964	68,916,069
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

Source: City Operating Budget and City Annual Financial Report

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

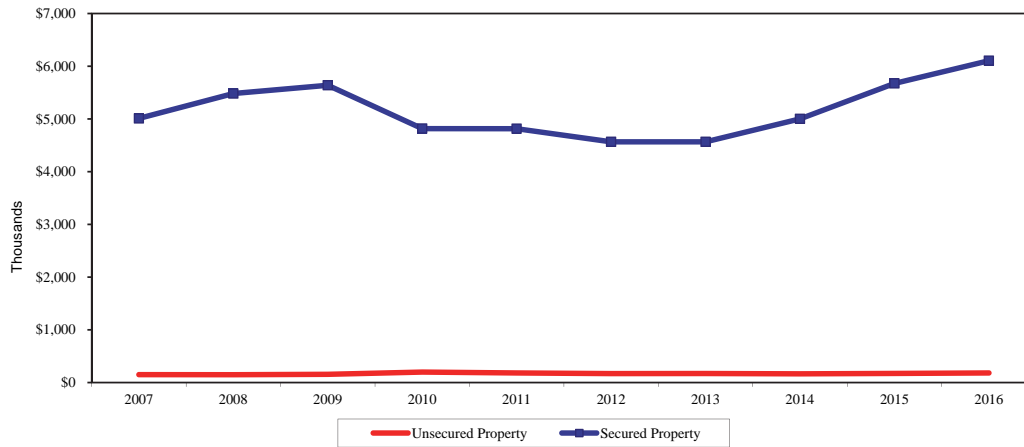


<b>Fiscal Year</b>	<b>General Government (a)</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Parks and Recreation</b>	<b>Capital Improvement (b)</b>	<b>Debt Service</b>	<b>Total</b>
2007	\$11,697,323	\$19,719,694	\$4,226,997	\$4,665,686	\$30,687,580	\$6,765,241	\$77,762,521
2008	12,491,248	23,235,778	4,009,469	5,724,593	24,824,630	8,287,493	78,573,211
2009	12,341,990	24,182,106	4,214,766	6,090,427	16,101,765	8,083,523	71,014,577
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

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**

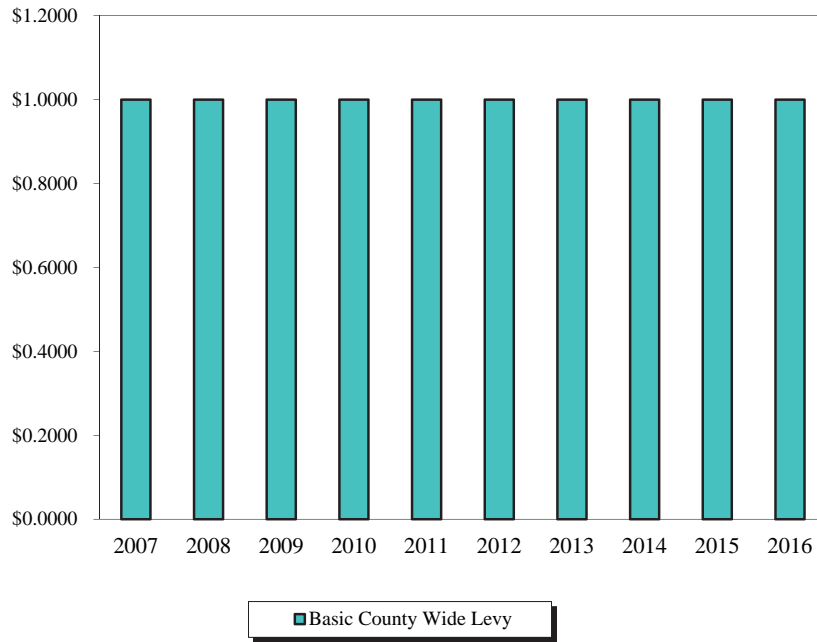


Fiscal Year	Real Property			Total Real Secured Property	(Less) Exemption	Public Utility	Net Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Land Property	Improvements Property	Personal Property								
2007	\$1,707,705	\$3,262,688	\$36,017	\$5,006,410	(\$146,439)	\$506	\$4,860,477	\$150,051	\$5,010,528	\$5,010,528	1%
2008	1,917,266	3,534,131	40,493	5,491,890	(157,668)	256	5,334,478	147,614	5,482,092	5,482,092	1%
2009	2,001,841	3,608,807	42,649	5,653,297	(170,599)	256	5,482,954	156,536	5,639,490	5,639,490	1%
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%

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>
2007	\$1.0000	\$1.0000
2008	1.0000	1.0000
2009	1.0000	1.0000
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

Source: San Joaquin County Assessors Office

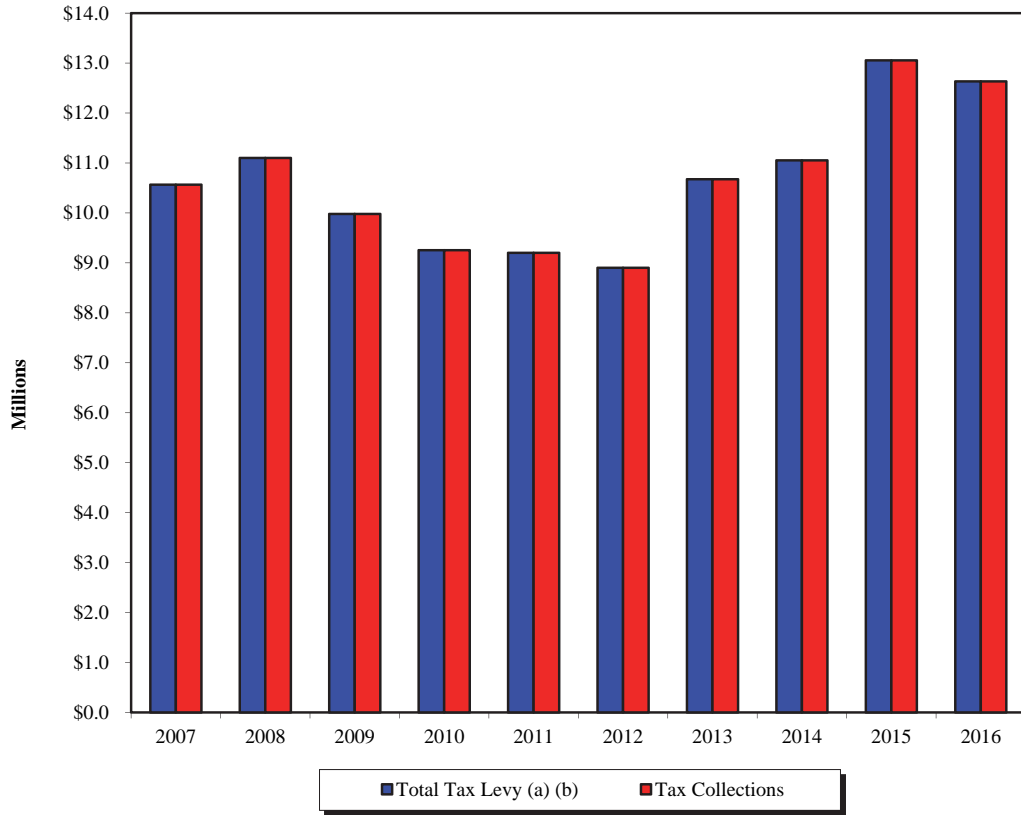
Note: The above ratios are expressed as dollars assessed per \$100 of assessed valuation

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

<b>Taxpayer</b>	<b>2015-2016</b>		<b>2006-07</b>	
	<b>Type of Business</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Type of Business</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Manteca Lifestyle Center LLC	Shopping Center	0.87%		
LLH MRS Master RE LLC	Cold Storage	0.77%		
Excel Manteca LLC	Shopping Center	0.70%		
Pulte Home Corp	Residential Development	0.65%		
Centerpointe Properties Trust	Industrial	0.51%		
Paseo Apartments LLC	Apartments	0.49%		
Prologis	Warehouse	0.46%		
Edward J & Dolores M Cardoza	Shopping Center	0.43%	Shopping Center	0.41%
Duke Realty LP	Warehouse	0.41%		
Costco Wholesale Corporation	Commercial Store	0.40%		
Doctors Hospital of Manteca Inc.	Hospital	0.36%	Hospital	0.44%
Development Solutions EE LLC	Residential Land	0.30%		
Stonegate Apartments LLC	Apartments	0.29%	Apartments	0.53%
Ryba Real Estate Inc.	Shopping Center	0.27%		
Sundance Development LLC	Residential Land	0.24%		
Wal Mart Realty Company	Commercial Store	0.23%	Commercial Store	0.22%
430 North Union Road LLC	Office Building	0.22%		
Yip Holdings Five LLC	Shopping Center	0.22%		
VFT Family Partnership LP	Residential Properties	0.22%		
Argo Manteca LLC	Shopping Center	0.22%		
Manteca Holdings Inc			Residential Land	0.67%
Manteca Spreckels Bts LLC			Industrial - Warehouse	0.49%
Standard Pacific Corp			Residential Land	0.46%
Bianchi Ranch Partners LLC			Commercial	0.45%
Milard Refrigerated Services Inc.			Industrial - Warehouse	0.42%
Metropolitan Life Insurance Co			Industrial - Warehouse	0.38%
Marie F Raymus Trust			Residential Properties	0.36%
Pan Pacific Retail Properties Inc.			Shopping Center	0.36%
Anderson Homes Corp			Residential Properties	0.34%
John J. & Eleanor L. Vierra			Residential Properties	0.32%
Atherton Woodward Partners LLC			Residential Properties	0.31%
Western Properties Trust			Shopping Center	0.31%
Manteca Stadium Park LP			Commercial	0.30%
Dutra Farms Inc.			Shopping Center	0.22%
Manteca Associates LLP			Light Industrial	0.22%
Catellus Development Corp.			Industrial - Warehouse	0.22%
Total		<u>8.26%</u>		<u>7.43%</u>

Source: California Municipal Statistics  
San Joaquin County Assessor's Office

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



<b>Fiscal Year</b>	<b>Total Tax Levy (a) (b)</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>
2007	\$10,566,237	\$10,566,237	100.00%	\$0	\$10,566,237	100.00%
2008	11,100,442	11,100,442	100.00%	0	11,100,442	100.00%
2009	9,979,476	9,979,476	100.00%	0	9,979,476	100.00%
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%

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) These amounts exclude property tax levied by the City of Manteca Redevelopment Agency.

**CITY OF MANTECA  
MANTECA REDEVELOPMENT PROJECT AREA NO. 1  
TOP TWENTY ASSESSED VALUES  
June 30, 2016**

Property Owner	Primary Land Use	2015-16 Assessed Valuation	% Total of Assessed Valuation
		2015-16 Total Local Secured Assessed Valuation Project Area No. 1	\$664,965,901
1 Doctors Hospital of Manteca Inc.	Hospital	\$21,859,193	3.29
2 Edward J. and Dolores M. Cardoza	Shopping Center	15,967,622	2.40
3 Wal Mart Realty Company	Shopping Center	13,060,943	1.96
4 Stonegate Apartments LLC	Apartments	12,868,741	1.94
5 Laurel Glen LLC	Apartments	11,930,345	1.79
6 B.R. Funsten & Co. Corp.	Warehouse	9,843,928	1.48
7 Khatri Brothers Partnership	Hotel/Motel	5,588,979	0.84
8 Eckert Engineering Corp.	Warehouse	5,551,572	0.83
9 KDDC Properties	Commercial	5,354,895	0.81
10 Miner Joaquin Building Corp.	Bank	5,237,201	0.79
11 North Main Storage LLC	Mini-Storage	5,217,996	0.78
12 Lexington Trank Manteca Remainderman LP	Commercial Stores	5,000,000	0.75
13 MN Gianni LLC et.	Commercial	4,811,438	0.72
14 William D and Miriam A Cabral Trust	Auto Sales/Service	4,559,029	0.69
15 VFT Properties LLC	Apartments	4,556,000	0.69
16 Asset Procurement Partners LLC	Recreational	4,500,000	0.68
17 SFP B LP	Commercial	4,207,915	0.63
18 MBLG LLC	Mini-Storage	3,800,327	0.57
19 Spreckel Station LLC	Shopping Center	3,614,458	0.54
20 Extra Space Prop Twenty Five LLC	Mini-Storage	3,607,216	0.54
		<u>\$151,137,798</u>	<u>22.73%</u>

Source: California Municipal Statistics, Inc

**CITY OF MANTECA**  
**MANTECA REDEVELOPMENT PROJECT AREA NO. 2**  
**TOP TWENTY ASSESSED VALUES**  
**June 30, 2016**

		2015-16 Total Local Secured Assessed Valuation Project Area No. 2	
		\$1,249,834,161	
Property Owner	Primary Land Use	2015-16 Assessed Valuation	% of Total Assessed Valuation
1 LLH MRS Master RE LLC	Cold Storage	\$46,005,444	3.68
2 Excel Manteca LLC	Shopping Center	41,819,179	3.35
3 Prologis	Warehouse	27,716,000	2.22
4 Duke Realty LP	Warehouse	24,590,640	1.97
5 Costco Wholesale Corporation	Commercial Store	23,926,368	1.91
6 Yip Holdings Five LLC	Shopping Center	13,176,485	1.05
7 Argo Manteca LLC	Shopping Center	12,909,104	1.03
8 Kohl's Department Stores Inc.	Shopping Center	12,259,428	0.98
9 Target Corp.	Shopping Center	11,308,900	0.90
10 HD Development of Maryland Inc.	Commercial Store	9,830,584	0.79
11 Manteca Associates LP	Light Industrial	9,500,000	0.76
12 Daniel M. Sarich Trust	Light Industrial	8,840,360	0.71
13 Brocchini Family Partnership LP	Office Building	8,120,770	0.65
14 277 Commerce Ave. LLC	Shopping Center	8,000,000	0.64
15 Nestle Dreyers Ice Cream Co	Cold Storage	7,900,000	0.63
16 Realty Income Properties	Commercial Store	7,401,783	0.59
17 Cranbrook Realty Invest Fund LP	Warehouse	7,200,000	0.58
18 VFT Family Partnership LP	Apartments	6,541,159	0.52
19 Chevron USA Inc	Gas Station/Mini-Mart	5,677,361	0.45
20 Rosewood Rentals	Residential Properties	5,529,191	0.44
		\$298,252,756	23.86%

Source: California Municipal Statistics, Inc



**CITY OF MANTECA**  
**MANTECA REDEVELOPMENT MERGED PROJECT AREA**  
**TOP TWENTY ASSESSED VALUES**  
**June 30, 2016**

<u>Property Owner</u>	<u>Primary Land Use</u>	2015-16 Assessed Valuation	% of Total Assessed Valuation
		2015-16 Total Local Secured Assessed Valuation 2005 Merged Project Amended Area	\$18,391,211
1 Gasspecs Inc.	Service Station	\$4,976,076	27.06
2 Major Singh Brar	Commercial Land	750,000	4.08
3 David L. Peters	Truck Terminals	624,252	3.39
4 Jasvir Singh	Light Industrial	559,650	3.04
5 Robert L. and Dorthy F. Mack	Residential	510,673	2.78
6 Kelly Mah	Commercial Land	420,000	2.28
7 Chattarpal S. Pabla	Multi-Family Residential	360,000	1.96
8 Hiway Farm LLC	Commercial Land	358,614	1.95
9 Jose Rene Diaz	Residential	336,331	1.83
10 Dale A. and April D. Matts	Residential	333,421	1.81
11 Natalyn J. and Thomas E. Bergman, Jr.	Residential	325,000	1.77
12 Kyung Han and Mi Jwa Yoon	Residential	315,471	1.72
13 Bachan Singh	Commercial Land	308,305	1.68
14 James H and Kristin Zimmerman	Residential	300,000	1.63
15 Toger O. Beugre	Residential	290,000	1.58
16 John N. and Galatia Aretakis Trust	Residential	289,983	1.58
17 Loan Anh Nguyen	Commercial	288,355	1.57
18 Zoe Haworth Trust	Residential	286,793	1.56
19 Guadalupe and Eva Anaya	Residential	260,407	1.42
20 Ranjit and Jaswinder Khangura	Residential	260,000	1.41
		<u>\$12,153,331</u>	<u>66.08%</u>

Source: California Municipal Statistics, Inc

**CITY OF MANTECA**  
**MANTECA REDEVELOPMENT AMENDED MERGED PROJECT AREA**  
**TOP TWENTY ASSESSED VALUES**  
**June 30, 2016**

2015-16 Total Local Secured  
Assessed Valuation \$125,648,911  
2004 Amended Area

Property Owner	Primary Land Use	2015-2016 Assessed Valuation	% of Total Assessed Valuation
1 Manteca Lifestyle Center LLC	Shopping Center	\$52,149,893	41.50
2 Manteca Lodging LLC	Shopping Center	9,033,479	7.19
3 Exeter Louise Land LLC	Industrial Land	7,853,846	6.25
4 JC Penney Properties Inc.	Shopping Center	7,773,078	6.19
5 Lanting Family LLC	Truck Terminal	6,510,348	5.18
6 Exeter 2403 Louise LLC	Light Industrial	5,201,898	4.14
7 BS Family Partnership	Commercial	5,000,000	3.98
8 Exeter 2301 Louise LLC	Light Industrial	4,895,904	3.90
9 Sunny Valley Smoked Meats	Food Processing	3,380,000	2.69
10 Atherton Woodward Partners LLC	Commercial Land	2,260,079	1.80
11 Tesoro Commons LLC	Residential Properties	2,050,000	1.63
12 Ergonis Land Co. LP	Light Industrial	1,787,392	1.42
13 RLD Partners LP	Residential	975,000	0.78
14 John N. and Galatia Aretakis	Residential	937,904	0.75
15 West Yosemite Properties LLC	Light Industrial	783,823	0.62
16 William K. and Treva L Andreetta	Industrial Land	700,000	0.56
17 Gateway Solar RV & Boat Storage LLC	Industrial Land	700,000	0.56
18 AT&T Communications of CA Inc.	Communications	690,000	0.55
19 Rajwinder Singh Bahia	Commercial Land	669,663	0.53
20 Harold and Dorothy Hahn Family LP	Light Industrial	656,999	0.52
		<u>\$114,009,306</u>	<u>90.74%</u>

Source: California Municipal Statistics, Inc

**CITY OF MANTECA  
TAXABLE SALES BY CATEGORY  
LAST TEN FISCAL YEARS**

	2006-07	2007-08	(a) 2008-09	2009-10	2010-11
Department Stores	\$1,324,554	\$1,846,689	\$2,154,887	\$2,504,586	\$2,634,244
Restaurants	661,202	1,064,486	1,087,886	1,066,537	1,131,793
Service Stations	637,078	1,102,709	1,010,053	891,765	1,019,526
Heavy Industry	324,430	361,635	449,962	399,960	499,472
Recreation Products	64,787	84,655	387,863	510,777	566,090
Auto Sales - New	1,102,834	1,246,154	759,321	620,224	738,893
Building Materials Retail	628,915	797,176	659,120	579,490	592,270
Food Markets	453,182	605,581	572,612	606,726	655,720
Misc. Retail	252,946	523,784	500,490	528,252	564,526
Misc. Vehicle Sales	524,006	577,442	374,187	293,129	295,464
Apparel Stores	90,104	243,498	292,745	371,358	387,530
Auto Parts/Repair	234,558	396,108	338,226	327,137	325,349
Building Materials Wholesale	441,784	648,275	555,017	449,941	464,294
Light Industry					
All Other Outlets	821,784	1,444,475	1,394,925	1,341,799	1,332,844
Total	<u>\$7,562,164</u>	<u>\$10,942,667</u>	<u>\$10,537,294</u>	<u>\$10,491,681</u>	<u>\$11,208,015</u>

Source: MuniServices

Note (a) First year Public Safety sales tax reported

Note (b) 2015 Light Industry broken out from All Other Outlets

<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
\$2,737,676	\$2,879,701	\$2,878,701	\$2,946,106	\$3,015,589
1,202,018	1,300,958	1,412,611	1,544,666	1,653,435
1,206,488	1,332,043	1,333,135	1,315,106	1,128,823
524,169	573,362	696,146	777,229	895,035
559,345	704,107	735,508	673,469	612,671
692,308	829,842	955,105	1,050,049	1,227,704
644,140	678,348	705,532	727,915	812,509
686,840	680,249	683,054	666,991	657,830
589,354	614,958	679,940	794,058	858,389
380,867	425,809	493,387	534,271	670,675
423,972	514,182	553,447	600,221	599,812
362,288	386,810	420,052	428,314	479,912
495,552	472,167	443,909	551,048	600,198
			280,836 (b)	255,041
<u>1,440,071</u>	<u>1,407,141</u>	<u>1,639,705</u>	<u>1,539,614</u>	<u>1,537,965</u>
<u><u>\$11,945,088</u></u>	<u><u>\$12,799,677</u></u>	<u><u>\$13,630,232</u></u>	<u><u>\$14,429,893</u></u>	<u><u>\$15,005,588</u></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
2006-07	1.00	0.50 <sup>(a)</sup>	0.50 <sup>(a)</sup>	6.25
2007-08	1.00	0.50	0.50	6.25
2008-09	1.00	0.50	0.50	7.25 <sup>(b)</sup>
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 <sup>(c)</sup>
2012-13	1.00	0.50	0.50	6.50 <sup>(d)</sup>
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

Source: California State Board of Equalization

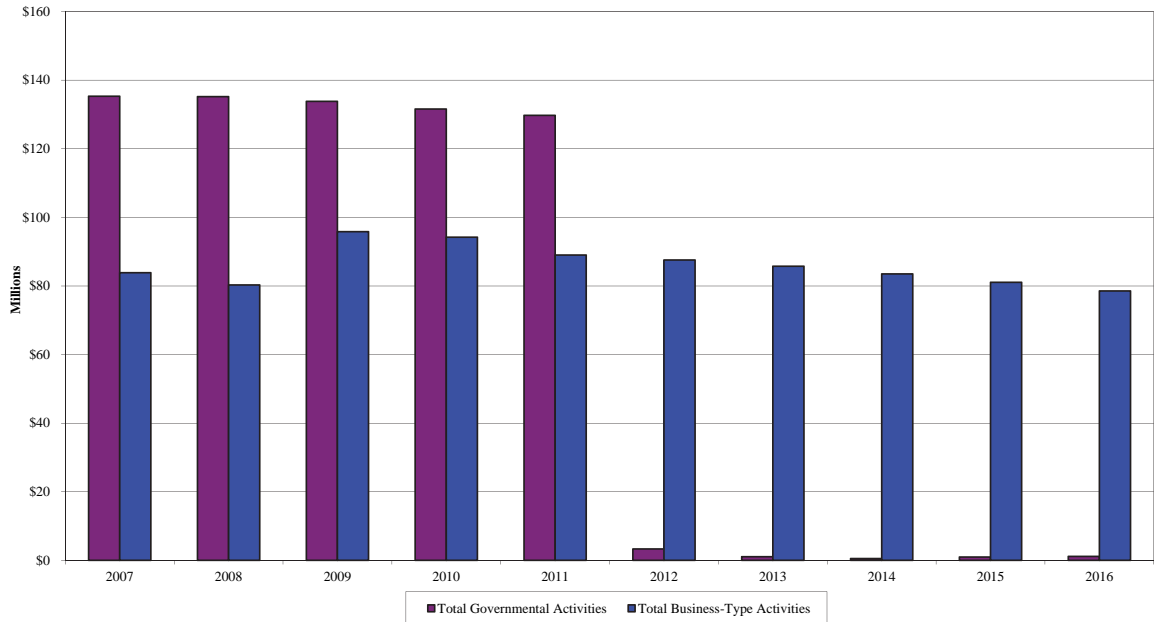
- <sup>(a)</sup> November 2006 Measure K Renewal passes for 30 years and Measure M special tax passes
- <sup>(b)</sup> April 1, 2009 the State increased the State Rate 1%
- <sup>(c)</sup> July 1, 2011 the State decreased the State Rate 1%
- <sup>(d)</sup> On both July 1, 2012 and April 1, 2013 the State increased the State Rate .125%

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

2015-16	2006-2007
American Modular Systems	American Modular Systems
Arco AM/PM Mini Marts	Arco AM/PM Mini Marts
AT&T Mobility	Best RV Center
Bass Pro Shops Outdoor World	Boats Direct
Burlington Coat Factory	B. R. Funsten & Company
Cabral Chrysler Jeep Suzuki	Central Valley Buik/Olds/Pontiac
Chevron Service Stations	Chevron Service Stations
Costco Wholesale	Country Nissan
Country Nissan	Curt Hughes Dodge
Home Depot	Home Depot
J C Penney Company	K Mart Stores
J.M. Equipment	Kohl's Department Stores
K Mart Stores	Manteca Ford/Mercury
Kohl's Department Stores	Mervyn's Department Store
Manteca Ford/Mercury	One Stop Market
Manteca Trailer & Motorhome	Orchard Supply Hardware
Quik Stop Markets	Raley's Supermarkets
Roberts & Brune Company	Save Mart Supermarkets
Ross Stores	Sexton Chevrolet
Save Mart Supermarkets	Staples Office Superstore
Target Stores	Target Stores
TJ Max	Top Gun Drywall Supply
Tom Duffy Company	Wal-Mart Stores
Valero Service Stations	Western Motors
Wal-Mart Stores	

Source: MuniServices

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



<b>Governmental Activities</b>									
Fiscal Year	Tax Allocation Bonds	Capital Leases	Energy			Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
			Conservation Assistance Loan	Installment Purchase Obligation	Loan Payable				
2007	\$134,005,000	\$697,143	\$94,220	\$513,758		\$135,310,121	\$219,163,345	13.65%	\$3,368
2008	133,280,000	1,536,029	63,747	317,097		135,196,873	215,492,560	10.36%	3,243
2009	131,790,000	1,895,292	32,350	108,758		133,826,400	229,657,290	11.07%	3,390
2010	130,010,000	1,574,840				131,584,840	225,808,331	10.52%	3,280
2011	127,555,000	2,186,020				129,741,020	218,751,139	9.94%	3,198
2012	(b)	1,632,972			\$1,700,000 (c)	3,332,972	90,914,622	3.94%	1,302
2013		1,054,948				1,054,948	86,803,299	3.51%	1,220
2014		520,937				520,937	84,021,905	3.23%	1,153
2015		960,356				960,356	82,023,715	3.05%	1,112
2016		1,150,979				1,150,979	82,214,338	3.06%	1,113

<b>Business-Type Activities</b>						
Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Energy Conservation Asset Loan	Capital Leases	Lease Revenue Bonds	Total
2007	\$43,325,000	\$38,270,000	\$1,244,973	\$388,251	\$625,000	\$83,853,224
2008	43,325,000	35,270,000	933,919	336,768	430,000	80,295,687
2009	43,075,000	51,635,000	613,373	282,517	225,000	95,830,890
2010	42,715,000	51,000,000	283,139	225,352		94,223,491
2011	42,235,000	46,610,000		165,119		89,010,119
2012	41,625,000	45,855,000		101,650		87,581,650
2013	41,542,809	44,170,769		34,773		85,748,351
2014	40,444,293	43,056,675				83,500,968
2015	39,125,778	41,937,581				81,063,359
2016	37,787,462	40,748,487				78,535,949

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**

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>		<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
	<b>Tax Allocation Bonds</b>	<b>Total</b>		
2007	\$134,005,000	\$134,005,000	2.67%	\$2,059.21
2008	133,280,000	133,280,000	2.43%	2,005.69
2009	131,790,000	131,790,000	2.34%	1,945.13
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)

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, 2016**

2015-16 Assessed Valuation: \$6,177,196,698

JURISDICTION	Total Debt 6/30/2016	% Applicable (1)	City's Share of Debt 6/30/16
<b>OVERLAPPING TAX AND ASSESSMENT DEBT</b>			
San Joaquin Delta Community College District	\$134,126,384	8.870%	\$11,897,010
Yosemite Community College District	288,021,051	0.116%	334,104
Manteca Unified School District	110,484,885	52.146%	57,613,448
Ripon Unified School District	29,932,384	2.698%	807,576
Manteca Unified School District Community Facilities District No. 1989-2	29,275,000	79.150%	23,171,163
Manteca Unified School District Community Facilities District No. 2000-3	13,705,000	100.000%	13,705,000
California Statewide Communities Development Authority CFD No. 2012-2	6,210,000	100.000%	6,210,000
California Statewide Communities Development Authority 1915 Act Bonds	8,735,805	100.000%	8,735,805
Reclamation District No 17 Assessment District	14,961,463	6.969%	1,042,664
<b>TOTAL OVERLAPPING DEBT</b>	<b>\$635,451,972</b>		<b>123,516,770</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			
San Joaquin County Certificates of Participation	\$134,405,000	9.812%	13,187,819
Manteca Unified School District Certificates of Participation	27,958,000	52.146%	14,578,979
Ripon Unified School District Certificates of Participation	0	100.000%	0
<b>CITY OF MANTECA GENERAL FUND OBLIGATIONS</b>	0	100.000%	0
South San Joaquin Irrigation District COP	0		0
Total Gross Direct and Overlapping General Fund Debt	162,363,000		27,766,798
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>27,766,798</b>
<b>OVERLAPPING TAX INCREMENT DEBT:</b>	113,750,000	100.000%	113,750,000
<b>TOTAL DIRECT DEBT</b>			<b>\$0</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$265,033,568</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$265,033,568 (2)</b>

(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 2015-16 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.00%
Total Direct Debt	0.00%
Combined Total Debt	4.29%

Ratios to Redevelopment Incremental Valuation (\$1,740,247,703)

Total Overlapping Tax Increment Debt	6.54%
--------------------------------------	-------

AB:(\$475)

Source: California Municipal Statistics, Inc.

**CITY OF MANTECA**  
**COMPUTATION OF LEGAL BONDED DEBT MARGIN**  
**June 30, 2016**

ASSESSED VALUATION:

Assessed Value	\$6,105,348,304
Add back: Exempt real property	<u>71,848,394</u>
Total Assessed Valuation	<u><u>\$6,177,196,698</u></u>

BONDED DEBT LIMIT (15.0% OF ASSESSED VALUE) (a) \$926,579,505

AMOUNT OF DEBT SUBJECT TO LIMIT: 0

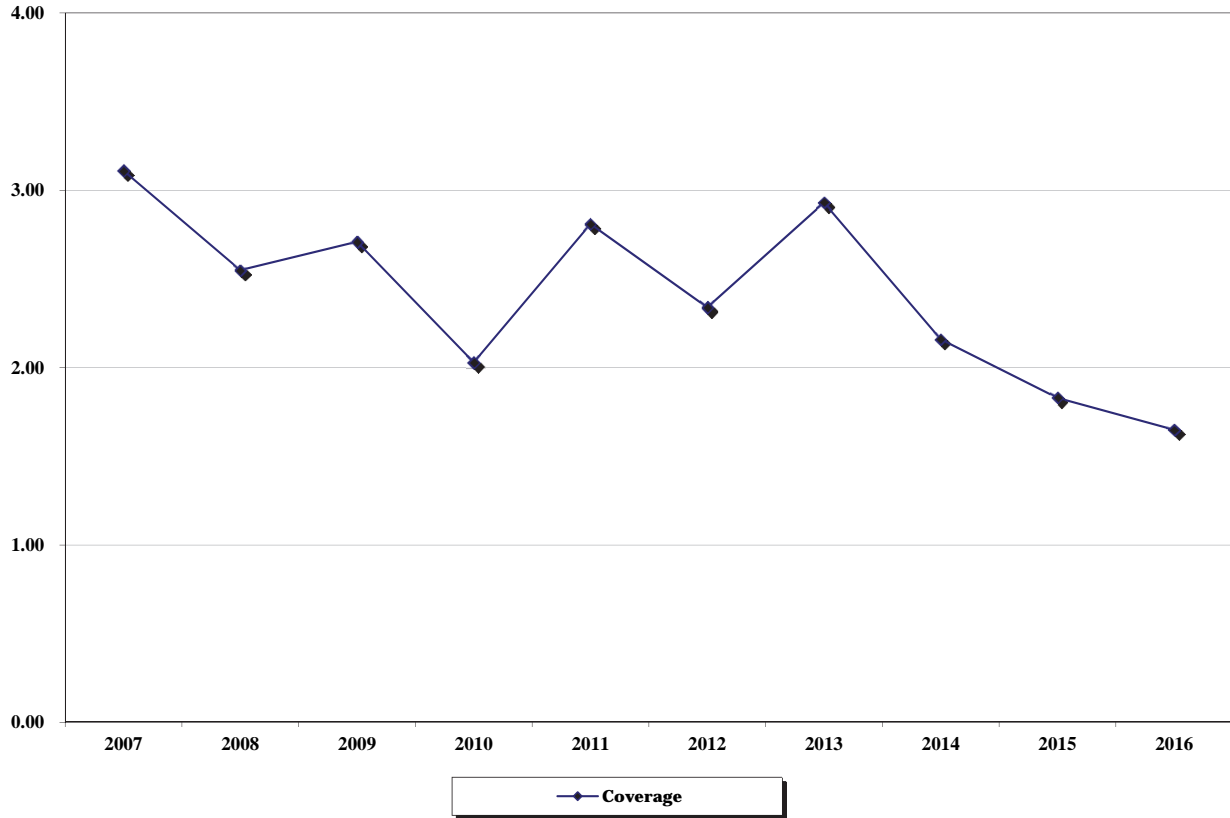
LEGAL BONDED DEBT MARGIN \$926,579,505

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
2007	\$762,126,321	\$0	\$762,126,321	0.00%
2008	832,768,720	0	832,768,720	0.00%
2009	857,806,271	0	857,806,271	0.00%
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%

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**



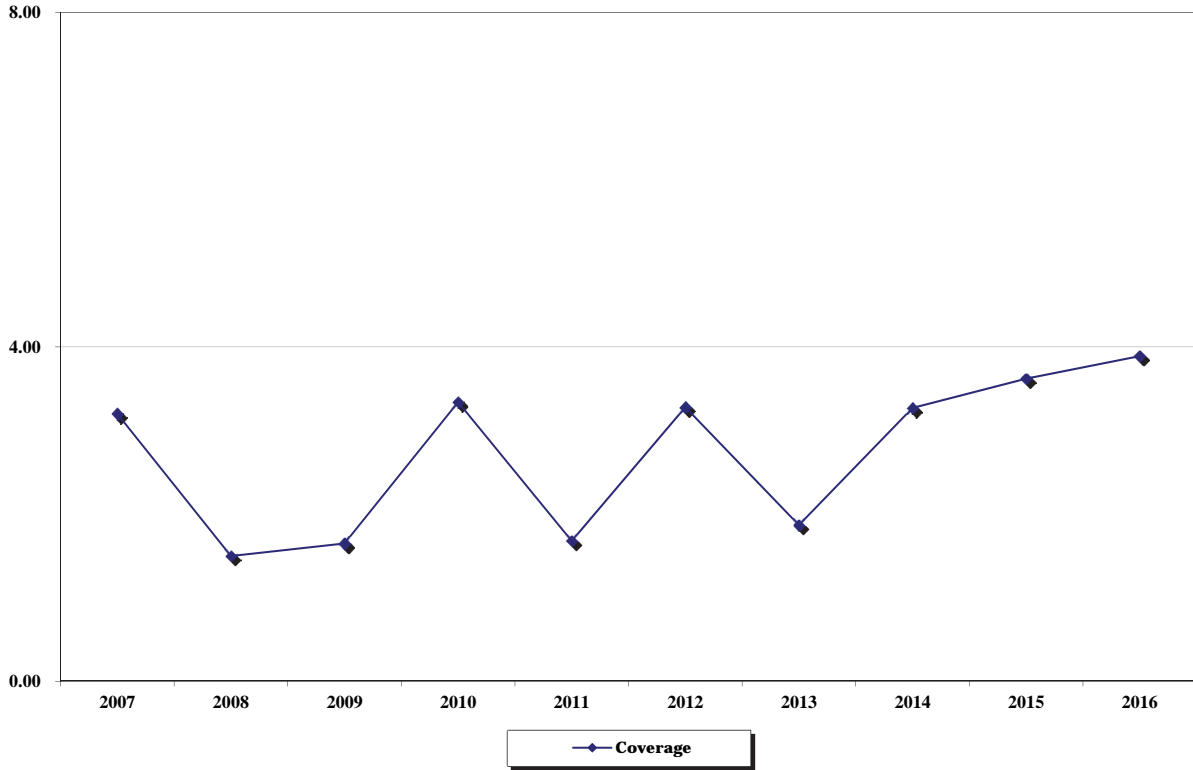
Fiscal Year	Gross Revenue	Operating Expenses	Depreciation Non-Operating Revenues/Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2007	\$15,089,500	(\$8,741,374)	\$4,320,806	\$6,073,277	\$0	\$1,954,124	\$1,954,124	3.11
2008	14,937,151	(10,319,992)	5,018,595	4,976,155	0	1,954,124	1,954,124	2.55
2009	13,557,178	(10,695,624)	5,083,707	5,973,520	250,000	1,951,624	2,201,624	2.71
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

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.

Source: City of Manteca Annual Financial Statements

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

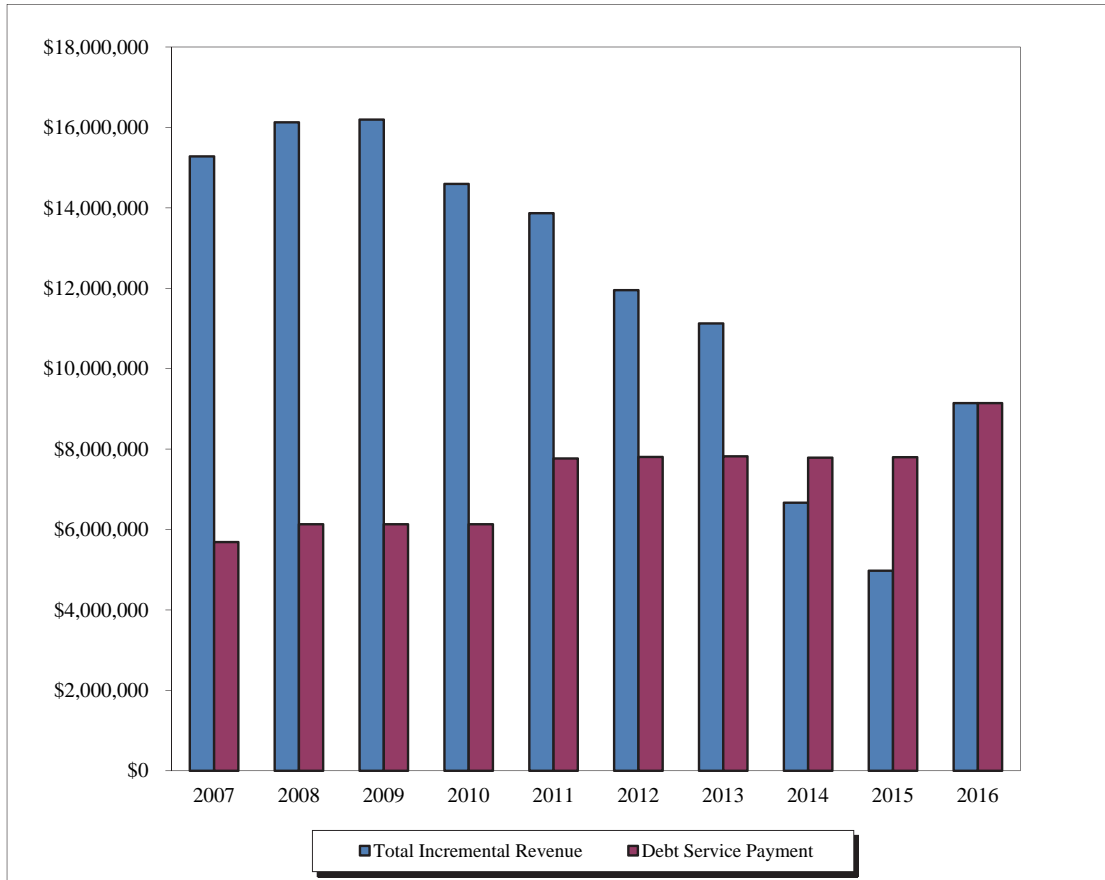


Fiscal Year	Operating Revenue	Operating Expenses	Depreciation Non-Operating Revenues/Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2007	\$19,304,123	(\$8,550,499)	\$3,424,659	\$14,178,283	\$1,350,000 (a)	\$1,817,936	\$3,167,936	3.20
2008	16,146,875	(8,697,328)	2,983,352	10,432,899	3,000,000 (a)	1,709,186	4,709,186	1.50
2009	15,096,533	(8,964,273)	3,001,273	9,133,533	2,635,000 (a)	1,631,425	4,266,425	1.65
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

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.

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	
2007	\$15,279,472	\$700,000	\$4,987,665	\$5,687,665	2.69
2008	16,127,574	725,000	5,407,366	6,132,366	2.63
2009	16,194,009	1,490,000	5,505,410	6,132,366	2.64
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	1.53
2013	11,125,234 (b)	2,640,000 (b)	5,181,408 (b)	7,821,408	1.42
2014	6,666,009 (b)	2,750,000 (b)	5,037,006 (b)	7,787,006	0.86
2015	4,975,892 (b)	2,875,000 (b)	4,923,045 (b)	7,798,045	0.64
2016	9,143,768 (b)	3,135,000 (b)	6,008,768 (b)	9,143,768	1.00

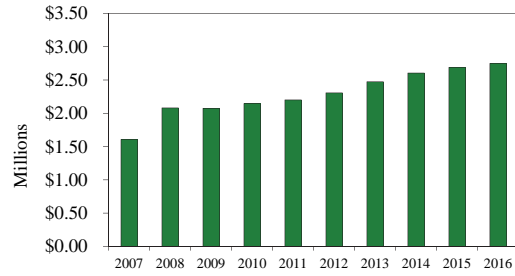
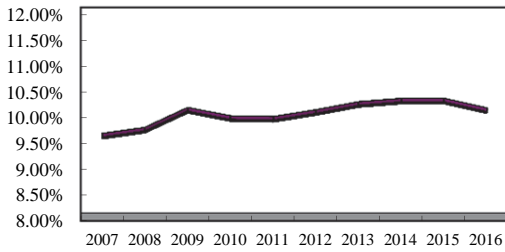
Note: (a) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.

(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.

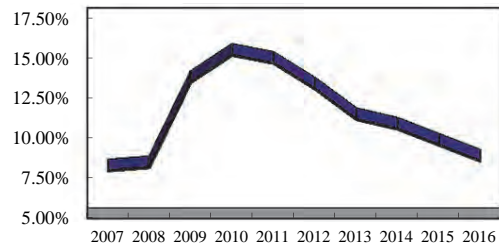
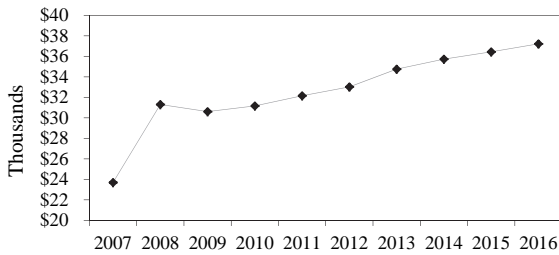
Source: City of Manteca Annual Financial Statements

**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	Unemployment Rate (%) (a)	San Joaquin County Population	City Population % of County
2007	65,076	\$1,605,567	\$23,697	8.0%	679,687	9.57%
2008	66,451	2,080,448	31,308 (b)	8.2%	685,660	9.69%
2009	67,754	2,074,153	30,613 (b)	13.5%	672,388	10.08%
2010	68,847	2,145,686	31,166	15.2%	694,293	9.92%
2011	68,410	2,199,860	32,157 (b)	14.7%	690,899	9.90%
2012	69,815	2,305,571	33,024 (b)	13.1%	695,750	10.03%
2013	71,164	2,473,305	34,755 (b)	11.2%	698,414	10.19%
2014	72,880	2,603,857	35,728 (c)	10.6% (b)	710,731	10.25%
2015	73,787	2,688,946	36,442 (c)	9.6% (c)	719,511	10.26%
2016	73,841	2,748,362	37,220 (c)	8.6%	733,383	10.07%

Source: California State Department of Finance - City Population  
 Employment Development Department - Unemployment Rate - Not Seasonally Adjusted  
 Bureau of Economic Analysis - Per Capita (San Joaquin County)

- (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 SIX YEARS AGO**

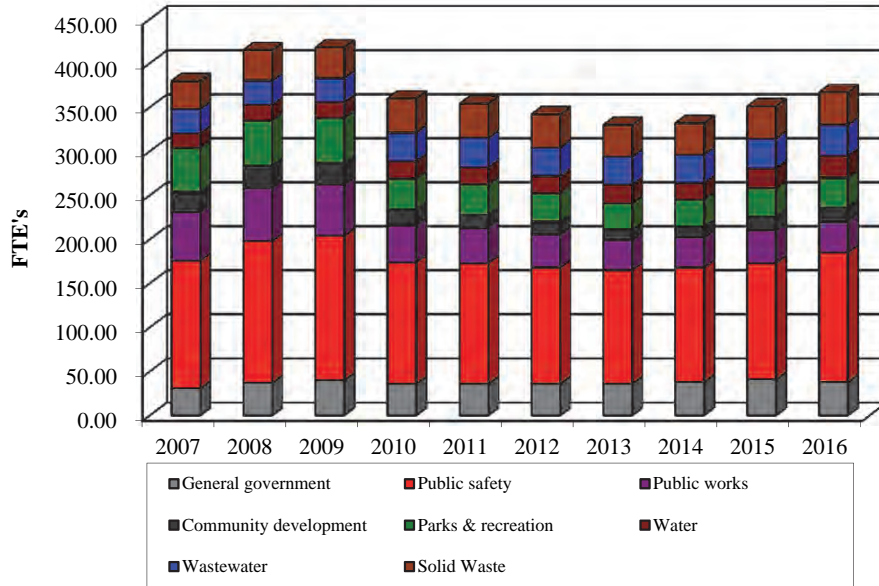
<u>Employer</u>	<u>2015-16</u>			<u>2009-10(a)</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Manteca Unified School District	2,313	1	3.1%	1,400	1	2.0%
Kaiser Permanente Medical Offices & Hospital	619	2	0.8%	590	2	0.9%
Gardner Trucking, Inc.	520	4	0.7%			
Doctors Hospital of Manteca	449	3	0.6%	370	3	0.5%
City of Manteca	367	5	0.5%	360	4	0.5%
Wal-Mart	332	6	0.4%	301	5	0.4%
Eckert Cold Storage Co	250	7	0.3%	300	6	0.4%
Lassen Canyon Nursery	250	7	0.3%			
Karma Inc., (DBA Manteca Care & Rehab)	225	9	0.3%			
COSTCO Wholesale #1031	220	10	0.3%	169	9	0.2%
Target Corp.			0.2%	151	10	0.2%
C. Overaa & Co.				250	7	0.4%
Advance Packaging Distribution Specialist Inc.				200	8	0.3%
<b>Total City Day Population</b>	<b><u>73,841</u></b>			<b><u>68,847</u></b>		

Source: City of Manteca Community Development Department

Notes: Data not available for historical trend

<sup>(a)</sup> Data for nine years prior not available.

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



	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Function</b>										
General government	30.75	37.00	40.00	36.00	36.00	36.00	36.00	38.00	41.00	38.00
Public safety	145.00	161.00	164.00	138.00	137.00	132.00	129.00	130.00	132.00	147.00
Public works	55.00	60.00	58.00	42.00	40.00	37.00	34.00	34.00	37.00	35.00
Community development	23.00	26.00	25.00	18.00	15.00	15.00	12.00	12.00	16.00	16.00
Parks & recreation	50.00	51.00	51.00	35.00	34.00	32.00	30.00	31.00	32.00	34.00
Water	17.00	18.00	18.00	20.00	20.00	20.00	21.00	19.00	23.00	25.00
Wastewater	27.00	27.00	27.00	32.00	33.00	32.00	32.00	32.00	33.00	35.00
Solid Waste	32.00	35.00	35.00	39.00	39.00	38.00	36.00	36.00	37.00	37.00
<b>Total</b>	<u>379.75</u>	<u>415.00</u>	<u>418.00</u>	<u>360.00</u>	<u>354.00</u>	<u>342.00</u>	<u>330.00</u>	<u>332.00</u>	<u>351.00</u>	<u>367.00</u>

Source: City of Manteca Budget Document



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

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Population</b>					
Citizens	65,076	66,451	67,754	68,847	68,410
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	17.7 Sq Miles	17.52 Sq Miles	17.7 Sq Miles	17.9 Sq Miles	20.1 Sq Miles
Registered Voters	24,843	24,954	26,500	26,922	27,562
Taxable Sales	\$756,216,800	\$729,782,700	\$679,545,400	\$684,299,100	\$733,739,500
Building Permits Issued	2,596	1,816	1,459	1,843	1,675
Employees from Budget Document	380	415	418	360	354
<b>Fire Protection</b>					
Number of Stations	3	3	3	3	3
Number of Reserve Personnel	14	20	11	20	20
Number of Sworn Fire Personnel *	36	42	43	42	41
Number of Calls Answered	n/a	4,589	4,823	4,787	4,800
<b>Police Protection</b>					
Number of Stations	1	1	1	1	1
Number of Police Officers	73	80	83	59	58
Number of Volunteers	69	74	153	100	211
Number of Support Personnel	30	33	36	26	28
Number of Calls Answered	38,763	37,122	37,345	35,902	35,331
<b>Parks &amp; Recreation</b>					
Park Sites	46	47	47	52	53
Acres of Parks	275	326	335	335	335
Senior Centers	1	1	1	1	1
Swimming Pools	1	1	2	2	2
Tennis Courts	8	8	8	8	8
Number of Park/Golf Trees	7,320	7,596	7,600	7,320	7,320
Number of Street Trees	8,629	8,801	8,801	10,680	10,680
Acres of Golf Course	122	111	111	111	111
Public Libraries	1	1	1	1	1
Landscape Maintenance Districts	21	21	24	23	23
Benefit Area District	2	2	2	4	4
Community Facility Districts					
<b>Public Works</b>					
Miles of Streets	186	193	197	197	197
Number of Street Lights	4,300	4,800	4,800	4,800	4,800
<b>Water Utility</b>					
Number of Meters	21,950	22,172	19,800	19,700	20,071
Miles of Water Mains	251	254	244	236	257
Average Daily Consumptions (Gal)	13.7 MGD	13.82 MGD	12.62 MGD	12.68 MGD	11.83 MGD
<b>Wastewater</b>					
Number of Connections	21,967	22,212	22,461	23,053	
Miles of Sewer Lines	209	184	184	184	184
Number of Treatment Plants	1	1	1	1	1
Average Daily Treatment	6.28 MGD	5.95 MGD	6.2 MGD	6.2 MGD	6.18 MGD
Treatment Capacity	8.11 MGD	9.87 MGD	9.87 MGD	9.87 MGD	9.87 MGD
<b>Solid Waste</b>					
Number of Accounts	17,630	17,799	18,262	18,765	19,400
<b>Education</b>					
Elementary Schools	21	20	23	23	24
High Schools	6	7	4	5	8
Alternative Schools					
Adult Education	2	2	1	1	1
Charter School					
Teachers	1,236	1,157	1,012	989	953
Elementary Classrooms	939	934	900	895	900
High School Classrooms	331	330	390	375	390
Adult Education Classrooms	37	27	47	27	47
Current Enrollment	23,506	23,003	22,900	22,796	23,283

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

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Population</b>					
Citizens	69,815	71,164	72,880	73,787	73,841
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	20.61 Sq Miles	20.61 Sq Miles	20.61 Sq Miles	20.92 Sq Miles	20.92 Sq Miles
Registered Voters	27,999	30,731	30,930	30,975	33,105
Taxable Sales	\$770,125,800	\$820,317,100	\$868,057,800	\$918,391,100	\$950,013,700
Building Permits Issued	1,783	1,891	2,134	3,027	3,418
Employees from Budget Document	342	330	336	351	387
<b>Fire Protection</b>					
Number of Stations	3	3	4	4	4
Number of Reserve Personnel	12	13	25	25	22
Number of Sworn Fire Personnel	39	39	40	41	49
Number of Calls Answered	5,448	5,937	5,854	6,252	6,682
<b>Police Protection</b>					
Number of Stations	1	1	1	1	1
Number of Police Officers	63	63	63	64	65
Number of Volunteers	102	124	115	94	87
Number of Support Personnel	21	23	23	24	29
Number of Calls Answered	32,964	37,161	33,885	35,036	42,717
<b>Parks &amp; Recreation</b>					
Park Sites	53	55	56	58	65
Acres of Parks	329	357	362	367	382
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	7,520	7,600	7,600	7,600
Number of Street Trees	10,680	10,980	17,000	18,000	18,500
Acres of Golf Course	111	111	111	111	111
Public Libraries	1	1	1	1	1
Landscape Maintenance Districts	24	27	29	29	29
Benefit Area District	4	4	4	4	4
Community Facility Districts		1	1	6	9
<b>Public Works</b>					
Miles of Streets	222	238	241	250	250
Number of Street Lights	4,681	4,822	4,856	5,143	5,405
<b>Water Utility</b>					
Number of Meters	20,338	20,675	20,876	21,161	21,696
Miles of Water Mains	258	258	259	266	280
Average Daily Consumptions (Gal)	11.83 MGD	13.25 MGD	14.06 MGD	11.11 MGD	9.89 MGD
<b>Wastewater</b>					
Number of Connections	23,738	24,178	24,940	20,791	21,325
Miles of Sewer Lines	223	226	227	243	250
Number of Treatment Plants	1	1	1	1	1
Average Daily Treatment	5.98 MGD	6.25 MGD	6.29 MGD	6 MGD	6.25 MGD
Treatment Capacity	9.87 MGD	9.87 MGD	9.87 MGD	9.87 MGD	9.87 MGD
<b>Solid Waste</b>					
Number of Accounts	23,397	20,066	20,399	20,879	21,411
<b>Education</b>					
Elementary Schools	20	20	20	23	23
High Schools	5	5	5	5	5
Alternative Schools		3	3	3	3
Adult Education	1	2	2	1	1
Charter School				1	1
Teachers	934	978	1,094	1,019	1,041
Elementary Classrooms	903	903	897	895	895
High School Classrooms	464	438	451	461	457
Adult Education Classrooms	10	27	10	42	3
Current Enrollment	23,325	22,061	23,145	22,909	23,981

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

**CITY OF MANTECA**  
**CRIME POLICY NOTARY AND SECURITY BONDS OF PRINCIPAL OFFICIALS**  
**June 30, 2016**

	<u>Limit Amount of Policy<sup>1</sup></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

<sup>1</sup> 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

## 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 each major fund of the Manteca Financing Authority (Authority), a component unit of the City of Manteca, as of and for the year ended June 30, 2016, 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 respective financial position of each major fund of the Authority, a component unit of the City, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof listed as part of the basic financial statements for the year then ended in conformity 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 conformity with accounting principles generally accepted in the United States of America.

The Authority has not presented 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 opinions 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 February 23, 2017, 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  
February 23, 2017

**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 Revenues 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, 2016

	2009 Sewer <u>Revenue Bonds</u>
<b>ASSETS</b>	
Current Assets:	
Investments held by trustee (Note 2)	\$1,900,050
Interest receivable	<u>88,231</u>
Total Current Assets	1,988,281
Receivable from the City of Manteca (Note 3)	<u>17,099,950</u>
Total Assets	<u>19,088,231</u>
<b>LIABILITIES</b>	
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>
<b>NET POSITION</b>	
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, 2016

	<u>2009 Sewer Revenue Bonds</u>
<b>OPERATING REVENUE</b>	
Interest on base rental payments	<u>\$1,058,454</u>
Operating Revenue	<u>1,058,454</u>
<b>OPERATING EXPENSES</b>	
Interest and fiscal fees	<u>1,058,763</u>
Total Operating Expenses	<u>1,058,763</u>
Operating Loss	<u>(309)</u>
<b>NONOPERATING INCOME</b>	
Interest on investments	<u>309</u>
Net Nonoperating Income	<u>309</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, 2016

	<u>2009 Sewer Revenue Bonds</u>
 <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from the City	\$1,058,454
Payments to bond trustees	<u>(1,058,763)</u>
Cash Flows from Operating Activities	<u>(309)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment interest received	<u>309</u>
Cash Flows from Investing Activities	<u>309</u>
Net Cash Flows	
Cash and investments at beginning of period	<u>1,900,050</u>
Cash and investments at end of period	<u><u>\$1,900,050</u></u>
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	<u>(\$309)</u>
Cash Flows from Operating Activities	<u><u>(\$309)</u></u>

See accompanying notes to financial statements

**MANTECA FINANCING AUTHORITY**  
**NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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 all its funds to be major funds.

**C. *Basis of Accounting***

The Authority's funds are accounted for as enterprise funds (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 Funds***

The Authority's major funds are required to be identified and presented separately 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, 2016**

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

The Authority reported the following major enterprise funds 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, 2016**

**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
<i>Held by Trustees:</i>	
Money Market Funds (U.S. Securities)	\$1,900,050

**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, 2016 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, 2016 have an average maturity of 6 days.

**MANTECA FINANCING AUTHORITY**  
**NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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, 2016.

**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
2017		\$1,058,458	\$1,058,458
2018		1,058,458	1,058,458
2019		1,058,458	1,058,458
2020		1,058,458	1,058,458
2021		1,058,458	1,058,458
2022-2026	\$1,200,000	5,235,338	6,435,338
2027-2031	4,395,000	4,464,449	8,859,449
2032-2036	9,870,000	2,806,053	12,676,053
2037	3,535,000	101,325	3,636,325
	<u>\$19,000,000</u>	<u>\$17,899,455</u>	36,899,455
		<u>Less:</u>	
		Investments held by trustee	1,900,050
		Amount representing interest	<u>17,899,455</u>
			<u>\$17,099,950</u>
Receivable from the City of Manteca at June 30, 2016			<u>\$17,099,950</u>

**MANTECA FINANCING AUTHORITY**  
**NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 4 – LONG TERM DEBT**

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

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

Year	Principal	Interest	Total
2017		\$1,058,763	\$1,058,763
2018		1,058,763	1,058,763
2019		1,058,763	1,058,763
2020		1,058,763	1,058,763
2021		1,058,763	1,058,763
2022-2026	\$1,200,000	5,236,863	6,436,863
2027-2031	4,395,000	4,465,974	8,860,974
2032-2036	9,870,000	2,807,578	12,677,578
2037	3,535,000	101,630	3,636,630
Total	<u>\$19,000,000</u>	<u>\$17,905,860</u>	<u>\$36,905,860</u>

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