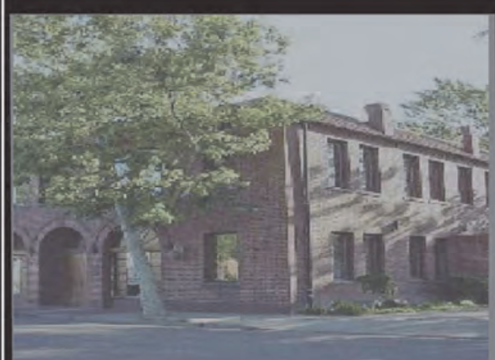
City of Manteca

California



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

Prepared by the Finance Department

City of Manteca, California

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

Prepared by
Finance Department

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CITY OF MANTECA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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Revenue Capacity:

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Operating Information:

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December 31, 2015

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, 2015 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 assets 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 San Joaquin County adjacent to Interstate 5, Highway 99 and Highway 120. The city has an area of approximately 20.92 square miles of level terrain and 73,787 residents as of January 1, 2015. Manteca's strategic location provides easy commuting to the San Francisco Bay Area as well as encouragement for future growth in this area through the location and/or relocation of manufacturing, retailing, wholesaling, and service industries.

Located in the central portion of the San Joaquin Valley, Manteca is adjacent to extensive green areas and agricultural lands. Although agriculturally-oriented business activities are still an important part of Manteca's local economy, the area has many other large employers including packaging and distribution plants, a manufacturer of modular buildings, electronic firms, and two local hospitals. 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 and other areas.

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, sales tax was 8.7% higher than revenues for the same period last year. Assessed valuations for secured property tax increased by 13.25%. This contributed to overall increased property tax revenues of $2 million. Of this amount, $1.67 million was attributable to receipts distributed to Affected Taxing Entities (ATE) that prior to the dissolution of redevelopment would have been distributed to the former Manteca Redevelopment Agency. In 2014-15 the Building Safety division issued 455 permits for new residential construction compared to 391 permits in 2013-14 and 314 permits in 2012-13.

As of June 30, 2015, employment levels in California have continued to increase. The California Economic Development Department listed the June 2015 unemployment rate for the State and the County at 6.2% and 8.5% respectively. Manteca's unemployment rate was 8.6%. As a comparison, one year ago the State and County unemployment rates were 7.3% and 10.3%, respectively, and Manteca's was 10.4%.

As the City of Manteca looks forward, its leadership continues to look at 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. The Environmental Impact Report (EIR) for this project was certified by the City Council on October 6, 2015. It is anticipated that construction on the first phase of this project will begin in 2016.

LONG TERM FINANCIAL PLANNING:

After nearly a decade of strong economic growth, the extraordinary and severe economic downturn associated with the Great Recession led the City of Manteca to face unprecedented fiscal challenges. To ensure continued financial stability during this time and to set the foundation for future stability, the City Council instituted annual strategy and goal setting sessions. Through the 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's 2014-15 financial statements also reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

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 2011 and expired as of June 30, 2015. City leaders began negotiations with all bargaining units in spring of 2015 and as December 15, 2015 all contracts have been approved by Council. With the current recovery, it is anticipated that the contracts will provide for growth in employee salary and benefit packages while remaining cognizant of the growing costs related to employee retirement benefits.

Infrastructure projects continue to play a key role in the City's vision for economic recovery. 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, Austin Road/SR 99 Interchange Improvements, and Milo Candini Access Road. In summer 2015 the State Route 99 Widening Project was completed. This project involved widening State Route 99 from Highway 99 to Arch Road and included interchange modifications to the Main Street/Lathrop Road interchange.

In addition to infrastructure projects, work continues on expanding and upgrading City facilities. The new Moffat Community Center was accepted as complete in September 2015 and a dedication ceremony was held on November 11, 2015. The facility will be leased to the Veterans of Foreign Wars (VFW) Jimmie Connors Post 6311.

To support the planning for future growth and development, the City embarked on a Parks and Recreation Master Plan study to be completed in Spring 2016 and a Biosolids and Biogas Utilization Plan to evaluate the existing biosolids and biogas facilities at the City's Wastewater Quality Control Facility.

The City is also completing work on the Urban Water Master Plan (UWMP). With the on-going drought throughout California, staff will be incorporating newly implemented State guidelines into the UWMP. Staff also continues to work on new and effective programs to encourage water conservation throughout our community.

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, 2015 amounted to $276,699,746 encompassing governmental activities, business type activities and fiduciary activities, including restricted cash and investments. During fiscal year 2014-15 investments consisted primarily of Federal Agencies (16%), Corporate Notes (15%), U.S. Treasuries (12%), and the Local Agency Investment Fund (LAIF) managed by the State Treasurer (14%). $81,201,243 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 and the United States Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non profit Organizations.* 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, 2014. This was the twenty-sixth 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.

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,

SMallory

Suzanne Mallory
Director of Finance

CITY OF MANTECA
CITY COUNCIL

Debby Moorhead
Councilwoman

Mike Morowit
Councilman

Steve DeBrum
Mayor

Rich Silverman
Councilman

Vince Hernandez II
Councilman

Portraits by
Glenn Kahl Photography, Inc.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2015

EXECUTIVE TEAM

Karen L McLaughlin, City Manager

John Brinton, City Attorney

Suzanne Mallory, Director of Finance

Joann Tilton, 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


Crescent City
Yreka
Macdoel
Requa
Alturas
Trinidad
Eureka
Weaverville
Susanville
101
Red Bluff
Chico
PLUMAS NATL. FOR.
Oroville
TAHOE NATL. FOR.
Ukiah
Yuba City
Lakeport
5
Sacramento
Santa Rosa
Lake Alpine
Jackson
Dardanelle
Napa
Fairfield
San Rafael
Stockton
Oakland
Manteca
YOSEMITE NATL. PARK
Modesto
San Jose
Merced
Bishop
Santa Cruz
Madera
Fresno
Salinas
SEQUOIA NATL. PARK
DEATH VALLEY NATL. PARK
Hanford
99
1
San Luis Obispo
Bakersfield
Fort Irwin Mil. Res.
99
Edwards A.F.B.
Barstow
40
Santa Barbara
Ventura
101
Los Angeles
Long Beach
Indio
Eagle Mountain
55
15
10
5
San Diego
Ocotillo
Mexicali
71 km
40 mi
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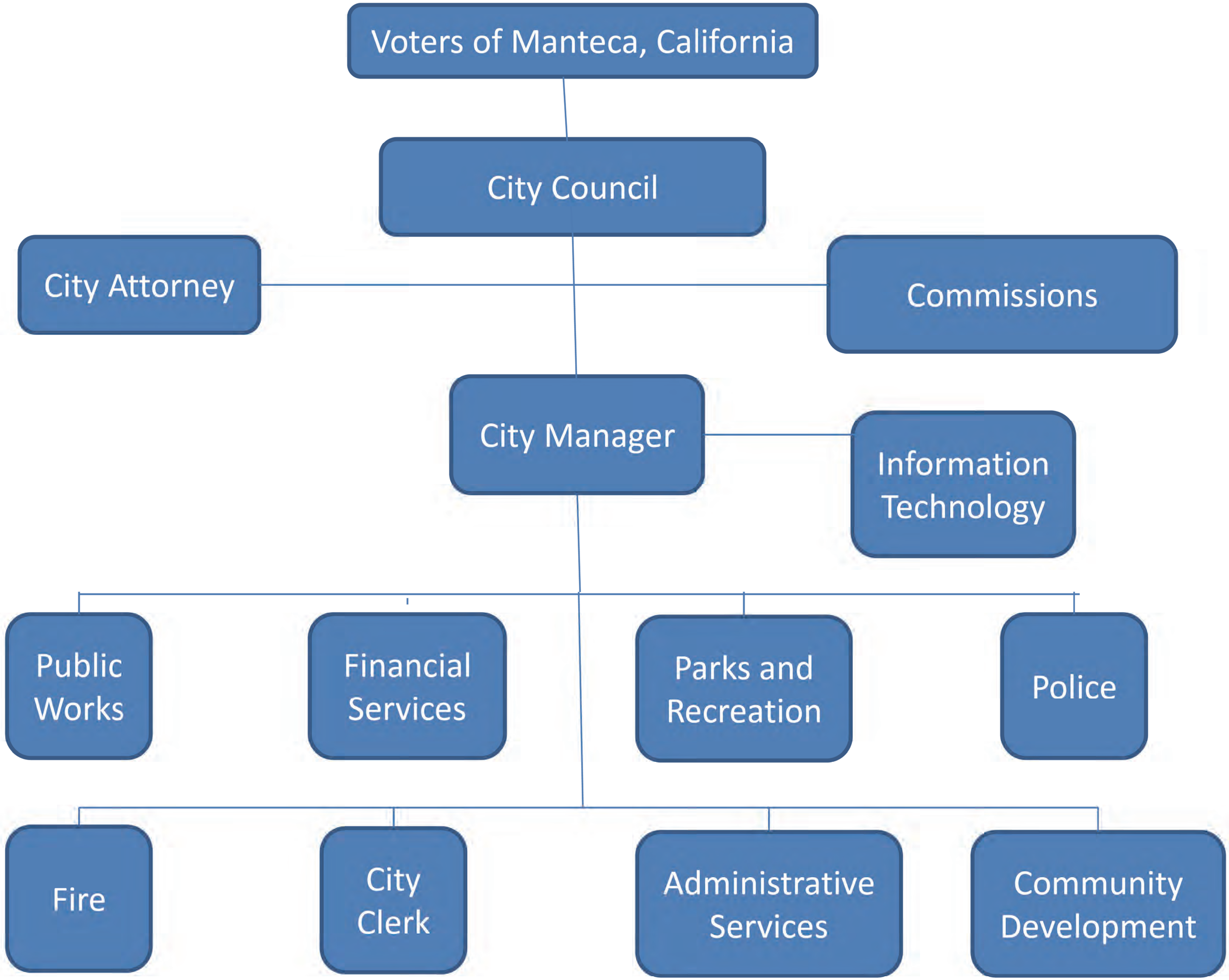
Voters of Manteca, California
City Council
City Attorney
Commissions
City Manager
Information Technology
Public Works
Financial Services
Parks and Recreation
Police
Fire
City Clerk
Administrative Services
Community Development

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, 2014

Executive Director/CEO

MAZE & ASSOCIATES

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 as of and for the year ended June 30, 2015, 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, 2015, 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.

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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. Certain transactions undertaken by the Manteca Redevelopment Agency prior to the date of dissolution may be subject to review by the State as discussed in Note 16, but the effect of that review cannot be determined as of June 30, 2015.

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 has been working with the California Department of Finance (DOF) on the Successor 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. Based on these discussions, the City anticipates that the assets identified will be approved to retained by the City. City management has indicated that they will abide by the final determination as set by the DOF. Therefore, the amount, if any, of assets to be returned is not determinable at this time.

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 maters has been recorded in the accompanying financial statements.

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

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 that had material effects on the financial statements and required the restatement of net position, as discussed in Notes 9E and 10 to the financial statements:

- Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*

- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.*

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 December 30, 2015 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
December 30, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis provides an overview of the City of Manteca's financial performance for the fiscal year ended June 30, 2015. 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 2014-15 fiscal year by $523 million (*Net Position)*. Of this amount ($1.1) million (*Unrestricted Net Position)* is designated to be used to meet ongoing obligations to citizens and creditors; $108.8 million is restricted for capital projects, debt service and legally segregated taxes, grants, and fees; and $415.7 million is invested in capital assets. The negative Unrestricted Net Position reflects the inclusion of a Net Pension Liability of $80.2 million in accordance with the implementation of 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, 2015, the governmental funds reported combined fund balances of $110.5 million, of which $110.2 million is available to meet the City's current and future needs (*Restricted, Committed, Assigned, and Unassigned balances)*.

- As of June 30, 2015 the fund balance for the General Fund was $23.9 million of which $.2 million is designated as *Non-Spendable* for items such as deposits, prepaid assets, inter-fund advances, and inventory. Assigned fund balance was $7.9 million, designated for items such as economic revitalization and public facilities oversizing, and the unassigned balance was $15.8 million

- Governmental capital assets increased by $16.9 million prior to depreciation in comparison to prior year assets representing additions of capital street improvements, land, 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 $62.2 million compared to the prior year. This increase is primarily attributable to the implementation of GASB Statement No. 68 as noted above.

- Three elements were added to the Statement of Net Position per GASB Statement No. 68. Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions and a Net Pension Liability in the Long-term Liability section. Refer to Note 10 of the Notes to the Financial Statements for a detailed explanation of how the implementation of the new statement effects the financial statements.

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.

  The City's governmental 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.

  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.

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 23 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 $523.4 million at the close of the Fiscal Year Ended June 30, 2015. This is a decrease of $59.6 million from June 30, 2014, excluding the effects of the implementation of GASB Statements No. 68 and 71.

The following table reflects the Summary of Net Position for the Fiscal Year Ended June 30, 2015 with comparative data for the Fiscal Year Ended June 30, 2014.

Summary of Net Position at June 30, 2015
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Current Assets	$138,905	$127,144	$101,560	$96,377	$240,465	$223,521
Non-Current Assets	22,914	23,021			22,914	23,021
Capital Assets	284,425	277,109	194,290	192,594	478,715	469,703
Total Assets	446,244	424,274	295,850	288,971	742,094	712,245
Deferred Outflows Related to Pensions	6,737		1,861		8,598	
Current Liabilities	18,444	15,728	17,052	17,129	35,496	32,857
Non-Current Liabilities	78,376	16,103	100,067	84,303	178,443	100,406
Total Liabilities	96,820	31,831	117,119	101,432	213,939	133,263
Deferred Inflows Related to Pensions	10,382		3,008		13,390	
Net Investment in Capital Assets	278,801	271,755	136,877	132,769	415,678	404,524
Restricted	108,825	104,193			108,825	104,193
Unrestricted	(41,847)	19,495	40,707	54,770	(1,140)	74,625
Total Net Position	**$345,779**	**$395,443**	**$177,584**	**$187,539**	**$523,363**	**$582,982**

*Not restated for the implementation of GASB Statement Nos. 68 and 71 discussed in Note 10.

The City's Government-wide Net Position as of June 30, 2015, comprised the following:

- Cash and investments comprised of $188.2 million in the city treasury and $40.8 million of restricted cash held by fiscal agents. This represents an increase of $1.4 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 $6.9 million of current receivables and $22.9 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 $478.7 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position, totaling $108.8 million, is restricted for capital projects ($59.3 million), redevelopment projects ($38.7 million), and $10.8 million may be spent on other projects as specified by funding source restrictions.
- Unrestricted Net Position totals ($1.1) 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 reflect the implementation of GASB Statement No. 68 and the related Net Pension Liability of $80.2 million.

The Change in Net Position as expressed as the change in revenues and expenditures through June 30, 2015 is further reflected in the Statement of Changes in Net Position.

Statement of Changes in Net Position
Fiscal Year Ended June 30, 2015
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Revenues						
Program revenues:						
Charges for services	$11,016	$9,678	43,346	$41,881	$54,362	$51,559
Operating grants and contributions	6,992	7,863			6,992	7,863
Capital Grants and Contributions	20,221	20,231	2,401	1,447	22,622	21,678
Total program revenues	38,229	37,772	45,747	43,328	83,976	81,100
General revenues:						
Taxes:						
Property taxes	13,055	11,052			13,055	11,052
Sales taxes	13,271	12,362			13,271	12,362
Other taxes	5,110	4,793			5,110	4,793
Interest income	744	897	607	618	1,351	1,515
Development Agreements, Unrestricted	69	40			69	40
Other Revenue	1,485	775	463	532	1,948	1,307
Total general revenues	33,734	29,919	1,070	1,150	34,804	31,069
Total revenues	71,963	67,691	46,817	44,478	118,780	112,169
Expenses						
General government	3,313	3,662			3,313	3,662
Community Development	4,988	4,812			4,988	4,812
Public Safety	25,167	23,663			25,167	23,663
Library	114	99			114	99
Public Works	5,095	4,167			5,095	4,167
Parks and Recreation	7,404	7,083			7,404	7,083
Streets and Highways	7,969	8,360			7,969	8,360
Interest and fiscal charges	87	106			87	106
Water			14,010	13,936	14,010	13,936
Sewer			13,853	13,721	13,853	13,721
Solid Waste			9,900	9,591	9,900	9,591
Golf			1,154	1,198	1,154	1,198
Total expenses	54,137	51,952	38,917	38,446	93,054	90,398
Change in net position before transfers	17,826	15,739	7,900	6,032	25,726	21,771
Transfers	(1,606)	(165)	1,606	165		
Change in net position	16,220	15,574	9,506	6,197	25,726	21,771
Net Position, Beginning of Year, as restated in 2015	329,559	379,869	168,077	181,341	497,636	561,210
Net Position, End of Year	$345,779	$395,443	$177,583	$187,538	$523,362	$582,981

*Not restated for the implementation of GASB Statement Nos. 68 and 71 discussed in Note 10.

Revenues

Total governmental activity revenues increased by $2.8 million or 4.2%. This increase is primarily attributable to increased property and sales tax receipts.

Expenses

Expenses for the City totaled $93.1 million and $90.4 million for the years ended June 30, 2015 and 2014, respectively. Governmental activities incurred $54 million of expenses while business-type activities incurred $38.9 million. Of the Governmental Activities, the largest expenses were in Public Safety ($25.2 million), Streets and Highways ($8.0 million), and Parks and Recreation ($7.4 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, 2015
(in thousands of dollars)

	Net Revenue/(Expense) From Services	
	2015	2014
Program		
General Government	$1,201	($180)
Community Development	10,888	10,239
Public Safety	(22,334)	(21,319)
Library	(114)	(99)
Public Works	(2,406)	1,520
Parks and Recreation	(4,079)	(3,900)
Streets and Highways	1,023	(335)
Interest and Fiscal Charges	(87)	(106)
Total Net Revenue/(Expense)	**($15,908)**	**($14,180)**

Net revenues/expenses for general activities decreased by $1.7 million. Net revenues/expenses to General Government increased by $1.4 million due to increased revenues associated with charges for services primarily related to increased administration revenues received for serving as the Successor Agency to the Manteca Redevelopment Agency. Public Works decreased by $3.9 million as a result of a $2.9 decline in Grants and Contributions combined with $.9 million increase in expenses.

Business-Type Activities

Changes in Business-Type Activities by Program
Fiscal Year Ended June 30, 2015
(in thousands of dollars)

	Business-type Activities	
	2015	2014
Net Revenue (Expense) from Business-type Activities		
Water	$1,544	$1,150
Sewer	6,490	4,989
Solid Waste	(1,058)	(1,100)
Golf	(145)	(157)
Total Business-type Activities	**$6,831**	**$4,882**

Net revenues of Business-type Activities increased $2.0 million primarily as a result of increased revenues related to Charges for Services and Capital Grants. The increase in Capital Grants is related to the infrastructure donated to the City in connection with residential development.

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, 2015, the City's governmental funds reported combined fund balances of $110.5 million, which is an increase of $9.1 million or 9% compared with the prior year. This increase is largely attributable to the $2 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 $4.3 million. Governmental fund revenues were $61.3 million this year. The General Fund accounted for 57% of this total. Expenses were $50.8 million this year. Of this total, $28.6 million was in the General Fund, $7.7 million was in major funds and $14.6 million was in non-major funds.

General Fund

General Fund revenues increased by $4.3 million or 14.1% as compared to fiscal year end 2014. Sales tax increased by 8.1% and property taxes increased by $2 million or 18.0%. Property tax revenues include $1.67 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 $2.1 million or 8.0% over prior year expenditures of $26.4 million.

At June 30, 2015, the General Fund balance was comprised of $.2 million in nonspendable balances, $7.9 million of assigned balances and $15.8 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 2014-15 this fund provided for 28 police and fire personnel. Revenues in the Public Safety Sales Tax Fund increased by $.3 million or 6.0% over prior year receipts. The net change to fund balance was ($164,123).

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, 2015, the net position of the Low and Moderate Income Housing Assets Special Revenue Fund was comprised of $94,465 in cash and investments and $2,629,970 in restricted cash.

Public Facilities Implementation Plan

The fund balance in this fund shows an increase of $.6 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 $1.1 million were constructed in fiscal year 2015. The Public Facilities Implementation Plan was updated in fiscal year 2013 to appropriately plan for future growth in accordance with the updated General Plan. New fees for sewer, water, and storm drain were adopted on March 5, 2013. Due to complexities, additional time was requested to prepare the transportation element. 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 Fund 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 fiscal year 2014-15, $2 million in proceeds were received from the Successor Agency.

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 $177.6 million at June 30, 2015. Proprietary operating revenues were $43.8 million and operating expenses were $35.6 million in fiscal 2015. The beginning net position for these funds has been restated in relation to the implementation of GASB Statement No. 68.

Water Fund

The net position of the Water Fund is $64.6 million. Approximately $25.2 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of $39.3 million.

Activities for the year were comprised of $14.3 million in operating revenues for the current year and $12.6 million in operating expenses. Charges for services showed no marked increase as compared to the prior year increase of 6.7%. The flat-line in revenues is a direct result of mandatory conservation efforts to meet current State mandates. Operating expenses increased by 1.6% from fiscal year 2014.

Sewer

The net position of the Sewer Fund is $112.9 million for the current year. Operating revenues for fiscal year 2015 were $19.4 million, an increase of 6.5% from fiscal year 2014. Operating expenditures increased by $.2 million or 1.7% from fiscal year 2014. A total of $93.4 million of the fund's net position is invested in capital assets, with $19.6 million unrestricted.

Solid Waste

Operating revenues for fiscal year 2015 totaled $9.2 million, an increase of 4.6% over fiscal year 2014. While there are scheduled rate increases for this fund, the increase in revenue resulted from increased commercial revenues from increased construction activity throughout the City. Operating expenses were $9.9 million, an increase of $.3 million from fiscal year 2014. A total of $2.3 million of the fund's net position is invested in capital assets. The unrestricted net position was ($3.4) million at year-end. The decrease in unrestricted net position includes the initial recording of the fund's $6.4 million Net Pension Liability resulting from the implementation of GASB Statement No. 68.

Golf

The operating revenue for this fund totaled $1.0 million as of June 30, 2015. This is slight decrease from the operating revenue for fiscal year 2014 Operating expenses were $1.2 million consistent with the operating expenditures for the prior year. The result was a loss of $124,214 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 $1,412,425 were made from the General Fund in prior years to assist with the continued operations of the City's Municipal Golf Course. These advances were forgiven in fiscal year 2015. The net result was an increase in Net Position of $1.3 million.

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 $30.29 million. The difference in appropriations between the original budget and the final amended budget was $141,908. The appropriations consisted of $49,158 for budget carry forward totals for prior and current year commitments and $82,750 for new appropriations.

As the economy continues to recover, General Fund revenues exceeded their budgeted forecasts. As previously noted, Property Taxes for the City surpassed projections by $2.7 million of which $1.7 million was related to revenues associated with the dissolution of the former Manteca Redevelopment Agency. Also notable was an increase of Sales Tax over projections of $526,636.

At the end of the fiscal year, the total actual expenses of the General Fund were $1.7 million under the total amended budget. $.8 million of this variance was attributable to public safety employee expenses related to delays in hiring new personnel. The remaining variance resulted from General Fund operating departments prudently operating under budget. One division (Human Resources) exceeded budget by $11,895.

CAPITAL ASSETS

At the end of fiscal 2015 the City had $478.7 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, 2015
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Non-depreciable assets						
Land	$36,147	$33,813	$7,820	$7,820	$43,967	$41,633
Construction in progress	9,126	9,735	8,899	6,972	18,025	16,707
Total	45,273	43,548	16,719	14,792	61,992	58,340
Depreciable assets						
Buildings and improvements	33,784	33,342	7,604	7,582	41,388	40,924
Machinery and equipment	16,352	15,048	17,070	17,095	33,422	32,143
Storm Drain	48,763	46,317			48,763	46,317
Streets	178,419	170,628			178,419	170,628
Parks	63,104	59,922			63,104	59,922
Sewer lines and improvements			51,499	50,060	51,499	50,060
Sewer plant expansion			91,109	91,095	91,109	91,095
Water wells and pipelines			107,037	102,207	107,037	102,207
Infrastructure			165	165	165	165
Less accumulated depreciation	(101,270)	(91,696)	(96,913)	(90,402)	(198,183)	(182,098)
Total	239,152	233,561	177,571	177,802	416,723	411,363
Total capital assets	**$284,425**	**$277,109**	**$194,290**	**$192,594**	**$478,715**	**$469,703**

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 $960 thousand in debt associated with Governmental Activities and $81.06 million in debt associated with Business-Type Activities.

Outstanding Debt
Fiscal Year Ended June 30, 2015
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Capital Lease	$960	$521			$960	$521
Revenue Bonds			$81,063	$83,501	81,063	83,501
Total	**$960**	**$521**	**$81,063**	**$83,501**	**$82,023**	**$84,022**

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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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, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	$104,111,187	$84,087,659	$188,198,846
Restricted cash and investments (Note 3)	17,135,814	23,650,233	40,786,047
Accounts receivable, net	5,897,155	4,214,196	10,111,351
Taxes receivable	769,545		769,545
Interest receivable	209,102	153,874	362,976
Internal balances (Note 4D)	10,545,646	(10,545,646)	
Prepaid items and deposits	236,323		236,323
Long-term notes receivable (Note 5)	22,851,649		22,851,649
Employee notes receivable (Note 6)	62,364		62,364
Capital assets, not being depreciated (Note 7)	45,273,095	16,718,713	61,991,808
Capital assets, being depreciated (net) (Note 7)	239,152,365	177,571,086	416,723,451
Total Assets	446,244,245	295,850,115	742,094,360
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Note 10)	6,737,138	1,861,146	8,598,284
LIABILITIES			
Accounts payable	4,924,811	3,068,590	7,993,401
Contracts payable	6,222,608	9,800,659	16,023,267
Refundable deposits	1,269,538	957,289	2,226,827
Accrued liabilities	1,832,395	976,028	2,808,423
Unearned revenue	2,660,953		2,660,953
Compensated absences (Note 1G):			
Due within one year	544,187		544,187
Due in more than one year	4,896,838		4,896,838
Estimated claims liability (Note 13):			
Due within one year	638,553		638,553
Due in more than one year	611,279		611,279
Long-term debt (Note 8):			
Due within one year	350,442	2,250,000	2,600,442
Due in more than one year	609,914	78,813,359	79,423,273
Net pension liability (Note 10):			
Due in more than one year	62,207,323	18,042,488	80,249,811
Net OPEB obligation (Note 11):			
Due in more than one year	10,050,962	3,211,162	13,262,124
Total Liabilities	96,819,803	117,119,575	213,939,378
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Note 10)	10,382,370	3,008,154	13,390,524
NET POSITION (Note 9):			
Net investment in capital assets	278,800,432	136,876,673	415,677,105
Restricted for:			
Capital projects	59,292,925		59,292,925
Redevelopment projects	38,660,733		38,660,733
Special revenue projects:			
Development mitigation	1,932,213		1,932,213
Landscaping and lighting	920,269		920,269
Public safety	6,601,621		6,601,621
Other special revenue projects	1,417,501		1,417,501
Total Restricted Net Position	108,825,262		108,825,262
Unrestricted	(41,846,484)	40,706,859	(1,139,625)
Total Net Position	$345,779,210	$177,583,532	$523,362,742

See accompanying notes to basic financial statements

CITY OF MANTECA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Current:							
General government	$3,312,873	$4,513,841			$1,200,968		$1,200,968
Community development	4,987,786	2,575,570	$285,193	$13,015,204	10,888,181		10,888,181
Public safety	25,166,890	1,621,244	809,904	402,006	(22,333,736)		(22,333,736)
Library	114,291				(114,291)		(114,291)
Public works	5,094,875	41,889	411,677	2,235,440	(2,405,869)		(2,405,869)
Parks and recreation	7,403,446	2,263,443	6,150	1,054,657	(4,079,196)		(4,079,196)
Streets and highways	7,969,409		5,478,770	3,513,293	1,022,654		1,022,654
Interest and fiscal charges	87,096				(87,096)		(87,096)
Total Governmental Activities	54,136,666	11,015,987	6,991,694	20,220,600	(15,908,385)		(15,908,385)
Business-type Activities:							
Water	14,009,670	14,240,103		1,313,788		$1,544,221	1,544,221
Sewer	13,853,066	19,270,009		1,072,711		6,489,654	6,489,654
Solid waste	9,900,313	8,827,211		14,914		(1,058,188)	(1,058,188)
Golf	1,154,179	1,009,100				(145,079)	(145,079)
Total Business-type Activities	38,917,228	43,346,423		2,401,413		6,830,608	6,830,608
Total	$93,053,894	$54,362,410	$6,991,694	$22,622,013	(15,908,385)	6,830,608	(9,077,777)
General revenues:							
Taxes:							
Property taxes					13,054,963		13,054,963
Sales taxes					13,271,312		13,271,312
Other taxes					5,109,652		5,109,652
Interest income					744,569	606,799	1,351,368
Development agreements, unrestricted					69,231		69,231
Other revenue					1,484,667	462,941	1,947,608
Transfers (Note 4A)					(1,606,375)	1,606,375	
Total general revenues and transfers					32,128,019	2,676,115	34,804,134
Change in Net Position					16,219,634	9,506,723	25,726,357
Net Position-Beginning, As Restated (Note 9E)					329,559,576	168,076,809	497,636,385
Net Position-Ending					$345,779,210	$177,583,532	$523,362,742

See accompanying notes to basic financial statements

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FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2015. 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, 2015

	General	Public Safety Sales Tax	Low and Moderate Income Housing Assets	Public Facilities Implementation Plan
ASSETS				
Cash and investments (Note 3)	$24,749,120	$2,694,855	$94,465	$15,005,141
Restricted cash and investments (Note 3)			2,629,970	437,143
Accounts receivables (net of allowance for estimated uncollectible accounts)	739,263			289
Taxes receivable	551,940	217,335		
Interest receivable	106,519	5,244		26,879
Due from other funds (Note 4B)	148,978			
Advances to other funds (Note 4C)				10,985,532
Prepaid items	227,542			
Long-term notes receivable (Note 5)			23,379,901	
Total Assets	$26,523,362	$2,917,434	$26,104,336	$26,454,984
LIABILITIES				
Accounts payable	$1,661,580	$990		$162,428
Contracts payable	732			929,793
Refundable deposits	917,966			125,142
Accrued liabilities	1,501			
Due to other funds (Note 4B)				
Advances from other funds (Note 4C)				439,886
Unearned revenue				
Total Liabilities	2,581,779	990		1,657,249
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - notes receivable			$23,379,901	
FUND BALANCES				
Fund balance (Note 9):				
Nonspendable	227,542			
Restricted		2,916,444	2,724,435	24,797,735
Committed				
Assigned	7,921,152			
Unassigned	15,792,889			
Total Fund Balances	23,941,583	2,916,444	2,724,435	24,797,735
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$26,523,362	$2,917,434	$26,104,336	$26,454,984

See accompanying notes to basic financial statements

Redevelopment Bonds Projects	Other Governmental Funds	Total Governmental Funds
	$42,643,111	$85,186,692
$13,276,288	193,413	16,536,814
	5,073,363	5,812,915
	270	769,545
	57,125	195,767
	1,278,410	1,427,388
		10,985,532
		227,542
		23,379,901
$13,276,288	$49,245,692	$144,522,096
$191,639	$1,909,725	$3,926,362
	28,411	958,936
	226,430	1,269,538
		1,501
	1,427,388	1,427,388
		439,886
	2,660,953	2,660,953
191,639	6,252,907	10,684,564
		23,379,901
		227,542
13,084,649	36,598,286	80,121,549
	542,435	542,435
	5,852,064	13,773,216
		15,792,889
13,084,649	42,992,785	110,457,631
$13,276,288	$49,245,692	$144,522,096

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CITY OF MANTECA
Reconciliation of the
GOVERNMENTAL FUNDS-- BALANCE SHEET
with the
GOVERNMENTAL ACTIVITIES NET POSITION
JUNE 30, 2015

Total fund balances reported on the Governmental Funds Balance Sheet	$110,457,631
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.	282,236,556
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	18,924,495
Restricted cash and investments	599,000
Accounts receivable	84,240
Interest receivable	13,335
Prepaid items	8,781
Employee notes receivable	62,364
Capital assets, not being depreciated	572,928
Capital assets (net of accumulated depreciation)	1,615,976
Contracts and accounts payable	(998,449)
Accrued liabilities	(1,830,894)
Compensated absences	(5,441,025)
Long-term liability	(600,000)
Estimated claims liability	(1,249,832)
Net pension liability and deferred outflows/inflows related to pensions	(1,968,685)
Net OPEB obligation	(116,111)
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.	23,379,901
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	(360,356)
Net pension liability and deferred outflows/inflows related to pensions	(63,883,870)
Net OPEB obligation	(9,934,851)
Contracts payable	(5,263,672)
Allowance for conditional grants	(528,252)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$345,779,210

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, 2015

	General	Public Safety Sales Tax	Low and Moderate Income Housing Assets	Public Facilities Implementation Plan
REVENUES				
Property taxes	$13,054,963			
Sales taxes	7,961,636	$5,309,676		
Other taxes	5,768,097			
Licenses and permits	884,313			
Fines and forfeitures	283,690			
Use of money and property	169,173	20,012	$3,843	$256,090
Revenue from other agencies	623,362			
Charges for current services	5,582,126			1,259,401
Other revenue	518,114		23,032	481,808
Total Revenues	34,845,474	5,329,688	26,875	1,997,299
EXPENDITURES				
Current:				
General government	3,101,404			
Community development				
Public safety	17,692,296	5,493,811		
Library	100,182			
Public works	1,835,931			219,165
Parks and recreation	3,064,428			
Streets and highways				
Nondepartmental	2,745,157			
Capital outlay	11,487			1,080,226
Debt service:				
Principal				
Interest and fiscal charges				67,165
Total Expenditures	28,550,885	5,493,811		1,366,556
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,294,589	(164,123)	26,875	630,743
OTHER FINANCING SOURCES (USES)				
Issuance of debt (Note 8)				
Transfers in (Note 4A)				
Transfers (out) (Note 4A)	(2,037,901)			
Total Other Financing Sources (Uses)	(2,037,901)			
NET CHANGE IN FUND BALANCES	4,256,688	(164,123)	26,875	630,743
BEGINNING FUND BALANCES	19,684,895	3,080,567	2,697,560	24,166,992
ENDING FUND BALANCES	$23,941,583	$2,916,444	$2,724,435	$24,797,735

See accompanying notes to basic financial statements

Redevelopment Bonds Projects	Other Governmental Funds	Total Governmental Funds
		$13,054,963
		13,271,312
		5,768,097
	$3,778,125	4,662,438
		283,690
$7,646	200,576	657,340
2,000,000	8,135,717	10,759,079
	4,899,462	11,740,989
	113,902	1,136,856
2,007,646	17,127,782	61,334,764
	78,447	3,179,851
	2,186,882	2,186,882
	1,189,929	24,376,036
	15,000	115,182
	881,860	2,936,956
	2,755,692	5,820,120
	1,944,873	1,944,873
		2,745,157
824,972	5,182,212	7,098,897
	310,581	310,581
	19,931	87,096
824,972	14,565,407	50,801,631
1,182,674	2,562,375	10,533,133
	150,000	150,000
	431,526	431,526
		(2,037,901)
	581,526	(1,456,375)
1,182,674	3,143,901	9,076,758
11,901,975	39,848,884	101,380,873
$13,084,649	$42,992,785	$110,457,631

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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, 2015

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	$9,076,758
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
The capital outlay and other capitalized expenditures are therefore added back to fund balance.	5,449,605
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of $245,110 which has already been allocated to serviced funds).	(9,556,074)
Retirements are deducted from the fund balance	(159)
Transfers of capital assets to internal service funds are deducted from fund balance	(556,600)
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.	11,015,204
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	310,581
Issuance of long-term debt is deducted from fund balance	(150,000)
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	(16,516)
Contracts and accounts payable	(381,311)
Allowance for conditional grants	(72,319)
Net pension liability and deferred outflows/inflows related to pensions	2,957
Net OPEB obligation	(667,021)
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY	
Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.	
Change in Net Position - All Internal Service Funds	1,764,529
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$16,219,634

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, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES:				
Property taxes	$10,350,000	$10,350,000	$13,054,963	$2,704,963
Sales taxes	7,435,000	7,435,000	7,961,636	526,636
Other taxes	5,470,500	5,470,500	5,768,097	297,597
Licenses and permits	755,040	755,040	884,313	129,273
Fines and forfeitures	327,500	327,500	283,690	(43,810)
Use of money and property	155,000	155,000	169,173	14,173
Revenue from other agencies	644,750	644,750	623,362	(21,388)
Charges for current services	4,523,085	4,523,085	5,582,126	1,059,041
Other revenue	475,000	475,000	518,114	43,114
Total Revenues	30,135,875	30,135,875	34,845,474	4,709,599
EXPENDITURES:				
Current:				
General government				
Legislative	911,315	911,315	718,806	192,509
City Attorney	180,420	180,420	169,190	11,230
Administration	858,975	858,975	771,337	87,638
Human resources	531,415	560,745	572,640	(11,895)
Financial services	899,730	899,730	869,431	30,299
Total general government	3,381,855	3,411,185	3,101,404	309,781
Public safety				
Police	12,104,565	12,135,630	11,549,593	586,037
Fire	5,959,990	5,959,990	5,785,979	174,011
Animal control	364,740	393,240	356,724	36,516
Total public safety	18,429,295	18,488,860	17,692,296	796,564
Library	101,480	101,480	100,182	1,298
Public works				
Engineering	591,750	591,750	469,187	122,563
Street maintenance	27,890	27,890	12,886	15,004
Storm drain maintenance and operation	245,690	278,130	205,807	72,323
Vehicle maintenance	602,185	602,185	589,185	13,000
Building maintenance	618,690	616,690	558,866	57,824
Total public works	2,086,205	2,116,645	1,835,931	280,714
Parks and recreation				
Park facility maintenance	3,151,725	3,162,115	2,832,335	329,780
Senior center	241,965	241,965	232,093	9,872
Total parks and recreation	3,393,690	3,404,080	3,064,428	339,652
Nondepartmental charges	2,757,466	2,757,466	2,745,157	12,309

(Continued)

CITY OF MANTECA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
Capital outlay		12,183	11,487	696
Total Expenditures	30,149,991	30,291,899	28,550,885	1,741,014
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,116)	(156,024)	6,294,589	6,450,613
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(355,000)	(355,000)	(2,037,901)	(1,682,901)
Total Other Financing Sources (Uses)	(355,000)	(355,000)	(2,037,901)	(1,682,901)
NET CHANGE IN FUND BALANCE	($369,116)	($511,024)	4,256,688	$4,767,712
BEGINNING FUND BALANCE			19,684,895	
ENDING FUND BALANCE			$23,941,583	

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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES:				
Sales taxes	$5,147,500	$5,147,500	$5,309,676	$162,176
Use of money and property	26,000	26,000	20,012	(5,988)
Total Revenues	5,173,500	5,173,500	5,329,688	156,188
EXPENDITURES:				
Current:				
Public safety	5,634,195	5,634,195	5,493,811	140,384
Total Expenditures	5,634,195	5,634,195	5,493,811	140,384
NET CHANGE IN FUND BALANCE	($460,695)	($460,695)	(164,123)	$296,572
BEGINNING FUND BALANCE			3,080,567	
ENDING FUND BALANCE			$2,916,444	

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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES:				
Use of money and property	$1,000	$1,000	$3,843	$2,843
Other revenue	10,000	10,000	23,032	13,032
Total Revenues	11,000	11,000	26,875	15,875
NET CHANGE IN FUND BALANCE	$11,000	$11,000	26,875	$15,875
BEGINNING FUND BALANCE			2,697,560	
ENDING FUND BALANCE			$2,724,435	

See accompanying notes to basic financial statements

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MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges. The City has determined all of its enterprise funds to be major funds in fiscal 2015, 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, 2015

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Total	
ASSETS						
Current assets						
Cash and investments (Note 3)	$41,421,845	$38,444,487	$3,967,927	$253,400	$84,087,659	$18,924,495
Accounts receivables (net of allowance for estimated uncollectible accounts)	1,156,509	2,067,119	965,865	24,703	4,214,196	84,240
Interest receivable	78,482	68,169	7,223		153,874	13,335
Prepaid items						8,781
Total current assets	42,656,836	40,579,775	4,941,015	278,103	88,455,729	19,030,851
Non-current assets						
Restricted cash and investments (Note 3)	5,053,078	18,597,155			23,650,233	599,000
Advances to other funds (Note 4C)	281,082	647,487			928,569	
Employee notes receivable (Note 6)						62,364
Capital assets not being depreciated (Note 7)	4,115,919	11,573,826		1,028,968	16,718,713	572,928
Capital assets (net of accumulated depreciation) (Note 7)	69,301,338	105,146,217	2,287,298	836,233	177,571,086	1,615,976
Total non-current assets	78,751,417	135,964,685	2,287,298	1,865,201	218,868,601	2,850,268
Total Assets	121,408,253	176,544,460	7,228,313	2,143,304	307,324,330	21,881,119
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions (Note 10)	515,332	613,013	655,622	77,179	1,861,146	190,939
LIABILITIES						
Current liabilities						
Accounts payable	1,730,667	962,201	351,973	23,749	3,068,590	998,449
Contracts payable	3,318,096	6,482,563			9,800,659	
Accrued liabilities						1,830,894
Refundable deposits	932,631	17,076	7,582		957,289	
Interest payable	820,962	155,066			976,028	
Compensated absences (Note 1G)						544,187
Estimated claims liability (Note 13)						638,553
Revenue bonds (Note 8)	1,105,000	1,145,000			2,250,000	
Capital lease obligations (Note 8)						112,069
Total current liabilities	7,907,356	8,761,906	359,555	23,749	17,052,566	4,124,152
Long-term liabilities						
Advances from other funds (Note 4C)	4,739,588	6,734,627			11,474,215	
Compensated absences (Note 1G)						4,896,838
Estimated claims liability (Note 13)						611,279
Revenue bonds (Note 8)	38,020,778	40,792,581			78,813,359	
Capital lease obligations (Note 8)						487,931
Net pension liability (Note 10)	4,995,781	5,942,720	6,355,788	748,199	18,042,488	1,851,012
Net OPEB obligation (Note 11)	841,344	990,001	1,198,720	181,097	3,211,162	116,111
Total long-term liabilities	48,597,491	54,459,929	7,554,508	929,296	111,541,224	7,963,171
Total Liabilities	56,504,847	63,221,835	7,914,063	953,045	128,593,790	12,087,323
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions (Note 10)	832,927	990,807	1,059,676	124,744	3,008,154	308,612
NET POSITION (Note 9):						
Net investment in capital assets	39,344,557	93,379,617	2,287,298	1,865,201	136,876,673	2,187,904
Unrestricted	25,241,254	19,565,214	(3,377,102)	(722,507)	40,706,859	7,488,219
Total Net Position	$64,585,811	$112,944,831	($1,089,804)	$1,142,694	$177,583,532	$9,676,123

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, 2015

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Total	
OPERATING REVENUES						
Charges for services	$14,240,103	$19,270,009	$8,827,211	$1,009,100	$43,346,423	$2,238,475
Insurance premium contribution from other funds						2,558,690
Miscellaneous	13,236	88,004	340,836	20,865	462,941	106,969
Total Operating Revenues	14,253,339	19,358,013	9,168,047	1,029,965	43,809,364	4,904,134
OPERATING EXPENSES						
Personnel services	3,296,040	3,906,812	4,351,996	668,726	12,223,574	2,030,166
Contractual services	380,350	951,246	2,287,166	90,351	3,709,113	151,475
Supplies	3,962,940	522,724	765,702	83,251	5,334,617	259,830
Utilities	492,810	1,243,625	13,592	77,032	1,827,059	47,200
Repairs and maintenance	60,452	493,726	40,692	57,444	652,314	675,081
Vehicle maintenance and operations	16,065	21,362	425,103		462,530	346
Interdepartmental	986,800	1,478,775	1,046,875	22,580	3,535,030	10,750
Insurance	239,280	363,010	272,600	14,650	889,540	1,713,794
Claims						(1,420,690)
Depreciation	3,090,957	2,873,313	725,110	129,486	6,818,866	245,110
Miscellaneous	34,382	126,163	16,327	10,659	187,531	125,790
Total Operating Expenses	12,560,076	11,980,756	9,945,163	1,154,179	35,640,174	3,838,852
Operating Income (Loss)	1,693,263	7,377,257	(777,116)	(124,214)	8,169,190	1,065,282
NONOPERATING REVENUES (EXPENSES)						
Interest income	303,677	278,024	25,098		606,799	87,229
Gain (loss) from retirement of capital assets			44,850		44,850	55,418
Interest (expense)	(1,449,594)	(1,872,310)			(3,321,904)	
Intergovernmental grants			14,914		14,914	
Net Nonoperating Revenues (Expenses)	(1,145,917)	(1,594,286)	84,862		(2,655,341)	142,647
Income (Loss) Before Contributions and Transfers	547,346	5,782,971	(692,254)	(124,214)	5,513,849	1,207,929
Contributions	1,313,788	1,072,711			2,386,499	556,600
Transfers in (Note 4A)		193,950		1,412,425	1,606,375	
Net Contributions and Transfers	1,313,788	1,266,661		1,412,425	3,992,874	556,600
Change in net position	1,861,134	7,049,632	(692,254)	1,288,211	9,506,723	1,764,529
BEGINNING NET POSITION, (DEFICIT) (AS RESTATED) (Note 9E)	62,724,677	105,895,199	(397,550)	(145,517)	168,076,809	7,911,594
ENDING NET POSITION (DEFICIT)	$64,585,811	$112,944,831	($1,089,804)	$1,142,694	$177,583,532	$9,676,123

See accompanying notes to basic financial statements

CITY OF MANTECA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$14,377,282	$18,639,294	$9,143,126	$1,023,706	$43,183,408	$4,881,477
Payments to suppliers	(5,456,316)	(3,463,099)	(3,700,872)	(345,327)	(12,965,614)	(2,537,898)
Payments to employees	(3,302,626)	(3,914,591)	(4,360,383)	(669,686)	(12,247,286)	(817,909)
Internal activity - payments to other funds	(986,800)	(1,478,775)	(1,046,875)	(22,580)	(3,535,030)	(10,750)
Receipts on employee notes receivable						17,795
Claims paid						(381,721)
Cash Flows from Operating Activities	4,631,540	9,782,829	34,996	(13,887)	14,435,478	1,150,994
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund receipts (payments)		85,414		(1,412,425)	(1,327,011)	
Transfers in from other funds		193,950		1,412,425	1,606,375	
Cash Flows from Noncapital Financing Activities		279,364			279,364	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets, net	(1,299,905)	(4,732,779)		(95,318)	(6,128,002)	(615,202)
Proceeds from sale of capital assets			44,850		44,850	55,418
Capital grants			14,914		14,914	
Proceeds from issuance of capital lease						600,000
Long-term debt payment - principal	(1,125,000)	(1,035,000)			(2,160,000)	
Long-term debt payment - interest	(1,654,359)	(1,958,130)			(3,612,489)	
Cash Flows from Capital and Related Financing Activities	(4,079,264)	(7,725,909)	59,764	(95,318)	(11,840,727)	40,216
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	334,415	303,270	27,769		665,454	117,968
Cash Flows from Investing Activities	334,415	303,270	27,769		665,454	117,968
Net Cash Flows	886,691	2,639,554	122,529	(109,205)	3,539,569	1,309,178
Cash and investments at beginning of period	45,588,232	54,402,088	3,845,398	362,605	104,198,323	18,214,317
Cash and investments at end of period	$46,474,923	$57,041,642	$3,967,927	$253,400	$107,737,892	$19,523,495
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	$1,693,263	$7,377,257	($777,116)	($124,214)	$8,169,190	$1,065,282
Adjustments to reconcile operating income (loss) to cash flows from operating activities:						
Depreciation	3,090,957	2,873,313	725,110	129,486	6,818,866	245,110
Change in assets and liabilities:						
Accounts receivables (net of allowance for estimated uncollectible accounts)	(54,813)	(290,499)	(24,091)	(6,259)	(375,662)	(15,903)
Related party notes receivable						17,795
Prepaid items						156
Accounts payable and other accrued expenses	58,450	(38,742)	119,480	(11,940)	127,248	640,235
Contracts payable	(149,731)	(130,721)			(280,452)	
Accrued liabilities						182,572
Compensated absences						839,448
Claims liability						(1,802,411)
Net pension liability, deferred outflows and inflows	(75,382)	(89,670)	(95,903)	(11,289)	(272,244)	(27,930)
Net OPEB obligation	68,796	81,891	87,516	10,329	248,532	6,640
Cash Flows from Operating Activities	$4,631,540	$9,782,829	$34,996	($13,887)	$14,435,478	$1,150,994
NONCASH TRANSACTIONS:						
Contributions of capital assets, net	$1,313,788	$1,072,711			$2,386,499	$556,600
Amortization of bond premium	$193,515	$84,094			$277,609	

See accompanying notes to basic financial statements

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 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, 2015

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
ASSETS			
Cash and investments (Note 3)		$7,294,306	$5,351
Restricted cash and investments (Note 3)		39,915,079	
Retiree Health Savings Plan cash and investments (Note 3):			
American United Life Annuity	$500,117		
Capital assets, not being depreciated (Note 16C)		5,901,124	
Capital assets, being depreciated (net) (Note 16C)		2,620,187	
Total Assets	500,117	55,730,696	$5,351
DEFERRED OUTFLOW OF RESOURCES			
Accumulated decrease in fair value of hedging derivative (Note 16D)		10,392,413	
LIABILITIES			
Accounts payable		278,169	
Refundable deposits		5,000	
Due to stakeholders			$5,351
Interest payable		838,421	
Derivative instrument (Note 16D)		10,392,413	
Long-term obligations (Note 16D):			
Due in one year		49,570,000	
Due in more than one year		67,180,000	
Total Liabilities		128,264,003	$5,351
NET POSITION (DEFICIT)			
Held in trust for OPEB benefits and other purposes	$500,117	($62,140,894)	

See accompanying notes to basic financial statements

CITY OF MANTECA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS		
Property taxes		$4,975,892
Contributions	$839,865	
Net investment income		203,936
Total additions	839,865	5,179,828
DEDUCTIONS		
Premiums paid	839,559	
Community development		619,483
Capital projects funding transferred to the City of Manteca		2,000,000
Depreciation		126,267
Interest and fiscal charges		6,074,843
Total deductions	839,559	8,820,593
NET CHANGE IN NET POSITION	306	(3,640,765)
NET POSITION HELD IN TRUST FOR OPEB BENEFITS AND OTHER PURPOSES		
Beginning of year	499,811	(58,500,129)
End of year	$500,117	($62,140,894)

See accompanying notes to basic financial statements

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The **Manteca Financing Authority** is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority has the power to purchase bonds issued by any local agency at public, or negotiated sale, and may sell such bonds to public or private purchasers at public, or negotiated sale. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Water and Sewer Enterprise Funds.

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 2015.

Financial statements for the Manteca Financing Authority component units may be obtained from the City of Manteca at 1001 West Center Street, Manteca, California, 95337. 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.

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.

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 holds funds for the City of Lathrop for their share of the expansion of the Wastewater Control Facility. The financial activities of the funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

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.

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	$4,601,577
Additions	4,373,726
Payments	(3,534,278)
Ending Balance	$5,441,025
Current Portion	$544,187

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 one item that qualifies for reporting in this category. It is the accumulated decrease in the fair value of hedging derivatives reported in the fiduciary statement of net position. 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 Note10.

In addition to liabilities, the statement of financial 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 only under a 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 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. 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 Human Resources departmental expenditures in excess of appropriations in the amount of $11,895. The Police Grants and Supplemental Law Enforcement Services Special Revenue Funds incurred expenditures in excess of appropriations at the fund level in the amounts of $21,903 and $12,278, respectively. Sufficient resources were available within each fund to finance these excesses.

NOTE 3 - CASH AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except Cash with Fiscal Agents so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. 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, 2015 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	$188,198,846
Restricted cash and investments	40,786,047
Total City cash and investments of primary government	228,984,893
Cash and investments in Fiduciary Funds	7,299,657
Restricted cash and investments in Fiduciary Funds	40,415,196
Total cash and investments	$276,699,746

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	$3,675
Deposits with financial institutions	20,311,459
Investments	256,384,612
Total cash and investments	$276,699,746

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.

NOTE 3 - CASH AND INVESTMENTS (Continued)

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Bills, Bonds, Notes	5 years	None	100%	No Limit
Federal Agency or United States Government-Sponsored Enterprise Obligations	5 years	None	100%	No Limit
Mortgage Pass Through Federal Agency Securities	5 years	None	20%	No Limit
California State and Local Agency Obligations	5 years	A	**(1)**	No Limit
Other State Obligations	5 years	A	**(1)**	No Limit
Bankers' Acceptances	180 days	Highest Category	40%	15% **(2)**
Commercial Paper	270 days	Highest Category	25%	15% **(3)**
Negotiable Certificates of Deposit	5 years	A	30%	15% **(2)**
Repurchase Agreements	90 days	None	100%	15% **(2)**
Local Agency Investment Fund	n/a	None	$50 million/account	$50 million/account
Time Certificates of Deposit	5 years	None	25%	15% **(2)**
Medium-Term Corporation Notes	5 years	A	30%	15% **(2)**
Money Market Funds	n/a	Highest Category	100%	15% **(2)**
Local Government Investment Pools	n/a	None	50%	No Limit

(1) Total investments in California State and Local Agency Obligations and Other State Obligations may not exceed 30 percent 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.

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.

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
Held by City:					
Federal Agency Obligations					
Callable	$2,805,211				$2,805,211
Non-Callable		$24,419,945	$12,880,931		37,300,876
Mortgage Pass Through Federal Agency Securities			680,036		680,036
U.S. Treasury Notes		15,432,287	15,198,570		30,630,857
Corporate Notes					
Callable			3,677,041		3,677,041
Non-Callable		18,734,573	17,268,728		36,003,301
Negotiable Certificates of Deposit	9,251,891	15,780,341	3,498,047		28,530,279
Municipal Bonds	1,759,142	685,480			2,444,622
California Local Agency Investment Fund	34,817,845				34,817,845
Money Market Mutual Funds (U.S. Securities)	305,237				305,237
Held by Trustees:					
U.S. Government Agency Obligations				$4,632,322	4,632,322
Time Certificates of Deposit	948,011	481,817			1,429,828
Guaranteed Investment Contracts				2,533,121	2,533,121
California Asset Management Program	14,016,699				14,016,699
Money Market Mutual Funds (U.S. Securities)	56,577,337				56,577,337
Total Investments	$120,481,373	$75,534,443	$53,203,353	$7,165,443	$256,384,612

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, 2015, these investments have an average maturity of 239 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 its Participants to invest certain proceeds of debt issues and surplus funds. The Pool's 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. At June 30, 2015, the fair value approximated is the City's cost, and these investments had an average maturity of 32 days.

Money market funds are available for withdrawal on demand and at June 30, 2015, and have a weighted average maturity of 42 days.

NOTE 3 - CASH AND INVESTMENTS (Continued)

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, 2015 for each investment type as provided by Standard and Poor's investment rating system.

Investment Type	AAA	AA+/AA/AA-	A+/A/A-	AAAm	Total
Held by City:					
Federal Agency Obligations					
Callable		$2,805,211			$2,805,211
Non-Callable		37,300,876			37,300,876
Mortgage Pass Through Federal Agency Securities		680,036			680,036
Corporate Notes					
Callable			$3,677,041		3,677,041
Non-Callable	$2,817,710	18,802,899	14,382,692		36,003,301
Municipal Bonds		1,759,142			1,759,142
Money Market Mutual Funds (U.S. Securities)				$305,237	305,237
Held by Trustees:					
U.S. Government Agency Obligations		4,632,322			4,632,322
California Asset Management Program				14,016,699	14,016,699
Money Market Mutual Funds (U.S. Securities)				56,577,337	56,577,337
Totals	$2,817,710	$65,980,486	$18,059,733	$70,899,273	157,757,202
Not rated:					
Negotiable Certificates of Deposit					28,530,279
Municipal Bonds					685,480
California Local Agency Investment Fund					34,817,845
Guaranteed Investment Contracts					2,533,121
Time Certificates of Deposit					1,429,828
Exempt from credit rating disclosure:					
U.S. Treasury Notes					30,630,857
Total Investments					$256,384,612

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, 2015, the book value of the City's cash with banks and petty cash was $20,317,134 and the associated bank balances were $19,275,406. Of the City's bank balances of $19,275,406 as of June 30, 2015, $499,000 was exposed to custodial credit risk, because it was not FDIC insured or collateralized by securities as noted in Note 3A above.

I. Concentration Risk

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, Local Agency Investment Fund, California Asset Management Program and mutual funds, are set forth below:

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity Wide:	Federal Home Loan Bank Association	United States Government Agency Obligations	$15,005,745
	Federal Home Loan Mortgage Corporation	United States Government Agency Obligations	11,649,074
Water Enterprise Fund:	Federal Home Loan Mortgage Corporation	United States Government Agency Obligations	2,763,607
Fiduciary Fund:			
Successor Agency to the Redevelopment Agency Private Purpose Trust Fund	IXIS Fund Corporation	Guaranteed Investment Contract	2,533,121

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, 2015 the transfers were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred	
Sewer Enterprise Fund	General Fund	$193,950	A
Golf Enterprise Fund	General Fund	1,412,425	B
Non-Major Governmental Funds	General Fund	431,526	B,C
		$2,037,901	

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 the forgiveness of interfund advances

C To fund recreation activities

B. Current Interfund Balances

Current interfund balances arise mainly due to the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances are expected to be repaid shortly after the end of the fiscal year. At June 30, 2015, interfund balances were as follows:

Due From Funds	Due To Funds	Amount
General Fund	Non-Major Governmental Funds	$148,978
Non-Major Governmental Funds	Non-Major Governmental Funds	1,278,410
	Total Current Interfund Balances	$1,427,388

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

C. Long-Term Interfund Advances

At June 30, 2015 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
Public Facilities Implementation Plan Fund	Water Enterprise Fund	$4,351,707
	Sewer Enterprise Fund	6,633,825
Water Enterprise Fund	Public Facilities Implementation Plan Fund	180,280
	Sewer Enterprise Fund	100,802
Sewer Enterprise Fund	Public Facilities Implementation Plan Fund	259,606
	Water Enterprise Fund	387,881
	Total Advances	$11,914,101

Golf Advances

Advances in the amount of $1,412,425 have been made from the General Fund to assist with the continued operations of the City's Municipal Golf Course. The advances were to be repaid at the time that the golf course is able to generate sufficient revenues to maintain a positive cash fund balance while meeting the operational and capital requirements of the golf course. The advances were forgiven during fiscal year 2015.

Public Facilities Implementation Plan

Advances above in the amount of $11,914,101 have been made between the Public Facilities Improvement Plan, 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%.

Development Services

During fiscal year 2013, the General Fund advanced $1,700,000 to the Development Services Special Revenue Fund to fund the repayment of the Development Services' note payable to the Successor Agency. The General Fund forgave a portion of the advance during fiscal year 2013 in the amount of $1,493,474, leaving a balance of $206,526. The advance did not bear interest and was payable in twenty equal annual installments of $10,326. The advance was forgiven during the fiscal year ended June 30, 2015.

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

D. Internal Balances

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

NOTE 5 - REDEVELOPMENT AGREEMENTS AND NOTES RECEIVABLE

The former Redevelopment Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to expend these funds in accordance with the Agency's terms. With the dissolution of the Redevelopment Agency as discussed in Note 16, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the Low and Moderate Income Housing Asset Fund assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund. The balances of the notes receivable in the Low and Moderate Income Housing Asset Fund at June 30, 2015 are set forth below:

A. Summary of Notes Receivable and Deferred Revenue

The City has deferred the recognition of revenues from the proceeds of the Notes. At June 30, 2015, these Notes totaled:

HOPE Shelter	$1,206,038
Habitat for Humanity	10,000
Down Payment Assistance Program	1,689,044
Residential Rehabilitation	107,044
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	33,101
Manteca Atherton Associates - Juniper Apartments	12,750,000
Total notes receivable	23,379,901
Less: Allowance for conditional grants	528,252
Net long-term notes receivable	$22,851,649

Unavailable revenue at June 30, 2015 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.

NOTE 5 - REDEVELOPMENT AGREEMENTS AND NOTES RECEIVABLE (Continued)

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

As of June 30, 2015, HOPE had drawn down $1,206,038 of the available loans and no further drawdowns are expected.

C. Habitat for Humanity

In March 1998 the Agency loaned $10,000 to the Habitat for Humanity, to be used toward the purchase of property to construct an affordable housing unit. Habitat has signed a promissory note secured by a deed of trust. The loan only becomes due if the property is not maintained as affordable housing. If the property is used for the stated purpose for thirty years the 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, 2015, loans related to this Program in the amount of $1,689,044 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, 2015, loans receivable under this program totaled $107,044.

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, 2015 was $60,000.

NOTE 5 - REDEVELOPMENT AGREEMENTS AND NOTES RECEIVABLE (Continued)

G. Mid-Peninsula Housing Coalition

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

H. Eden Housing Inc. – Union Court Apartments

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

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

On June 5, 2000 the Agency agreed to loan Eden Housing Inc. up to $900,000 at three percent interest to assist with the acquisition of two parcels and construction of fifty units of affordable rental housing for very-low-income seniors. On April 17, 2002, the Agency loaned an additional $781,000 to increase the total amount of loan to $1,681,000 in order to help Eden Housing Inc. complete the construction. The loan is secured by a deed of trust. If Eden Housing sells or transfers any of the parcels prior to the June 5, 2030 due date, the unpaid principal and interest on those parcels become due. As of June 30, 2015, 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, 2015, $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, 2015, loans receivable under this program totaled $33,101.

NOTE 5 - REDEVELOPMENT AGREEMENTS AND NOTES RECEIVABLE (Continued)

L. Manteca Atherton Associates – Juniper Apartments

On December 21, 2010 the Agency entered into an Owner Participation and Loan Agreement under which it agreed to loan $12,250,000 to Manteca Atherton Associates to finance the construction of the Juniper Apartments, a 153-unit affordable housing complex. The Agreement was amended in March 2011 to increase the loan to $12,750,000, payable as follows: $4,530,644 of the loan is to pay the cost of the City development fees, $4,301,069 is to pay for the cost of acquiring the land and construction costs, and $3,918,287 is to be disbursed upon completion of the project to repay other sources of construction financing. The loan is secured by a deed of trust and bears simple interest of one percent from the date of each disbursement of loan funds. The loan is repayable from residual receipts, as defined in the agreement, beginning twelve months after the issuance of the certificate of occupancy, 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, 2015 is $12,750,000.

M. Conditional Grants

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

NOTE 6 – EMPLOYEE NOTES RECEIVABLE

All full-time City employees who have completed their probationary period are eligible to obtain an interest free loan of up to $3,000 to purchase a computer. All requests for loans are subject to review by the employee's department manager and must be approved by the 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, 2015, 59 employees had notes totaling $62,364 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.

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.

A. *Capital Asset Additions and Retirements*

Capital assets activities for the year ended June 30, 2015 were as follows:

Governmental activities	Balance at June 30, 2014	Additions	Retirements	Transfers	Balance at June 30, 2015
Capital assets not being depreciated:					
Land and improvements	$33,813,150	$2,333,736			$36,146,886
Construction in progress	9,735,198	4,915,200		($5,524,189)	9,126,209
Total capital assets not being depreciated	43,548,348	7,248,936		(5,524,189)	45,273,095
Capital assets being depreciated:					
Buildings and improvements	33,342,062	145,361		296,692	33,784,115
Machinery and equipment	15,048,239	303,270	($256,838)	1,256,792	16,351,463
Storm drain	46,316,481	1,650,966		795,738	48,763,185
Streets	170,628,258	6,448,797		1,342,153	178,419,208
Parks	59,921,737	1,320,596		1,861,692	63,104,025
Total capital assets being depreciated	325,256,777	9,868,990	(256,838)	5,553,067	340,421,996
Less accumulated depreciation for:					
Buildings and improvements	(7,669,411)	(1,017,361)			(8,686,772)
Machinery and equipment	(11,906,941)	(820,657)	256,679	(28,878)	(12,499,797)
Storm drain	(9,279,464)	(846,936)			(10,126,400)
Streets	(48,590,088)	(5,217,454)			(53,807,542)
Parks	(14,250,344)	(1,898,776)			(16,149,120)
Total accumulated depreciation	(91,696,248)	(9,801,184)	256,679	(28,878)	(101,269,631)
Net capital assets being depreciated	233,560,529	67,806	(159)	5,524,189	239,152,365
Governmental activity capital assets, net	$277,108,877	$7,316,742	($159)		$284,425,460

NOTE 7 - CAPITAL ASSETS (Continued)

Business-type activities	Balance at June 30, 2014	Additions	Retirements	Transfers	Balance at June 30, 2015
Capital assets not being depreciated:					
Land and improvements	$7,819,649				$7,819,649
Construction in progress	6,972,266	$5,581,081		($3,654,283)	8,899,064
Total capital assets not being depreciated	14,791,915	5,581,081		(3,654,283)	16,718,713
Capital assets being depreciated:					
Sewer lines and improvements	50,059,770	1,107,294		331,545	51,498,609
Water wells, pipelines and water rights	102,207,306	1,521,585		3,307,938	107,036,829
Buildings and improvements	7,582,385	21,825			7,604,210
Machinery and equipment	17,094,686	269,059	($279,155)	(14,078)	17,070,512
Infrastructure	165,424				165,424
Sewer plant expansion	91,095,162	13,657			91,108,819
	268,204,733	2,933,420	(279,155)	3,625,405	274,484,403
Less accumulated depreciation for:					
Sewer lines and improvements	(15,560,700)	(923,566)			(16,484,266)
Water wells, pipelines and water rights	(36,567,111)	(2,879,072)			(39,446,183)
Buildings and improvements	(4,069,383)	(231,770)			(4,301,153)
Machinery and equipment	(11,159,953)	(1,271,276)	279,155	28,878	(12,123,196)
Infrastructure	(22,372)	(6,020)			(28,392)
Sewer plant expansion	(23,022,965)	(1,507,162)			(24,530,127)
	(90,402,484)	(6,818,866)	279,155	28,878	(96,913,317)
Net capital assets being depreciated	177,802,249	(3,885,446)		3,654,283	177,571,086
Total Business-type activity capital assets, net	$192,594,164	$1,695,635			$194,289,799

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.

NOTE 7 - CAPITAL ASSETS (Continued)

C. Depreciation Allocation

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

Governmental Activities	
General government	$354,449
Community development	42,168
Public safety	703,439
Public works	1,212,739
Parks and recreation	2,047,143
Streets and highways	5,196,136
Internal service funds	245,110
Total Governmental Activities	$9,801,184
Business-Type Activities	
Water	$3,090,957
Sewer	2,873,313
Solid waste	725,110
Golf	129,486
Total Business-Type Activities	$6,818,866

NOTE 8 – LONG -TERM DEBT

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

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Current Portion
Governmental Activity Debt:						
Capital Leases -						
Fire Engine, 4.60%	$1,055,000	$86,994		$86,994		
Boom Truck, 4.48%	164,949	21,816		21,816		
New World Accounting Software, 4.25%	969,360	412,127		201,771	$210,356	$210,356
Chipper Truck, 3.39%	150,000		$150,000		150,000	28,017
IT Equipment (Internal Service), 3.39%	600,000		600,000		600,000	112,069
Total Governmental Activity Debt	$2,939,309	$520,937	$750,000	$310,581	$960,356	$350,442
Business-type Activity Debt:						
Sewer Revenue Bonds						
Series 2009 Bonds, 4.875-5.75%	$19,000,000	$19,000,000			$19,000,000	
Series 2012 Refunding Bonds, 2.00 - 4.00%	22,690,000	21,660,000		$1,035,000	20,625,000	$1,105,000
Net premium		2,396,675		84,094	2,312,581	
Water Revenue Bonds						
Series 2012 Refunding Bonds, 2.00 - 5.00%	35,840,000	34,935,000		1,125,000	33,810,000	1,145,000
Net premium		5,509,293		193,515	5,315,778	
Total Business - Type Activity Debt	$77,530,000	$83,500,968		$2,437,609	$81,063,359	$2,250,000

NOTE 8 - LONG TERM DEBT (Continued)

B. 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 $65,519,885. The Sewer Enterprise Fund's principal and interest paid for the current year and total customer net revenues were $2,906,141 and $10,528,594, respectively.

NOTE 8 - LONG TERM DEBT (Continued)

C. Water Revenue Bonds

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

The City has pledged future water customer revenues, net of specified operating expenses, to repay the Water Revenue Bonds through 2033. Annual principal and interest payments on the bonds are expected to require less than 125% of net water revenues. The Water Enterprise Fund's total principal and interest remaining to be paid on the bonds is $52,158,275. The Water Enterprise Fund's principal and interest paid for the current year and total customer net revenues were $2,778,100 and $5,087,897, respectively.

D. Capital Lease Obligations

On August 15, 2007, the City entered into a lease agreement in the amount of $1,055,000 with Lasalle Bank National Association for the purchase of a fire engine. The lease interest and principal payments are due on February 16 and August 16 with a final payment on August 16, 2014.

On June 29, 2009, the City entered into a lease agreement in the amount of $164,949 with Westamerica Bank for the purchase of a boom truck. The lease interest and principal payments begin on February 15, 2010, and are due the 15th of each month with the final payment on January 15, 2015.

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.

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 25th with a final payment on May 25, 2020.

NOTE 8 - LONG TERM DEBT (Continued)

E. Debt Service Requirements

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

For the Year	Governmental Activities		Business-type Activities	
Ending June 30	Principal	Interest	Principal	Interest
2016	$350,442	$33,206	$2,250,000	$3,463,166
2017	144,876	19,464	2,370,000	3,382,191
2018	149,831	14,509	2,505,000	3,303,241
2019	154,954	9,386	2,510,000	3,217,791
2020	160,253	4,087	2,750,000	3,101,041
2021-2025			15,815,000	13,317,779
2026-2030			17,545,000	9,456,303
2031-2035			20,815,000	4,600,731
2036-2037			6,875,000	400,917
Total	$960,356	$80,652	73,435,000	$44,243,160
Plus: Bond Premiums			7,628,359	
Gross Long Term Debt			$81,063,359	

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.

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.

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2015, are below:

		Special Revenue		Capital Projects			
Fund Balance Classifications	General Fund	Public Safety Sales Tax	Low/ Moderate Income Housing Assets	Public Facilities Implementation Plan	Redevelopment Bonds Projects	Other Governmental Funds	Total
Nonspendable:							
Items not in spendable form:							
Prepaid Expenses	$227,542						$227,542
Total Nonspendable Fund Balances	227,542						227,542
Restricted for:							
Low and Moderate Income Housing			$2,724,435				2,724,435
Transportation						$19,587,874	19,587,874
Development Services						3,295,702	3,295,702
Public Safety		$2,916,444				3,685,177	6,601,621
Parks						2,603,233	2,603,233
Major Equipment Purchases						626,400	626,400
Landscaping and Lighting						920,269	920,269
City and Public Facilities Projects				$24,797,735	$13,084,649	5,879,631	43,762,015
Total Restricted Fund Balances		2,916,444	2,724,435	24,797,735	13,084,649	36,598,286	80,121,549
Committed to:							
Recreation Programs						542,435	542,435
Total Committed Fund Balances						542,435	542,435
Assigned to:							
Capital Projects						5,852,064	5,852,064
Economic Revitalization	2,487,715						2,487,715
Public Facilities Oversizing	5,420,043						5,420,043
Other projects	13,394						13,394
Total Assigned Fund Balances	7,921,152					5,852,064	13,773,216
Unassigned:							
General Fund	15,792,889						15,792,889
Total Unassigned Fund Balances	15,792,889						15,792,889
Total Fund Balances	$23,941,583	$2,916,444	$2,724,435	$24,797,735	$13,084,649	$42,992,785	$110,457,631

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

The City adopted a Fund Balance Reserve Policy with Resolution 2015-56, which established minimum fund balance policies as well as six types of reserves to address unanticipated, one-time needs as follows:

Minimum and Maximum Unassigned Fund Balance Reserve Levels: Based on industry best practices, a target range for the General Fund reserves is no less than 17% of expenditures and up to 35%, depending upon identified risk factors. For Enterprise Funds, the target for working capital should never be less than 45 days of annual operating expenses or other working capital needs of the enterprise fund. 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 a five to seven year period. If the unassigned fund balance reserve falls to 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 three to five year period.

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

The General Fund reserves in order of priority are 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.

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.

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.

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.

The reserve target and the actual balance of each reserve for the year ended June 30, 2015, which are reported within the assigned and unassigned fund balance of the General Fund follows:

	Minimum Reserve	Reserve as of June 30, 2015
General Fund:		
Assigned Fund Balance:		
Economic Revitalization	$2,487,715	$2,487,715
Public Facilities Oversizing	$5,420,043	$5,420,043
Capital Facilities	$1,284,071	$0
Technology	$1,605,089	$0
Unassigned Fund Balance:		
Fiscal Stability	$8,025,444	$8,025,444
Economic Emergencies	3,210,178	3,210,178
Unassigned		4,557,267
Total General Fund Unassigned Fund Balance		$15,792,889

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

D. Deficit Fund Balances and Accumulated Deficits

At June 30, 2015, the Solid Waste Enterprise Fund and the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund had deficit net position of $1,089,804 and $62,140,894, respectively. These deficits will be eliminated by future revenues.

E. Prior Period Adjustments

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2015.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The intension of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.* The intension of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

The implementation of the above Statements required the City to make prior period adjustments. As a result, the beginning net positions were restated as shown in the table below. See Note 10 for additional information.

	Restatements
Governmental Activities	($65,883,442)
Business-Type Activities	($19,461,740)
Enterprise Funds:	
Water	(5,388,758)
Sewer	(6,410,184)
Solid Waste	(6,855,745)
Golf	(807,053)
Total Enterprise Funds	($19,461,740)
Internal Service Funds	($1,996,615)

NOTE 10 – PENSION PLANS

A. *Plan Descriptions and Summary of Balances by Plan*

The City has seven defined benefit pension plans, a Miscellaneous Plan, Safety (Police and Fire) Plans, and a Retirement Enhancement Plan. The Miscellaneous Plan is an Agent-Multiple Employer Plan and the Safety Plans are Cost-Sharing Employer Plans 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) Plans, cost-sharing multiple employer defined benefit pension plans administered by CalPERS and Miscellaneous (all other) Plan, an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. PARS issues publicly available reports that may be requested from PARS via email at info@pars.org.

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

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	$4,019,753	$38,968,654	$6,497,094
Safety - Police - First Tier	2,604,721	23,339,815	3,928,731
Safety - Police - Second Tier	74,457	7,071	31,917
Safety - Police - PEPRA	18,630	24	6,360
Safety - Fire - First Tier	1,608,163	17,138,247	2,897,422
Safety - Fire - PEPRA	25,871	0	0
PARS Retirement Enhancement Plan	246,689	796,000	29,000
Total	$8,598,284	$80,249,811	$13,390,524

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, 2015, 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 annual salary	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	26.210%	26.210%	26.210%

Employees Covered – As of the June 30, 2013 actuarial valuation date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	211
Inactive employees entitled to but not yet receiving benefits	166
Active employees	224
Total	601

As of June 30, 2015, the City had 199 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.

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, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	$127,434,003	$82,066,942	$45,367,061
Changes in the year:			
Service cost	2,865,004		2,865,004
Interest on the total pension liability	9,470,268		9,470,268
Differences between actual and expected experience			
Changes in assumptions			
Changes in benefit terms			
Contribution - employer		3,345,873	(3,345,873)
Contribution - employee (paid by employer)			
Contribution - employee		1,159,125	(1,159,125)
Net investment income		14,228,681	(14,228,681)
Administrative expenses			
Benefit payments, including refunds of employee contributions	(5,192,533)	(5,192,533)	
Net changes	7,142,739	13,541,146	(6,398,407)
Balance at June 30, 2014	$134,576,742	$95,608,088	$38,968,654

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	6.50%
Net Pension Liability	$57,646,242
Current Discount Rate	7.50%
Net Pension Liability	$38,968,654
1% Increase	8.50%
Net Pension Liability	$23,564,740

NOTE 10 – PENSION PLANS (Continued)

***Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions* -** For the year ended June 30, 2015, the City recognized pension expense of $3,431,754. At June 30, 2015, 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	$4,019,753	
Differences between actual and expected experience		
Changes in assumptions		
Net differences between projected and actual earnings on plan investments		($6,497,094)
Total	$4,019,753	($6,497,094)

$4,019,753 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous	
Year Ended June 30	Annual Amortization
2016	($1,624,274)
2017	(1,624,274)
2018	(1,624,274)
2019	(1,624,272)

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

C. CalPERS Safety Plans

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.

NOTE 10 – PENSION PLANS (Continued)

The Safety Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Safety – Police – First Tier	Safety – Police – Second Tier	Safety – Police – PEPRA
Hire date	Prior to April 3, 2012	After April 3, 2012	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	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%

	Fire – First Tier	Fire – PEPRA
Hire date	Prior to /After April 3, 2012	On or after January 1, 2013
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9%	12%
Required employer contribution rates	37.102%	37.102%

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.

NOTE 10 – PENSION PLANS (Continued)

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Safety
Police:	
First Tier	$2,604,721
Second Tier	74,457
PEPRA	18,630
Fire:	
First Tier	1,608,163
PEPRA	25,871

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, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Police:	
First Tier	$23,339,815
Second Tier	7,071
PEPRA	24
Fire:	
First Tier	17,138,247
PEPRA	0
Total Net Pension Liability	$40,485,157

NOTE 10 – PENSION PLANS (Continued)

The City's net pension liability for each 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, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 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 each Plan as of June 30, 2013 and 2014 was as follows:

	Police		
	First Tier	**Second Tier**	**PEPRA**
Proportion - June 30, 2013	0.56385%	0.00020%	0.00000%
Proportion - June 30, 2014	0.62223%	0.00019%	0.00000%
Change - Increase (Decrease)	0.05838%	-0.00001%	0.00000%

	Fire	
	First Tier	**PEPRA**
Proportion - June 30, 2013	0.40562%	0.00000%
Proportion - June 30, 2014	0.45690%	0.00000%
Change - Increase (Decrease)	0.05128%	0.00000%

For the year ended June 30, 2015, the City recognized pension expense of $4,779,662. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$4,331,842	
Differences between actual and expected experience		
Changes in assumptions		
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		($523,170)
Net differences between projected and actual earnings on plan investments		(6,341,260)
Total	$4,331,842	($6,864,430)

NOTE 10 – PENSION PLANS (Continued)

$4,331,842 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, 2016. 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
2015	($1,772,161)
2016	(1,772,161)
2017	(1,734,793)
2018	(1,585,315)

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:

	Police			**Fire**
	Tier I	**Tier II**	**PEPRA**	**Tier I**
1% Decrease	6.50%	6.50%	6.50%	6.50%
Net Pension Liability	$33,938,915	$12,168	$42	$24,283,597
Current Discount Rate	7.50%	7.50%	7.50%	7.50%
Net Pension Liability	$23,339,815	$7,071	$24	$17,138,247
1% Increase	8.50%	8.50%	8.50%	8.50%
Net Pension Liability	$14,606,614	$2,871	$10	$11,250,788

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

D. Information Common to the Miscellaneous and Safety Plans

Actuarial Assumptions – For the measurement period ended June 30, 2014, the total pension liabilities were determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

NOTE 10 – PENSION PLANS (Continued)

	Miscellaneous and Safety (all plans)
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
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, 2013 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.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent 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.

NOTE 10 – PENSION PLANS (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS deemed the difference immaterial to the agent-multiple employer and cost-sharing multiple-employer defined benefit plans.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed its methodology.

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	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

NOTE 10 – PENSION PLANS (Continued)

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

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.

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.

NOTE 10 – PENSION PLANS (Continued)

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

	PARS
Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	0
Active employees	4
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, 2015 totaled $246,689.

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, 2014 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, 2014, the total pension liability was determined using an actuarial valuation as of that date. The June 30, 2014 total pension liability was based on the following actuarial methods and assumptions:

	PARS Plans
Valuation Date	June 30, 2014
Measurement Date	June 30, 2014
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	5.5% (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 5.5%. 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.

NOTE 10 – PENSION PLANS (Continued)

Changes in the Net Pension Liability - The changes in the Net Pension Liability for the Plan as of the June 30, 2014 Measurement Date follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	$2,237,000	$1,289,000	$948,000
Changes in the year:			
Service cost	33,000		33,000
Interest on the total pension liability	122,000		122,000
Differences between actual and expected experience			0
Changes in assumptions			0
Changes in benefit terms			0
Contribution - employer		204,000	(204,000)
Contribution - employee		0	0
Net investment income		110,000	(110,000)
Administrative expenses		(7,000)	7,000
Benefit payments, including refunds of employee contributions	(97,000)	(97,000)	0
Net changes	58,000	210,000	(152,000)
Balance at June 30, 2014	$2,295,000	$1,499,000	$796,000

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	$1,077,000
Current Discount Rate	5.50%
Net Pension Liability	$796,000
1% Increase	6.50%
Net Pension Liability	$561,000

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

NOTE 10 – PENSION PLANS (Continued)

***Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions* -** For the year ended June 30, 2015, the City recognized pension expense of $83,737 for the Plan. At June 30, 2015, 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	$246,689	
Differences between actual and expected experience		
Changes in assumptions		
Net differences between projected and actual earnings on plan investments		($29,000)
Total	$246,689	($29,000)

$246,689 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, 2016. 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
2016	($7,250)
2017	(7,250)
2018	(7,250)
2019	(7,250)

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, 2015 there were 156 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			Retirement under CALPERS			
Supplemental						
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	$122	$122	$122	$122	$122	$122

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.

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, 2014 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 7.8% 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 27 years remaining.

Funding Progress and Funded Status

In accordance with the City's budget, the contributions to the Plan for fiscal year 2015 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, 2015, the City contributed $1,058,807 to the Plan, representing both pay-as-you-go premiums and contributions to the Trust. The City has calculated and recorded the Net OPEB Obligation, representing the difference between the ARC and contributions, as presented below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	$1,981,000	$1,058,807	53%	$13,262,124

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)	$2,048,000
Interest on net OPEB obligation	473,000
Adjustment to annual required contribution	(540,000)
Annual OPEB cost	1,981,000
Contributions made:	
Contributions made to OPEB Trust	(839,865)
City portion of current year premiums paid	(218,942)
Total contributions	(1,058,807)
Change in net OPEB obligation	922,193
Net OPEB Obligation at June 30, 2014	12,339,931
Net OPEB Obligation at June 30, 2015	$13,262,124

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)	(Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
6/30/2014	$0	$24,857,000	($24,857,000)	0.00%	$25,752,000	-97%

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

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.

NOTE 13 - RISK MANAGEMENT (Continued)

B. Liability for Uninsured Claims

The City provides for the uninsured portion of claims and judgments in the Insurance Internal Service Fund. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed, above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims.

The City's liability for uninsured claims was estimated by management based on prior years' claims experience as follows:

	Workers' Compensation Claims	General Liability Claims	Total
Balance June 30, 2013	$1,571,267	$1,480,976	$3,052,243
Net change in:			
Liability for current fiscal year claims		69,311	69,311
Liability for prior fiscal years' claims and claims incurred but not reported (IBNR)	55,356	784,034	839,390
Claims paid	(55,356)	(853,345)	(908,701)
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 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
Claims liability, due within one year	$21,609	$616,944	$638,553

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.

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

C. Public Facilities Implementation Plan

The 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, 2015, the City had outstanding reimbursement commitments totaling $14,746,220.

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, 2015 were as follows: General Fund $13,394 and Non-Major Governmental Funds $836,153.

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 2015, payments made to the developer under the agreement were $385,009 and payments to date total $1,429,608.

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 2015, payments made to the Corporation under the agreement totaled $353,402 and $1,935,261 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, 2015, 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.

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 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. Based on these discussions, the City anticipates that the assets identified will be approved to retained by the City. The City will abide by the final determination as set by the DOF. Therefore, the amount, if any, of assets to be returned is not determinable at this time.

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

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.

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.

Cash and investments of the Successor Agency as of June 30, 2015 are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2015.

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, 2015 are set forth below:

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

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, 2015, 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, 2015, 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, 2015, the principal balance outstanding was $338,040.

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, 2015 comprise:

	Balance at June 30, 2014	Additions	Balance at June 30, 2015
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	(1,041,757)	($126,267)	(1,168,024)
Net capital assets being depreciated	2,746,454	(126,267)	2,620,187
Governmental activity capital assets, net	$8,647,578	($126,267)	$8,521,311

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, 2014	Retirements	Balance June 30, 2015	Current Portion
Redevelopment Agency Tax Allocation Bonds -				
Series 2002 Subordinated Tax Allocation Refunding Bonds, 2.0-5.25%	$24,145,000	$730,000	$23,415,000	$760,000
Series 2004 Amended Merged Project Area Subordinated Tax Allocation Bonds, 3.0-5.0%	21,725,000	795,000	20,930,000	775,000
Series 2004 Amended Merged Project Area Subordinated Tax Allocation (Housing Set-Aside) Bonds, 3.0-5.0%	4,590,000	135,000	4,455,000	140,000
Series 2005 Amended Merged Project Area Subordinated Tax Allocation Refunding Bonds, variable rate	48,145,000	745,000	47,400,000	47,400,000
Series 2006 Amended Merged Project Area Subordinated Tax Allocation Bonds, 4.0-5.0%	21,020,000	470,000	20,550,000	495,000
Total Successor Agency Debt	$119,625,000	$2,875,000	$116,750,000	$49,570,000

2. Redevelopment Agency Tax Allocation Bonds

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

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.

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 16D3 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, 2016, 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 2.25% 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.

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 \$188,103,714 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 2015 calculated by the County Auditor-Controller was \$16,926,217 and the total received by the Successor Agency for fiscal year 2015 debt service was \$4,975,892, which the Agency combined with other available revenues/resources to pay the \$7,798,045 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 3.238%. 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, 2015, 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	\$47,400,000	12/13/2005	Piper Jaffray Financial Products Inc, with credit guarantee by Morgan Stanley	Baa2/A-	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.

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, 2015, the fair value of the cash flow hedging derivative swap was in favor of the counterparty in the amount of ($10,392,413), an increase of $1,172,574 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, 2015, 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.

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

Swap payments and associated debt. Using rates as of June 30, 2015, 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	
	Principal	Interest	Swap, Net	Total
2016	$47,400,000	$9,480	$1,505,325	$48,914,805
2017			1,465,862	1,465,862
2018			1,420,918	1,420,918
2019			1,374,204	1,374,204
2020			1,325,720	1,325,720
2021-2025			5,987,730	5,987,730
2026-2030			4,775,193	4,775,193
2031-2035			3,984,357	3,984,357
2036-2040			2,596,392	2,596,392
2041-2043			404,227	404,227
Totals	$47,400,000	$9,480	$24,839,928	$72,249,408

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
2016	$49,570,000	$4,780,288
2017	1,780,000	4,640,614
2018	1,865,000	4,507,770
2019	1,955,000	4,370,259
2020	2,050,000	4,229,071
2021-2025	9,825,000	19,096,243
2026-2030	15,095,000	15,172,461
2031-2035	20,970,000	9,811,773
2036-2040	10,920,000	4,001,092
2041-2043	2,720,000	592,103
Total	$116,750,000	$71,201,674

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. Based on these discussions, the City anticipates that the assets identified will be approved to retained by the City. The City will abide by the final determination as set by the DOF. Therefore, the amount, if any, of assets to be returned is not determinable at this time.

NOTE 17 – SUBSEQUENT EVENT

Capital Lease Obligation

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.

REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date		**6/30/2014**
Total Pension Liability		
Service Cost	$	2,865,004
Interest		9,470,268
Differences between expected and actual experience		-
Changes in assumptions		-
Changes in benefits		-
Benefit payments, including refunds of employee contributions		(5,192,533)
Net change in total pension liability		7,142,739
Total pension liability - beginning		127,434,003
Total pension liability - ending (a)	$	134,576,742
Plan fiduciary net position		
Contributions - employer	$	3,345,873
Contributions - employee		1,159,125
Net investment income		14,228,681
Benefit payments, including refunds of employee contributions		(5,192,533)
Net change in plan fiduciary net position		13,541,146
Plan fiduciary net position - beginning		82,066,942
Plan fiduciary net position - ending (b)	$	95,608,088
Net pension liability - ending (a)-(b)	$	38,968,654
Plan fiduciary net position as a percentage of the total pension liability		71.04%
Covered - employee payroll	$	14,222,604
Net pension liability as percentage of covered-employee payroll		273.99%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. 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. There were no changes in assumption.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

		2015
Actuarially determined contribution	$	4,019,753
Contributions in relation to the actuarially determined contributions		(4,019,753)
Contribution deficiency (excess)	$	-
Covered-employee payroll	$	15,260,582
Contributions as a percentage of covered-employee payroll		26.34%

Notes to Schedule

Valuation date:	6/30/2012

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
Retirement age	The probability of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality Rate Table	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.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Safety Plans - Police
Cost Sharing-Employer Defined Benefit Pension Plans
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Measurement Date	**6/30/2014**
Safety Plan - Police - First Tier	
Plan's Proportion of the Net Pension Liability (Asset)	0.62223%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$23,339,815
Plan's Covered-Employee Payroll	$6,793,665
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	343.55%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan’s Total Pension Liability	70.50%
Safety Plan - Police - Second Tier	
Plan's Proportion of the Net Pension Liability (Asset)	0.00019%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$7,071
Plan's Covered-Employee Payroll	$12,846
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	55.04%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan’s Total Pension Liability	81.42%
Safety Plan - Police - PEPRA	
Plan's Proportion of the Net Pension Liability (Asset)	0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$24
Plan's Covered-Employee Payroll	$81,702
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.03%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan’s Total Pension Liability	81.82%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Safety Plans - Police
Cost Sharing-Employer Defined Benefit Pension Plans
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

	2015
Safety Plan - Police - First Tier	
Actuarially determined contribution	$2,604,721
Contributions in relation to the actuarially determined contributions	2,604,721
Contribution deficiency (excess)	$0
Covered-employee payroll	$6,820,070
Contributions as a percentage of covered-employee payroll	38.19%
Safety Plan - Police - Second Tier	
Actuarially determined contribution	$74,457
Contributions in relation to the actuarially determined contributions	74,457
Contribution deficiency (excess)	$0
Covered-employee payroll	$322,812
Contributions as a percentage of covered-employee payroll	23.07%
Safety Plan - Police - PEPRA	
Actuarially determined contribution	$18,630
Contributions in relation to the actuarially determined contributions	18,630
Contribution deficiency (excess)	$0
Covered-employee payroll	$149,040
Contributions as a percentage of covered-employee payroll	12.50%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Safety Plans - Fire
Cost Sharing-Employer Defined Benefit Pension Plans
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Measurement Date	6/30/2014
Safety Plan - Fire - First Tier	
Plan's Proportion of the Net Pension Liability (Asset)	0.45696%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$17,138,247
Plan's Covered-Employee Payroll	$4,216,771
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	406.43%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	67.87%
Safety Plan - Fire - PEPRA	
Plan's Proportion of the Net Pension Liability (Asset)	0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$0
Plan's Covered-Employee Payroll	$95,212
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.00%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	0.00%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Safety Plans - Fire
Cost Sharing-Employer Defined Benefit Pension Plans
As of fiscal year ending June 30, 2015
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

	2015
Safety Plan - Fire - First Tier	
Actuarially determined contribution	$1,608,163
Contributions in relation to the actuarially determined contributions	1,608,163
Contribution deficiency (excess)	$0
Covered-employee payroll	$4,334,437
Contributions as a percentage of covered-employee payroll	37.10%
Safety Plan - Fire - PEPRA	
Actuarially determined contribution	$25,871
Contributions in relation to the actuarially determined contributions	25,871
Contribution deficiency (excess)	$0
Covered-employee payroll	$206,966
Contributions as a percentage of covered-employee payroll	12.50%

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

REQUIRED SUPPLEMENTARY INFORMATION

PARS Enhancement Excess Benefit
Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date		**6/30/2014**
Total Pension Liability		
Service Cost	$	33,000
Interest		122,000
Differences between expected and actual experience		-
Changes in assumptions		-
Changes in benefits		-
Benefit payments, including refunds of employee contributions		(97,000)
Net change in total pension liability		58,000
Total pension liability - beginning		2,237,000
Total pension liability - ending (a)	$	2,295,000
Plan fiduciary net position		
Contributions - employer	$	204,000
Contributions - employee		-
Net investment income		110,000
Administrative expenses		(7,000)
Benefit payments, including refunds of employee contributions		(97,000)
Net change in plan fiduciary net position		210,000
Plan fiduciary net position - beginning		1,289,000
Plan fiduciary net position - ending (b)	$	1,499,000
Net pension liability - ending (a)-(b)	$	796,000
Plan fiduciary net position as a percentage of the total pension liability		65.32%
Covered - employee payroll	$	635,597
Net pension liability as percentage of covered-employee payroll		125.24%

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, therefore only one year is shown.

PARS Enhancement Excess Benefit
Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

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

Notes to Schedule

Valuation date: 6/30/2014

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	5.25%, 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, therefore only one year is shown.

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:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	$5,560,610	$598,957	11%	$9,981,238
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

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:

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]
6/30/2008	$0	$43,225,000	($43,225,000)	0.00%	$24,936,000	-173%
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%

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, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Use of money and property	$68,000	$256,090	$188,090
Charges for current services	1,945,000	1,259,401	(685,599)
Other revenue		481,808	481,808
Total Revenues	2,013,000	1,997,299	(15,701)
EXPENDITURES			
Current:			
Public works	334,205	219,165	115,040
Capital outlay	9,251,135	1,080,226	8,170,909
Debt service:			
Interest and fiscal charges		67,165	(67,165)
Total Expenditures	9,585,340	1,366,556	8,218,784
NET CHANGE IN FUND BALANCE	($7,572,340)	630,743	$8,203,083
BEGINNING FUND BALANCE		24,166,992	
ENDING FUND BALANCE		$24,797,735	

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, 2015

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Use of money and property	$7,646	$7,646	
Revenue from other agencies	2,000,000	2,000,000	
Total Revenues	2,007,646	2,007,646	
EXPENDITURES			
Current:			
Capital outlay	824,972	824,972	
Total Expenditures	824,972	824,972	
NET CHANGE IN FUND BALANCE	$1,182,674	1,182,674	
BEGINNING FUND BALANCE		11,901,975	
ENDING FUND BALANCE		$13,084,649	

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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.

DEVELOPMENT SERVICES

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

DEVELOPMENT MITIGATION

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

FEDERAL TRANSIT MANAGEMENT

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

COMMUNITY FACILITIES DISTRICTS

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

CAPITAL IMPROVEMENT FUNDS:

STATE GASOLINE TAX

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

REGIONAL TRANSPORTATION IMPACT FEES

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

MEASURE K

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

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, 2015

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Police Grants	Supplemental Law Enforcement Services	Recreation	Street Improvements
ASSETS					
Cash and investments			$54,630	$700,405	$54,012
Restricted cash and investments					
Accounts receivables (net of allowance for estimated uncollectible accounts)	$235,471	$77,068	9,970	9,158	
Taxes receivable					
Interest receivable			35		
Due from other funds					
Total Assets	$235,471	$77,068	$64,635	$709,563	$54,012
LIABILITIES					
Accounts payable	$147,816		$18,435	$39,533	
Contracts payable					
Refundable deposits				127,595	
Due to other funds	87,188	$61,790			
Unearned revenue	467				
Total Liabilities	235,471	61,790	18,435	167,128	
FUND BALANCE					
Fund balance:					
Restricted		15,278	$46,200		$54,012
Committed				542,435	
Assigned					
Total Fund Balances (Deficit)		15,278	46,200	542,435	54,012
Total Liabilities and Fund Balances	$235,471	$77,068	$64,635	$709,563	$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
$432,169	$957,634	$3,571,790	$1,414,955	$2,621,887	$1,795,035	$223,580
193,398						
		44,964	5,100	10,276	936,477	
	270					
833	139	6,945	625	4,931	486	
$626,400	$958,043	$3,623,699	$1,420,680	$2,637,094	$2,731,998	$223,580
	$37,774		$57,191	$704,881	$64,612	$9,443
					6,900	$91,358
					2,660,486	
	37,774		57,191	704,881	2,731,998	100,801
$626,400	920,269	$3,623,699	1,363,489	1,932,213		122,779
626,400	920,269	3,623,699	1,363,489	1,932,213		122,779
$626,400	$958,043	$3,623,699	$1,420,680	$2,637,094	$2,731,998	$223,580

(Continued)

CITY OF MANTECA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	CAPITAL IMPROVEMENT FUNDS				
	State Gasoline Tax	Regional Transportation Impact Fees	Measure K	Parks	Government Building Facilities
ASSETS					
Cash and investments	$3,676,265	$9,939,151	$4,768,433	$2,687,081	$5,890,823
Restricted cash and investments				15	
Accounts receivables (net of allowance for estimated uncollectible accounts)	16,067		292,343		
Taxes receivable					
Interest receivable	2,882	14,273	7,779	5,244	7,744
Due from other funds			1,278,410		
Total Assets	$3,695,214	$9,953,424	$6,346,965	$2,692,340	$5,898,567
LIABILITIES					
Accounts payable	$52,027	$204,858	$204,856	$86,873	$141,715
Contracts payable				2,219	
Refundable deposits				15	
Due to other funds					
Unearned revenue					
Total Liabilities	52,027	204,858	204,856	89,107	141,715
Fund Balance					
Fund balance:					
Restricted	3,643,187	9,748,566	6,142,109	2,603,233	5,756,852
Committed					
Assigned					
Total Fund Balances (Deficit)	3,643,187	9,748,566	6,142,109	2,603,233	5,756,852
Total Liabilities and Fund Balances	$3,695,214	$9,953,424	$6,346,965	$2,692,340	$5,898,567

CAPITAL IMPROVEMENT FUND	
Special Apportionment Streets	Total Nonmajor Governmental Funds
$3,855,261	$42,643,111
	193,413
3,436,469	5,073,363
	270
5,209	57,125
	1,278,410
$7,296,939	$49,245,692
$139,711	$1,909,725
26,192	28,411
$562	226,430
1,278,410	1,427,388
	2,660,953
1,444,875	6,252,907
	36,598,286
	542,435
5,852,064	5,852,064
5,852,064	42,992,785
$7,296,939	$49,245,692

CITY OF MANTECA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Police Grants	Supplemental Law Enforcement Services	Recreation	Street Improvements
REVENUES					
Licenses and permits					
Use of money and property			$64		
Revenue from other agencies	$285,193	$176,310	134,592		
Charges for current services				$983,166	
Other revenue				8,621	
Total Revenues	285,193	176,310	134,656	991,787	
EXPENDITURES					
Current:					
General government	45,535				
Community development	13,321				$1,149
Public safety		162,390			
Library					
Public works					
Parks and recreation	10,660			1,117,518	
Streets and highways					
Capital outlay	215,677	11,967	120,378		
Debt service:					
Principal					
Interest and fiscal charges					
Total Expenditures	285,193	174,357	120,378	1,117,518	1,149
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		1,953	14,278	(125,731)	(1,149)
OTHER FINANCING SOURCES (USES)					
Issuance of debt					
Transfers in				225,000	
Total Other Financing Sources (Uses)				225,000	
NET CHANGE IN FUND BALANCES		1,953	14,278	99,269	(1,149)
BEGINNING FUND BALANCES		13,325	31,922	443,166	55,161
ENDING FUND BALANCES		$15,278	$46,200	$542,435	$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
			$1,784,188			
$1,005	$184	$30,111	814	$22,892	$652	
		168,409			891,492	
155,521	928,261		455,307		99,759	$180,004
	100		22,274	69,231	1,701	
156,526	928,545	198,520	2,262,583	92,123	993,604	180,004
				32,912		
			2,150,599	21,813		
		1,027,539				
				15,000		
					860,804	
	1,165,251					68,150
	34,635			1,625,932	132,800	
223,587						
17,929						
241,516	1,199,886	1,027,539	2,150,599	1,695,657	993,604	68,150
(84,990)	(271,341)	(829,019)	111,984	(1,603,534)		111,854
150,000						
			206,526			
150,000			206,526			
65,010	(271,341)	(829,019)	318,510	(1,603,534)		111,854
561,390	1,191,610	4,452,718	1,044,979	3,535,747		10,925
$626,400	$920,269	$3,623,699	$1,363,489	$1,932,213		$122,779

(Continued)

CITY OF MANTECA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	CAPITAL IMPROVEMENT FUNDS				
	State Gasoline Tax	Regional Transportation Impact Fees	Measure K	Parks	Government Building Facilities
REVENUES					
Licenses and permits					$1,993,937
Use of money and property	$3,861	$42,128	$29,285	$20,752	29,173
Revenue from other agencies	2,040,788		1,099,718		
Charges for current services		1,042,787		1,054,657	
Other revenue	9,584				
Total Revenues	2,054,233	1,084,915	1,129,003	1,075,409	2,023,110
EXPENDITURES					
Current:					
General government					
Community development					
Public safety					
Library					
Public works	21,056				
Parks and recreation	80,690			313,423	
Streets and highways	1,258,736		371,872		
Capital outlay	30,745	29,547	232,591	1,130,953	57,600
Debt service:					
Principal					86,994
Interest and fiscal charges					2,002
Total Expenditures	1,391,227	29,547	604,463	1,444,376	146,596
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	663,006	1,055,368	524,540	(368,967)	1,876,514
OTHER FINANCING SOURCES (USES)					
Issuance of debt					
Transfers in					
Total Other Financing Sources (Uses)					
NET CHANGE IN FUND BALANCES	663,006	1,055,368	524,540	(368,967)	1,876,514
BEGINNING FUND BALANCES	2,980,181	8,693,198	5,617,569	2,972,200	3,880,338
ENDING FUND BALANCES	$3,643,187	$9,748,566	$6,142,109	$2,603,233	$5,756,852

CAPITAL IMPROVEMENT FUNDS Special Apportionment Streets	Total Nonmajor Governmental Funds
	$3,778,125
$19,655	200,576
3,339,215	8,135,717
	4,899,462
2,391	113,902
3,361,261	17,127,782
	78,447
	2,186,882
	1,189,929
	15,000
	881,860
	2,755,692
314,265	1,944,873
1,559,387	5,182,212
	310,581
	19,931
1,873,652	14,565,407
1,487,609	2,562,375
	150,000
	431,526
	581,526
1,487,609	3,143,901
4,364,455	39,848,884
$5,852,064	$42,992,785

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, 2015

	COMMUNITY DEVELOPMENT BLOCK GRANT			POLICE GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses and permits						
Use of money and property						
Revenue from other agencies	$342,991	$285,193	($57,798)		$176,310	$176,310
Charges for current services						
Other revenue						
Total Revenues	342,991	285,193	(57,798)		176,310	176,310
EXPENDITURES						
Current:						
General government	51,948	45,535	6,413			
Community development	10,000	13,321	(3,321)			
Public safety				$140,454	162,390	(21,936)
Library						
Public works						
Parks and recreation	4,965	10,660	(5,695)			
Streets and highways						
Capital outlay	369,078	215,677	153,401	12,000	11,967	33
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	435,991	285,193	150,798	152,454	174,357	(21,903)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(93,000)		93,000	(152,454)	1,953	154,407
OTHER FINANCING SOURCES (USES)						
Issuance of debt						
Transfers in						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	($93,000)		$93,000	($152,454)	1,953	$154,407
BEGINNING FUND BALANCES					13,325	
ENDING FUND BALANCES					$15,278	

SUPPLEMENTAL LAW ENFORCEMENT SERVICES			RECREATION			STREET IMPROVEMENTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	$64	$64						
$112,225	134,592	22,367						
			$792,360	$983,166	$190,806			
			18,000	8,621	(9,379)			
112,225	134,656	22,431	810,360	991,787	181,427			
						$2,990	$1,149	$1,841
			1,204,147	1,117,518	86,629			
108,100	120,378	(12,278)						
108,100	120,378	(12,278)	1,204,147	1,117,518	86,629	2,990	1,149	1,841
4,125	14,278	10,153	(393,787)	(125,731)	268,056	(2,990)	(1,149)	1,841
			225,000	225,000				
			225,000	225,000				
$4,125	14,278	$10,153	($168,787)	99,269	$268,056	($2,990)	(1,149)	$1,841
	31,922			443,166			55,161	
	$46,200			$542,435			$54,012	

(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, 2015

	MAJOR EQUIPMENT PURCHASE FEE			LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses and permits						
Use of money and property	$9,300	$1,005	($8,295)		$184	$184
Revenue from other agencies						
Charges for current services	100,000	155,521	55,521	$929,040	928,261	(779)
Other revenue					100	100
Total Revenues	109,300	156,526	47,226	929,040	928,545	(495)
EXPENDITURES						
Current:						
General government						
Community development						
Public safety						
Library						
Public works						
Parks and recreation				1,294,184	1,165,251	128,933
Streets and highways						
Capital outlay	140,633		140,633	75,000	34,635	40,365
Debt service:						
Principal	223,535	223,587	(52)			
Interest and fiscal charges	17,870	17,929	(59)			
Total Expenditures	382,038	241,516	140,522	1,369,184	1,199,886	169,298
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(272,738)	(84,990)	187,748	(440,144)	(271,341)	168,803
OTHER FINANCING SOURCES (USES)						
Issuance of debt	787,000	150,000	(637,000)			
Transfers in						
Total Other Financing Sources (Uses)	787,000	150,000	(637,000)			
NET CHANGE IN FUND BALANCES	$514,262	65,010	($449,252)	($440,144)	(271,341)	$168,803
BEGINNING FUND BALANCES		561,390			1,191,610	
ENDING FUND BALANCES		$626,400			$920,269	

PUBLIC SAFETY ENDOWMENT FEE			DEVELOPMENT SERVICES			DEVELOPMENT MITIGATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			$1,482,000	$1,784,188	$302,188			
$42,000	$30,111	($11,889)	(500)	814	1,314	$50,500	$22,892	($27,608)
154,420	168,409	13,989						
			368,550	455,307	86,757			
				22,274	22,274	69,230	69,231	1
196,420	198,520	2,100	1,850,050	2,262,583	412,533	119,730	92,123	(27,607)
						67,075	32,912	34,163
			2,523,930	2,150,599	373,331	150,000	21,813	128,187
1,053,855	1,027,539	26,316						
						15,000	15,000	
						2,172,289	1,625,932	546,357
1,053,855	1,027,539	26,316	2,523,930	2,150,599	373,331	2,404,364	1,695,657	708,707
(857,435)	(829,019)	28,416	(673,880)	111,984	785,864	(2,284,634)	(1,603,534)	681,100
				206,526	206,526			
				206,526	206,526			
($857,435)	(829,019)	$28,416	($673,880)	318,510	$992,390	($2,284,634)	(1,603,534)	$681,100
	4,452,718			1,044,979			3,535,747	
	$3,623,699			$1,363,489			$1,932,213	

(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, 2015

	FEDERAL TRANSIT MANAGEMENT			COMMUNITY FACILITIES DISTRICTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses and permits						
Use of money and property		$652	$652			
Revenue from other agencies	$995,955	891,492	(104,463)			
Charges for current services	124,950	99,759	(25,191)	$229,670	$180,004	(49,666)
Other revenue		1,701	1,701			
Total Revenues	1,120,905	993,604	(127,301)	229,670	180,004	(49,666)
EXPENDITURES						
Current:						
General government						
Community development						
Public safety						
Library						
Public works	1,072,875	860,804	212,071			
Parks and recreation				163,860	68,150	95,710
Streets and highways						
Capital outlay	710,445	132,800	577,645	49,895		49,895
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	1,783,320	993,604	789,716	213,755	68,150	145,605
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(662,415)		662,415	15,915	111,854	95,939
OTHER FINANCING SOURCES (USES)						
Issuance of debt						
Transfers in						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	($662,415)		$662,415	$15,915	111,854	$95,939
BEGINNING FUND BALANCES					10,925	
ENDING FUND BALANCES					$122,779	

STATE GASOLINE TAX			REGIONAL TRANSPORTATION IMPACT FEES			MEASURE K		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$4,500	$3,861	($639)		$42,128	$42,128	$3,900	$29,285	$25,385
1,864,825	2,040,788	175,963				1,068,000	1,099,718	31,718
			$615,000	1,042,787	427,787			
	9,584	9,584						
1,869,325	2,054,233	184,908	615,000	1,084,915	469,915	1,071,900	1,129,003	57,103
29,000	21,056	7,944						
81,150	80,690	460						
2,280,110	1,258,736	1,021,374	15,000		15,000	1,553,140	371,872	1,181,268
38,185	30,745	7,440	374,995	29,547	345,448	1,846,395	232,591	1,613,804
2,428,445	1,391,227	1,037,218	389,995	29,547	360,448	3,399,535	604,463	2,795,072
(559,120)	663,006	1,222,126	225,005	1,055,368	830,363	(2,327,635)	524,540	2,852,175
($559,120)	663,006	$1,222,126	$225,005	1,055,368	$830,363	($2,327,635)	524,540	$2,852,175
	2,980,181			8,693,198			5,617,569	
	$3,643,187			$9,748,566			$6,142,109	

(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, 2015

	PARKS			GOVERNMENT BUILDING FACILITIES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses and permits				$1,145,000	$1,993,937	$848,937
Use of money and property	$16,800	$20,752	$3,952	25,000	29,173	4,173
Revenue from other agencies						
Charges for current services	625,000	1,054,657	429,657			
Other revenue						
Total Revenues	641,800	1,075,409	433,609	1,170,000	2,023,110	853,110
EXPENDITURES						
Current:						
General government						
Community development						
Public safety						
Library						
Public works						
Parks and recreation	680,355	313,423	366,932			
Streets and highways						
Capital outlay	1,234,274	1,130,953	103,321	961,315	57,600	903,715
Debt service:						
Principal				86,995	86,994	1
Interest and fiscal charges				2,001	2,002	(1)
Total Expenditures	1,914,629	1,444,376	470,253	1,050,311	146,596	903,715
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,272,829)	(368,967)	903,862	119,689	1,876,514	1,756,825
OTHER FINANCING SOURCES (USES)						
Issuance of debt						
Transfers in						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	($1,272,829)	(368,967)	$903,862	$119,689	1,876,514	$1,756,825
BEGINNING FUND BALANCES		2,972,200			3,880,338	
ENDING FUND BALANCES		$2,603,233			$5,756,852	

SPECIAL APPORTIONMENT STREETS		
Budget	Actual	Variance Positive (Negative)
$10,000	$19,655	$9,655
3,753,710	3,339,215	(414,495)
	2,391	2,391
3,763,710	3,361,261	(402,449)
658,185	314,265	343,920
5,731,285	1,559,387	4,171,898
6,389,470	1,873,652	4,515,818
(2,625,760)	1,487,609	4,113,369
($2,625,760)	1,487,609	$4,113,369
	4,364,455	
	$5,852,064	

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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, 2015

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
ASSETS					
Current Assets:					
Cash and investments	$703,155	$1,669,790	$10,025,845	$6,525,705	$18,924,495
Restricted cash and investments		599,000			599,000
Accounts receivable	35,578		1,283	47,379	84,240
Interest receivable	1,250	1,945		10,140	13,335
Prepaid items				8,781	8,781
Employee notes receivable			62,364		62,364
Total Current Assets	739,983	2,270,735	10,089,492	6,592,005	19,692,215
Capital assets not being depreciated		572,928			572,928
Capital assets (net of accumulated depreciation)	260,154	1,355,822			1,615,976
Total Non-Current Assets	260,154	1,928,750			2,188,904
Total Assets	1,000,137	4,199,485	10,089,492	6,592,005	21,881,119
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions		141,094		49,845	190,939
LIABILITIES					
Current Liabilities:					
Accounts payable	37,915	554,139	335,482	70,913	998,449
Accrued liabilities			1,830,894		1,830,894
Compensated absences			544,187		544,187
Estimated claims liability				638,553	638,553
Capital lease obligations		112,069			112,069
Total Current Liabilities	37,915	666,208	2,710,563	709,466	4,124,152
Long-term Liabilities:					
Compensated absences			4,896,838		4,896,838
Estimated claims liability				611,279	611,279
Capital lease obligation		487,931			487,931
Net pension liability		1,367,800		483,212	1,851,012
Net OPEB obligation				116,111	116,111
Total Long-Term Liabilities		1,855,731	4,896,838	1,210,602	7,963,171
Total Liabilities	37,915	2,521,939	7,607,401	1,920,068	12,087,323
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions		228,048		80,564	308,612
NET POSITION					
Net investment in capital assets	260,154	1,927,750			2,187,904
Unrestricted	702,068	(337,158)	2,482,091	4,641,218	7,488,219
Total Net Position	$962,222	$1,590,592	$2,482,091	$4,641,218	$9,676,123

CITY OF MANTECA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
OPERATING REVENUES					
Charges for services	$60,000	$2,178,475			$2,238,475
Insurance premium contribution from other funds				$2,558,690	2,558,690
Miscellaneous			$7,793	99,176	106,969
Total Operating Revenues	60,000	2,178,475	7,793	2,657,866	4,904,134
OPERATING EXPENSES					
Personnel services		833,913	$859,428	336,825	2,030,166
Contractual services		17,826	26,204	107,445	151,475
Supplies		248,049		11,781	259,830
Utilities		39,938		7,262	47,200
Repairs and maintenance		674,474		607	675,081
Vehicle maintenance and operations		346			346
Interdepartmental				10,750	10,750
Insurance		13,000		1,700,794	1,713,794
Claims				(1,420,690)	(1,420,690)
Depreciation	36,556	208,554			245,110
Miscellaneous		54,923	22,855	48,012	125,790
Total Operating Expenses	36,556	2,091,023	908,487	802,786	3,838,852
Total Operating Income (Loss)	23,444	87,452	(900,694)	1,855,080	1,065,282
NONOPERATING REVENUES (EXPENSES)					
Interest income	1,526	2,725	44,793	38,185	87,229
Capital contributions		556,600			556,600
Gain (Loss) from sale of capital assets	53,773	1,645			55,418
Total Nonoperating Revenues (Expenses)	55,299	560,970	44,793	38,185	699,247
Change in Net Position	78,743	648,422	(855,901)	1,893,265	1,764,529
BEGINNING NET POSITION, AS RESTATED	883,479	942,170	3,337,992	2,747,953	7,911,594
ENDING NET POSITION	$962,222	$1,590,592	$2,482,091	$4,641,218	$9,676,123

CITY OF MANTECA

INTERNAL SERVICE FUNDS

COMBINING STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$44,473	$2,178,475		$2,658,529	$4,881,477
Payments to suppliers		(606,768)		(1,931,130)	(2,537,898)
Payments to employees		(854,552)	$374,119	(337,476)	(817,909)
Internal activity - payments to other funds				(10,750)	(10,750)
Receipts on employee notes receivable			17,795		17,795
Claims paid				(381,721)	(381,721)
Cash Flows from (used by) Operating Activities	44,473	717,155	391,914	(2,548)	1,150,994
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(136,722)	(478,480)			(615,202)
Proceeds from sale of capital assets	53,773	1,645			55,418
Proceeds from capital lease		600,000			600,000
Cash Flows from (used by) Capital and Related Financing Activities	(82,949)	123,165			40,216
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest earnings	2,246	3,436	70,364	41,922	117,968
Cash Flows from Investing Activities	2,246	3,436	70,364	41,922	117,968
Net Cash Flows	(36,230)	843,756	462,278	39,374	1,309,178
Cash and investments at beginning of period	739,385	1,425,034	9,563,567	6,486,331	18,214,317
Cash and investments at end of period	$703,155	$2,268,790	$10,025,845	$6,525,705	$19,523,495
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	$23,444	$87,452	($900,694)	$1,855,080	$1,065,282
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	36,556	208,554			245,110
Change in assets and liabilities:					
Receivables, net	(15,527)		(1,039)	663	(15,903)
Prepaid items				156	156
Related party notes receivable			17,795		17,795
Accounts and other payables		441,788	253,832	(55,385)	640,235
Accrued liabilities			182,572		182,572
Compensated absences			839,448		839,448
Claims liability				(1,802,411)	(1,802,411)
Net pension liability, deferred outflows and inflows		(20,639)		(7,291)	(27,930)
Net OPEB obligation				6,640	6,640
Cash Flows from (used by) Operating Activities	$44,473	$717,155	$391,914	($2,548)	$1,150,994
NONCASH TRANSACTIONS					
Contributions of capital assets, net		$556,600			$556,600

AGENCY FUNDS

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

The City's Agency 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, 2015

AGENCY FUND	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Assets				
Cash and investments	$5,351			$5,351
Total Assets	$5,351			$5,351
Liabilities				
Due to stakeholders	$5,351			$5,351
Total Liabilities	$5,351			$5,351

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

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

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

Sources

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

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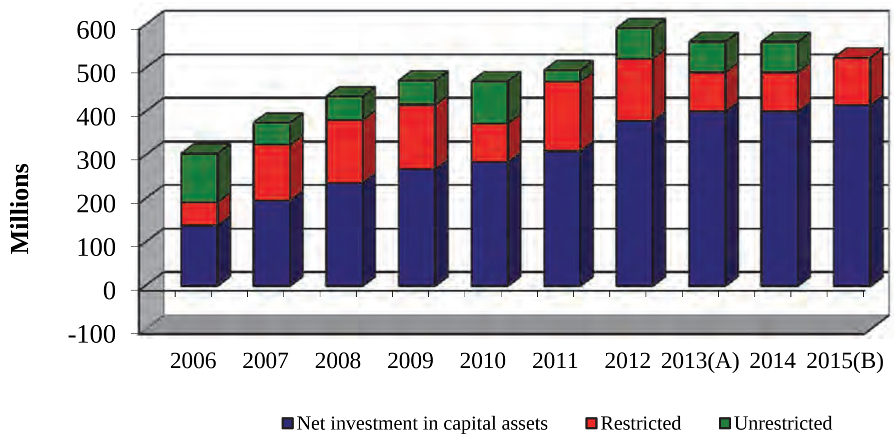
CITY OF MANTECA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)



	June 30, 2006	2007	2008	2009	2010
Governmental activities					
Net investment in capital assets	$82,465,803	$110,719,509	$141,625,313	$168,403,886	$171,675,891
Restricted	53,336,395	128,104,351	144,023,997	148,127,615	89,276,875
Unrestricted	61,236,153	7,997,825	3,984,025	(2,956,474)	44,968,093
Total governmental activities net position	$197,038,351	$246,821,685	$289,633,335	$313,575,027	$305,920,859
Business-type activities					
Net investment in capital assets	$56,612,330	$85,696,108	$95,592,559	$100,051,333	$113,151,440
Unrestricted	50,613,502	42,834,995	50,615,963	58,841,297	51,398,693
Total business-type activities net position	$107,225,832	$128,531,103	$146,208,522	$158,892,630	$164,550,133
Primary government					
Net investment in capital assets	$139,078,133	$196,415,617	$237,217,872	$268,455,219	$284,827,331
Restricted	53,336,395	128,104,351	144,023,997	148,127,615	89,276,875
Unrestricted	111,849,655	50,832,820	54,599,988	55,884,823	96,366,786
Total primary government net position	$304,264,183	$375,352,788	$435,841,857	$472,467,657	$470,470,992

(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.

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

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

	Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
Expenses:					
Governmental Activities:					
General Government	$3,101,277	$3,534,631	$5,520,665	$5,058,599	$3,109,047
Community Development	3,612,393	7,211,719	6,932,523	5,829,037	14,446,062
Public Safety	19,174,823	20,392,894	23,982,219	27,534,943	27,065,592
Library	136,299	152,824	157,466	136,037	113,092
Public Works	3,770,569	5,070,777	4,726,065	3,901,601	5,862,331
Parks and Recreation	4,670,081	5,824,783	7,260,986	7,941,094	6,652,295
Streets and Highways	4,527,550	3,894,616	4,843,101	5,112,187	4,927,588
Interest and Fiscal Charges	6,250,427	5,819,231	7,029,436	6,035,886	5,964,171
Total Governmental Activities Expenses	45,243,419	51,901,475	60,452,461	61,549,384	68,140,178
Business-Type Activities:					
Water	10,656,869	10,715,712	12,291,710	12,667,365	13,226,177
Sewer	10,430,995	10,536,235	10,511,796	11,067,524	12,503,682
Solid Waste	6,726,094	7,193,512	7,717,703	8,712,715	9,029,774
Golf	1,324,738	1,326,557	1,170,939	1,244,412	1,268,361
Total Business-Type Activities Expenses	29,138,696	29,772,016	31,692,148	33,692,016	36,027,994
Total Primary Government Expenses	$74,382,115	$81,673,491	$92,144,609	$95,241,400	$104,168,172
Program Revenues:					
Governmental Activities:					
Charges for Services:					
General Government	$3,548,649	$5,795,799	$3,865,283	$3,863,991	$2,939,727
Community Development	4,556,434	2,849,501	2,104,057	990,726	1,969,679
Public Safety	883,380	1,018,344	1,173,161	1,295,958	1,050,347
Public Works	42,398	15,984			2,003
Parks and Recreation	1,041,600	922,124	1,590,320	1,657,534	1,667,858
Streets and Highways	164,000	340,938	164,000	164,000	164,000
Operating Grants and Contributions	3,971,741	4,331,741	7,075,977	4,317,151	4,177,794
Capital Grants and Contributions	16,587,571	28,202,450	30,997,048	25,070,949	8,229,819
Total Government Activities Program Revenues	30,795,773	43,476,881	46,969,846	37,360,309	20,201,227
Business-Type Activities:					
Charges for Services:					
Water	11,919,612	14,900,645	14,825,250	13,291,670	13,235,259
Wastewater	14,639,742	19,304,123	16,137,851	15,084,085	16,332,422
Solid Waste	7,166,076	7,769,529	7,996,902	7,994,026	8,037,838
Golf	1,140,547	1,170,209	1,198,976	1,196,998	1,202,991
Operating Grants and Contributions					
Capital Grants and Contributions	467,072	4,253,941	4,756,193	4,480,489	338,640
Total Business-Type Activities Program Revenue	35,333,049	47,398,447	44,915,172	42,047,268	39,147,150
Total Primary Government Program Revenues	$66,128,822	$90,875,328	$91,885,018	$79,407,577	$59,348,377
Net (Expense)/Revenue:					
Governmental Activities	($14,447,646)	($8,424,594)	($13,482,615)	($24,189,075)	($47,940,954)
Business-Type Activities	6,194,353	17,626,431	13,223,024	8,355,252	3,119,156
Total Primary Government Net Expense	($8,253,293)	$9,201,837	($259,591)	($15,833,823)	($44,821,798)
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property Taxes	$20,549,378	$25,849,273	$27,228,016	$27,225,355	$23,848,385
Sales Taxes	6,431,206	6,356,704	9,779,701	9,278,231	9,653,398
Other Taxes	3,812,202	4,112,928	3,940,114	3,854,252	3,270,746
Interest Earnings	1,961,103	4,369,508	7,243,110	4,641,537	2,257,961
Intergovernmental:					
Motor Vehicle In-Lieu	405,607	406,742	308,149	244,605	151,915
Grants	427,720	520,630	312,945	418,794	
Other Revenue	1,002,262	2,833,230	3,745,107	1,625,719	1,056,231
Developer Contributions	12,949,245	13,782,813	3,737,123	842,274	48,150
Gain From Sale of Capital Assets					
Transfers, net					
Extraordinary item	(204,000)	(23,900)			
Total Government Activities	47,334,723	58,207,928	56,294,265	48,130,767	40,286,786
Business-Type Activities:					
Interest Earnings	2,030,279	3,292,440	4,079,798	3,891,990	1,812,779
Other Revenue	299,036	362,500	374,597	436,866	292,200
Gain From Sale of Capital Assets					433,368
Developer Contributions					
Transfers, net	204,000	23,900			
Total Business-Type Activities	2,533,315	3,678,840	4,454,395	4,328,856	2,538,347
Total Primary Government	$49,868,038	$61,886,768	$60,748,660	$52,459,623	$42,825,133
Change in Net Position:					
Governmental Activities	$32,887,077	$49,783,334	$42,811,650	$23,941,692	($7,654,168)
Business-Type Activities	8,727,668	21,305,271	17,677,419	12,684,108	5,657,503
Total Primary Government	$41,614,745	$71,088,605	$60,489,069	$36,625,800	($1,996,665)

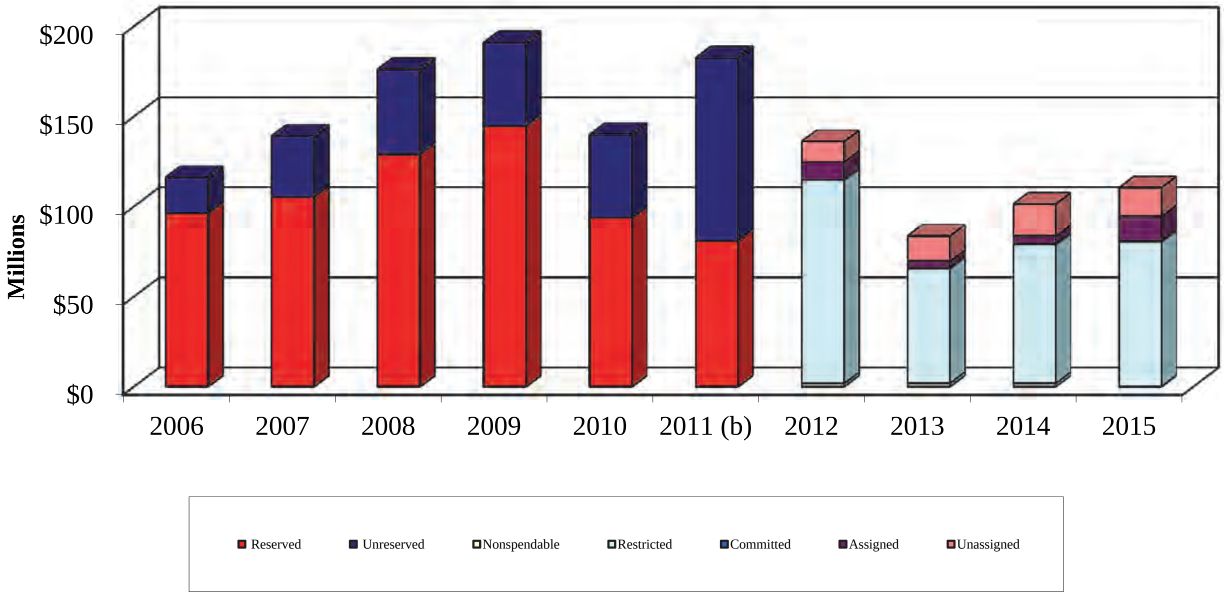
(1) Adjustments have been made to some categories to conform to the fiscal year 2005 presentation

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

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

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

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



	June 30,				
	2006	2007	2008	2009	2010
General Fund:					
Reserved	$1,214,042	$1,420,277	$1,681,076	$1,822,967	$1,917,928
Unreserved	14,775,570	16,466,493	12,798,045	13,346,867	10,137,693
Nonspendable					
Assigned					
Unassigned					
Total General Fund	$15,989,612	$17,886,770	$14,479,121	$15,169,834	$12,055,621
All Other Governmental Funds:					
Reserved	$104,085,913	$127,534,384	$142,845,030	$91,946,949	$79,080,523
Unreserved, reported in:					
Special revenue funds	18,239,405	28,916,559	31,681,735	26,977,907	25,237,443
Capital project funds	869,510	1,931,318	2,054,083	5,923,572	66,218,838
Nonspendable					
Restricted					
Committed					
Assigned					
Unassigned					
Total All Other Governmental Funds	$123,194,828	$158,382,261	$176,580,848	$124,848,428	$170,536,804

(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.

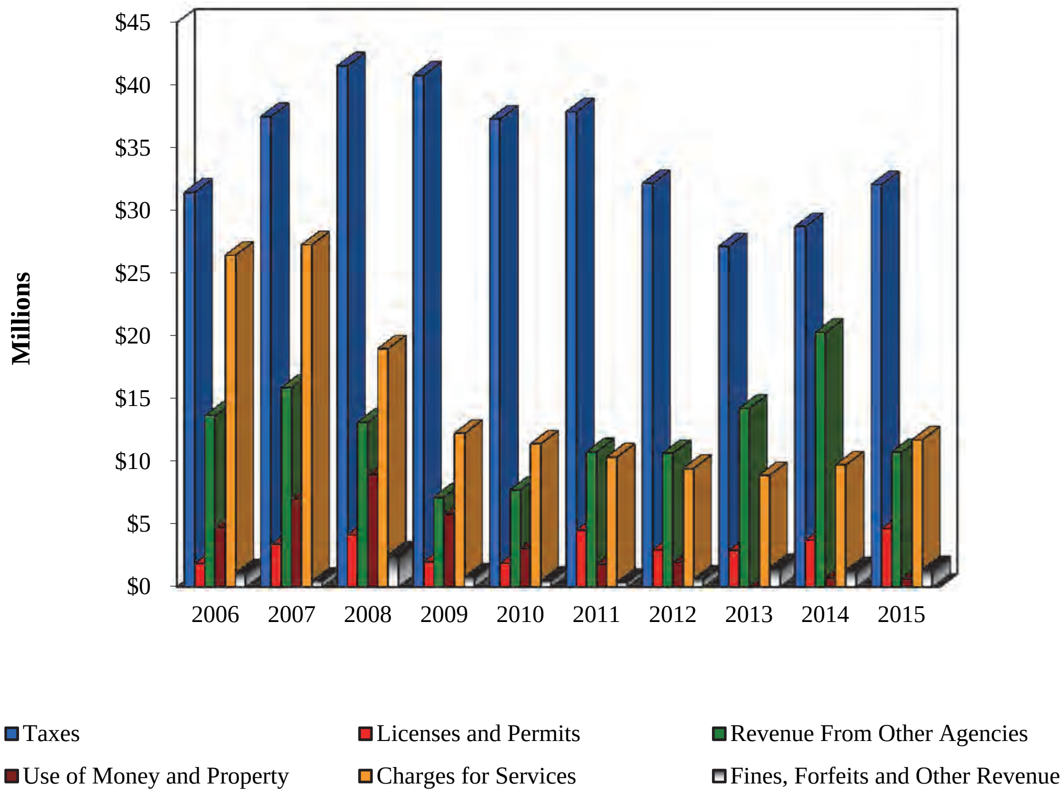
2011 (b)	2012	2013	2014	2015	
$1,716,914	$1,773,218	$1,914,952	$1,926,248	$227,542	
24,329	134,186	38,600	22,092	7,921,152	
10,746,187	11,358,781	13,897,866	17,736,555	15,792,889	
$12,487,430	$13,266,185	$15,851,418	$19,684,895	$23,941,583	(a)
$182,800	$121,865	$60,930			
153,102,767	112,765,524	63,581,446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

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

	Fiscal Year Ended June 30,				
	2006	**2007**	**2008**	**2009**	**2010**
Revenues					
Taxes	$31,488,644	$37,519,811	$41,549,587	$40,802,726	$37,315,264
Licenses, permits and fees	1,876,789	3,421,479	4,154,266	2,018,165	1,887,780
Fines and forfeitures	265,458	189,764	292,224	289,147	227,372
Use of money and property	4,748,065	7,074,383	8,974,771	5,833,346	3,126,330
Revenue from other agencies	13,689,426	15,910,594	13,160,419	7,173,063	7,750,146
Charges for services	26,472,384	27,309,138	19,036,847	12,260,805	11,423,374
Other	877,815	307,132	2,307,519	538,817	295,478
Total Revenues	79,418,581	91,732,301	89,475,633	68,916,069	62,025,744
Expenditures					
Current:					
General government	2,873,724	3,379,358	4,988,101	4,320,817	3,096,572
Community development	8,083,105	7,239,389	6,142,052	6,495,974	7,169,691
Public safety	18,520,266	19,719,694	23,235,778	24,182,106	23,849,627
Library	127,646	141,817	147,961	131,234	120,917
Public works	3,203,484	4,226,997	4,009,469	4,214,766	4,091,100
Parks and recreation	4,390,584	4,665,686	5,724,593	6,090,427	5,132,634
Streets and highways	2,237,078	2,761,592	2,818,412	2,533,710	1,970,408
Nondepartmental	695,662	936,759	1,213,134	1,393,965	1,904,961
Supplemental Educational Revenue Augmentation Fund payment					6,664,258
Capital outlay	50,548,786	27,925,988	22,006,218	13,568,055	6,438,353
Debt service:					
Principal repayment	1,132,576	1,060,081	1,168,248	1,983,377	2,155,866
Interest and fiscal charges	5,596,017	5,705,160	7,119,245	6,100,146	5,965,342
Total Expenditures	97,408,928	77,762,521	78,573,211	71,014,577	68,559,729
Excess (deficiency) of revenues over (under) expenditures	(17,990,347)	13,969,780	10,902,422	(2,098,508)	(6,533,985)
Other Financing Sources (Uses)					
Transfers in	11,000,206	20,402,679	7,348,134	9,459,738	217,832
Transfers (out)	(11,204,206)	(21,191,440)	(8,071,719)	(9,459,738)	(217,832)
Issuance of long-term debt	50,760,000	22,675,000			
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		
Payment to escrow agent	(9,637,335)				
Extraordinary item					
Total other financing sources (uses)	40,918,665	23,114,811	3,888,516	164,949	
Net Change in Fund Balances	$22,928,318	$37,084,591	$14,790,938	($1,933,559)	($6,533,985)
Debt service as a percentage of noncapital expenditures	7.4%	9.5%	11.8%	14.3%	12.9%

2011	2012	2013	2014	2015
$37,885,239	$32,190,532	$27,184,087	$28,753,641	$32,094,372
4,550,326	2,970,397	2,934,737	3,731,526	4,662,438
182,835	322,653	296,262	337,288	283,690
1,851,487	2,007,087	24,727	775,017	657,340
10,792,463	10,672,408	14,262,235	20,324,768	10,759,079
10,379,307	9,453,285	8,928,001	9,755,068	11,740,989
222,860	321,242	1,268,428	1,010,619	1,136,856
65,864,517	57,937,604	54,898,477	64,687,927	61,334,764
2,741,890	2,388,310	2,667,341	2,585,212	3,179,851
18,246,166	4,268,143	2,022,147	2,076,066	2,186,882
23,015,102	21,935,765	22,237,001	22,661,015	24,376,036
112,092	87,158	105,483	104,939	115,182
3,636,835	2,942,711	3,116,806	3,074,652	2,936,956
4,864,431	4,874,253	5,098,332	5,303,386	5,820,120
1,978,593	1,995,725	2,486,394	1,903,753	1,944,873
2,334,370	2,276,198	2,323,236	2,602,469	2,745,157
1,372,053				
12,950,145	14,539,693	22,003,541	5,963,377	7,098,897
2,724,044	3,000,250	2,181,486	450,222	310,581
6,380,457	3,415,000	148,895	105,935	87,096
80,356,178	61,723,206	64,390,662	46,831,026	50,801,631
(14,491,661)	(3,785,602)	(9,492,185)	17,856,901	10,533,133
59,989,059	1,603,423	5,271,444	2,015,513	431,526
(59,549,174)	(1,624,923)	(5,271,444)	(2,180,663)	(2,037,901)
969,360				150,000
192,760	500	721,883	12,506	
	(29,778,417)	(43,670,205)		
1,602,005	(29,799,417)	(42,948,322)	(152,644)	(1,456,375)
($12,889,656)	($33,585,019)	($52,440,507)	$17,704,257	$9,076,758
13.2%	13.5%	5.5%	1.4%	0.9%

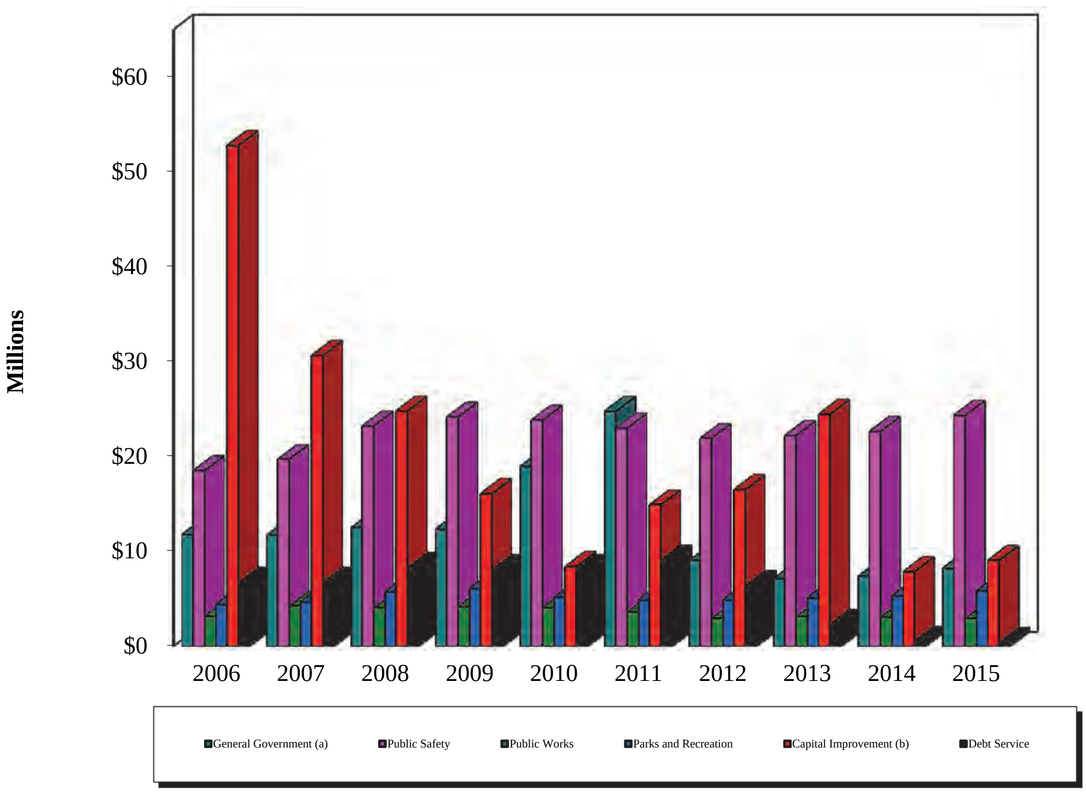
CITY OF MANTECA
GENERAL REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS



Fiscal Year	Taxes	Licenses and Permits	Revenue From Other Agencies	Use of Money and Property	Charges for Services	Fines, Forfeits and Other Revenue	Total
2006	$31,488,644	$1,876,789	$13,689,426	$4,748,065	$26,472,384	$1,143,273	$79,418,581
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

Source: City Operating Budget and City Annual Financial Report

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

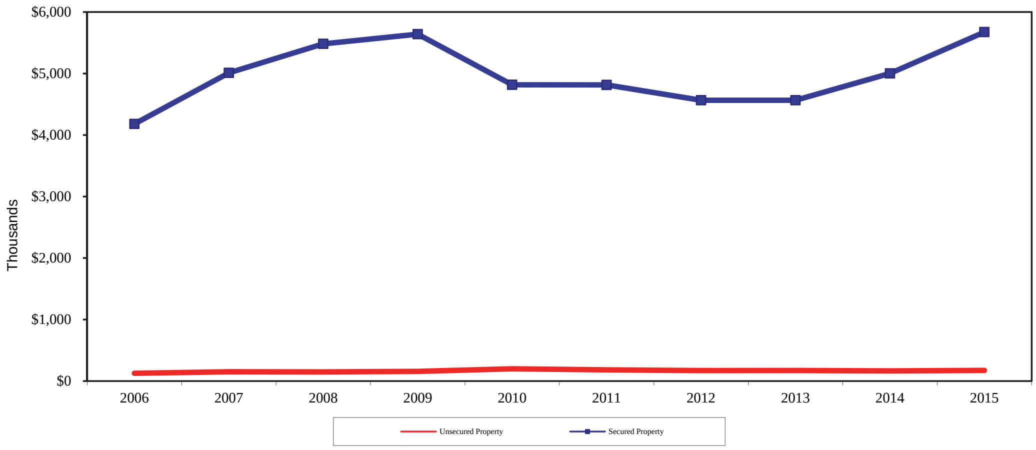


Fiscal Year	General Government (a)	Public Safety	Public Works	Parks and Recreation	Capital Improvement (b)	Debt Service	Total
2006	$11,780,137	$18,520,266	$3,203,484	$4,390,584	$52,785,864	$6,728,593	$97,408,928
2007	11,697,323	19,719,694	4,226,997	4,665,686	30,687,580	6,765,241	77,762,521
2008	12,491,248	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

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: Land Property	Real Property: Improvements Property	Real Property: Personal 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)
2006	N/A - (c)	N/A - (c)	N/A - (c)	$4,124,085	($70,227)	$560	$4,054,419	$126,201	$4,180,619	$4,180,619	1%
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%

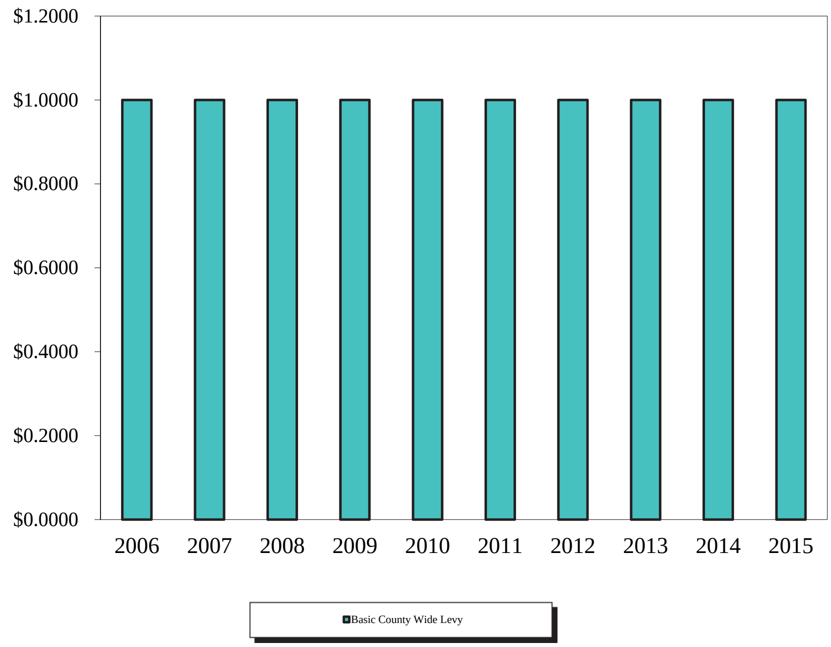
Source: San Joaquin County Auditor Controller Office Certificate of Assessed Valuations

(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.

(c) San Joaquin County did not provide individual breakdown of the Real Property for fiscal year 2006.

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



Fiscal Year	Basic County Wide Levy	Total
2006	$1.0000	$1.0000
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

Source: San Joaquin County Assessors Office

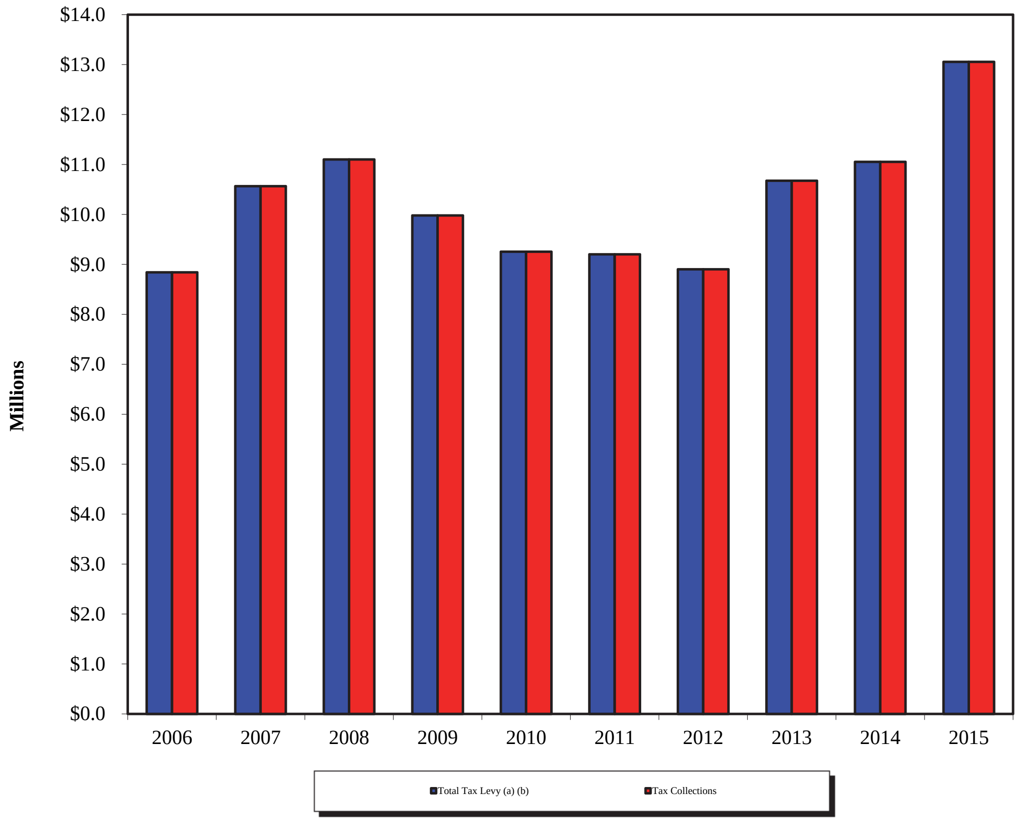
Note: The above ratios are expressed as dollars assessed per $100 of assessed valuation

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

	2014-2015		2005-06	
Taxpayer	Type of Business	Percentage of Total City Taxable Assessed Value	Type of Business	Percentage of Total City Taxable Assessed Value
Manteca Lifestyle Center LLC	Shopping Center	1.58%		
Pulte Home Corp	Residential Development	0.88%		
LLH MRS Master RE LLC	Cold Storage	0.83%		
Excel Manteca LLC	Shopping Center	0.74%		
Paseo Apartments LLC	Apartments	0.52%		
Prologis	Warehouse	0.49%		
Edward J & Dolores M Cardoza	Shopping Center	0.45%	Shopping Center	0.46%
Centerpointe Properties Trust	Industrial	0.43%		
Duke Realty LP	Warehouse	0.43%		
Costco Wholesale Corporation	Commercial Store	0.42%		
Doctors Hospital of Manteca Inc.	Hospital	0.38%	Hospital	0.53%
VFT Family Partnership LP	Residential Properties	0.31%		
Ryba Real Estate Inc.	Shopping Center	0.29%		
Wal Mart Realty Company	Shopping Center	0.25%	Commercial Store	0.24%
Marie F Raymus Trust	Residential Development	0.25%		
430 North Union Road LLC	Office Building	0.23%		
Yip Holdings Five LLC	Shopping Center	0.23%		
Stonegate Apartments LLC	Apartments	0.23%	Apartments	0.61%
Mission Ridge Plaza LP	Shopping Center	0.23%		
Kohl’s Department Stores Inc.	Shopping Center	0.22%		
Manteca Spreckels Bts LLC			Industrial	0.53%
Atherton Boyce Development Co LLC			Residential Properties	0.46%
Metropolitan Life Insurance Co			Industrial	0.42%
Pan Pacific Retail Properties Inc.			Commercial Store	0.41%
Western Properties Trust			Commercial Store	0.36%
Bianchi Ranch Building Partners LLC			Apartments	0.32%
Dutra Farms Inc.			Commercial Land	0.27%
Manteca Associates LLP			Industrial	0.25%
Laurel Glen LLC			Apartments	0.25%
Manteca Vintage Estates LP			Residential Properties	0.24%
Target Corp			Commercial Store	0.24%
Daniel Sarich			Industrial	0.23%
Milard Refrigerated Services Inc.			Cold Storage	0.23%
VFT Properties			Apartments	0.22%
Manteca Merger Co			Industrial	0.22%
Spreckles Shopping Center LLC			Shopping Center	0.22%
Total		9.39%		6.71%

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

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



Fiscal Year	Total Tax Levy (a) (b)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2006	$8,840,647	$8,840,647	100.00%	$0	$8,840,647	100.00%
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%

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, 2015

2014-15 Total Local Secured Assessed Valuation Project Area No. 1 $631,800,189

	Property Owner	Primary Land Use	2014-15 Assessed Valuation	% Total of Assessed Valuation
1	Doctors Hospital of Manteca Inc.	Hospital	$21,349,192	3.38
2	Edward J. and Dolores M. Cardoza	Shopping Center	15,905,901	2.52
3	Wal Mart Realty Company	Shopping Center	13,154,118	2.08
4	Laurel Glen LLC	Apartments	10,451,000	1.65
5	B.R. Funsten & Co. Corp.	Warehouse	9,909,770	1.57
6	Stonegate Apartments LLC	Apartments	9,383,455	1.49
7	Khatri Brothers Ptp.	Hotel/Motel	5,313,871	0.84
8	Eckert Engineering Corp.	Warehouse	5,190,924	0.82
9	Raymus Development & Sales Inc.	Recreational	5,178,278	0.82
10	Miner Joaquin Building Corp.	Bank	5,134,618	0.81
11	North Main Storage LLC	Mini-Storage	5,121,571	0.81
12	Lexington Tramk Manteca Remainderman LP	Commercial Store	5,000,000	0.79
13	Pamela Gianni Bjork	Commercial	4,717,221	0.75
14	VFT Properties LLC	Apartments	4,231,151	0.67
15	SFP B LP	Commercial	4,125,512	0.65
16	William D and Miriam A Cabral Trust	Auto Sales/Service	4,032,501	0.64
17	MBLG LLC	Mini-Storage	3,800,877	0.60
18	Hensley Investment Company	Office Building	3,700,000	0.59
19	Extra Space Prop Twenty Five LLC	Mini-Storage	3,536,573	0.56
20	Meadowbrook Meat Company Inc	Warehouse	3,485,475	0.55
			$142,722,008	22.59%

Source: California Municipal Statistics, Inc

CITY OF MANTECA
MANTECA REDEVELOPMENT PROJECT AREA NO. 2
TOP TWENTY ASSESSED VALUES
June 30, 2015

	2014-15 Total Local Secured Assessed Valuation Project Area No. 2		$1,190,948,937	
	Property Owner	Primary Land Use	2014-15 Assessed Valuation	% of Total Assessed Valuation
1	LLH MRS Master RE LLC	Cold Storage	$46,030,058	3.86
2	Excel Manteca LLC	Shopping Center	41,000,000	3.44
3	Prologis	Warehouse	27,173,120	2.28
4	Duke Realty LP	Warehouse	24,108,960	2.02
5	Costco Wholesale Corporation	Commercial Store	23,447,947	1.97
6	Yip Holdings Five LLC	Shopping Center	12,918,384	1.08
7	Mission Ridge Plaza LP	Shopping Center	12,565,130	1.06
8	Kohl's Department Stores Inc.	Shopping Center	12,019,328	1.01
9	Target Corp.	Shopping Center	11,276,393	0.95
10	277 Commerce Ave. LLC	Shopping Center	10,714,901	0.90
11	HD Development of Maryland Inc.	Commercial Store	9,250,376	0.78
12	Daniel M. Sarich	Light Industrial	8,667,237	0.73
13	Manteca Associates LP	Light Industrial	8,000,000	0.67
14	Brocchini Family Partnership LP	Office Building	7,961,731	0.67
15	Nestle Dreyers Ice Cream Co	Cold Storage	7,900,000	0.66
16	Realty Income Properties	Commercial Store	7,256,797	0.61
17	Cranbrook Realty Invest Fund LP	Warehouse	7,200,000	0.60
18	VFT Family Partnership LP	Apartments	7,167,106	0.60
19	Edward A and Lorie J Machado Trust	Residential Properties	6,050,418	0.51
20	Chevron USA Inc	Gas Station/Mini-Mart	5,697,621	0.48
			$296,405,507	24.89%

Source: California Municipal Statistics, Inc

CITY OF MANTECA
MANTECA REDEVELOPMENT MERGED PROJECT AREA
TOP TWENTY ASSESSED VALUES
June 30, 2015

	Property Owner	Primary Land Use	2014-15 Assessed Valuation	% of Total Assessed Valuation
		2014-15 Total Local Secured Assessed Valuation 2005 Merged Project Amended Area	$18,053,241	
1	Gasspecs Inc.	Service Station	$3,625,188	20.08
2	Kelly Mah	Commercial Land	875,529	4.85
3	Major Singh Brar	Commercial Land	750,000	4.15
4	David L. Peters	Truck Terminals	685,232	3.80
5	Jasvir Singh	Light Industrial	548,688	3.04
6	Robert L. and Dorothy F. Mack	Residential	739,456	4.10
7	Jagmohan S. and Jaspinder K. Kailey	Residential	470,000	2.60
8	Chattarpal S. Pabla	Multi-Family Residential	360,000	1.99
9	Hiway Farm LLC	Commercial Land	351,589	1.95
10	Jose Rene Diaz	Residential	329,744	1.83
11	Dale A. and April D. Matts	Residential	326,888	1.81
12	Kyung Han and Mi Jwa Yoon	Residential	453,266	2.51
13	Bachan Singh	Commercial Land	302,266	1.67
14	John N. and Galatia Aretakis	Residential	284,305	1.57
15	Natalyn J. and Thomas E. Bergman, Jr.	Residential	283,000	1.57
16	Loan Anh Nguyen	Commercial	282,709	1.57
17	JRD Property Management	Residential	275,000	1.52
18	Nouveau Devarise Alain Tchouanyo	Residential	256,157	1.42
19	Guadalupe and Eva Anaya	Residential	255,306	1.41
20	James H and Kristin Zimmerman	Residential	251,000	1.39
			$11,705,323	64.84%

Source: California Municipal Statistics, Inc

CITY OF MANTECA
MANTECA REDEVELOPMENT AMENDED MERGED PROJECT AREA
TOP TWENTY ASSESSED VALUES
June 30, 2015

2014-15 Total Local Secured Assessed Valuation 2004 Amended Area	$161,876,146

	Property Owner	Primary Land Use	2014-2015 Assessed Valuation	% of Total Assessed Valuation
1	Manteca Lifestyle Center LLC	Shopping Center	$87,836,062	54.26
2	JC Penney Properties Inc.	Shopping Center	10,676,450	6.60
3	Manteca Lodging LLC	Shopping Center	8,953,399	5.53
4	Exeter Louise Land LLC	Industrial Land	7,700,000	4.76
5	Lanting Family LLC	Truck Terminal	6,379,776	3.94
6	Exeter 2403 Louise LLC	Light Industrial	5,100,000	3.15
7	BS Family Partnership	Commercial	5,000,000	3.09
8	Exeter 2301 Louise LLC	Light Industrial	4,800,000	2.97
9	Sunny Valley Smoked Meats	Food Processing	3,000,000	1.85
10	Atherton Woodward Partners LLC	Commercial Land	2,215,821	1.37
11	Tesoro Commons LLC	Residential Properties	2,044,500	1.26
12	D'Ambrosio Brothers Invest Co. LP	Industrial Land	1,475,004	0.91
13	West Yosemite Properties LLC	Light Industrial	768,471	0.47
14	John N. and Galatia Aretakis	Agricultural	723,244	0.45
15	Gateway Storage of Manteca LLC	Industrial Land	700,000	0.43
16	Rajwinder Singh Bahia	Commercial Land	656,550	0.41
17	Harold and Dorothy Hahn Family LP	Light Industrial	644,134	0.40
18	Yosemite Square Business Park LLC	Commercial Land	630,000	0.39
19	RLD Partners LP	Residential	500,000	0.31
20	C.L. Luengo and R.J. Barber Jr. Partnership	Industrial Land	453,980	0.28
			$150,257,391	92.82%

Source: California Municipal Statistics, Inc

CITY OF MANTECA
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS

	2005-06	2006-07	2007-08	(a) 2008-09	2009-10
Department Stores	$1,251,833	$1,324,554	$1,846,689	$2,154,887	$2,504,586
Restaurants	659,296	661,202	1,064,486	1,087,886	1,066,537
Service Stations	610,707	637,078	1,102,709	1,010,053	891,765
Heavy Industry	290,961	324,430	361,635	449,962	399,960
Recreation Products	69,818	64,787	84,655	387,863	510,777
Auto Sales - New	1,263,808	1,102,834	1,246,154	759,321	620,224
Building Materials Retail	778,461	628,915	797,176	659,120	579,490
Food Markets	425,278	453,182	605,581	572,612	606,726
Misc. Retail	248,307	252,946	523,784	500,490	528,252
Misc. Vehicle Sales	573,402	524,006	577,442	374,187	293,129
Apparel Stores	84,842	90,104	243,498	292,745	371,358
Auto Parts/Repair	229,195	234,558	396,108	338,226	327,137
Building Materials Wholesale	348,829	441,784	648,275	555,017	449,941
Light Industry					
All Other Outlets	762,558	821,784	1,444,475	1,394,925	1,341,799
Total	$7,597,295	$7,562,164	$10,942,667	$10,537,294	$10,491,681

Source: MuniServices
Note (a) First year Public Safety sales tax reported
Note (b) 2015 Light Industry broken out from All Other Outlets

2010-11	2011-12	2012-13	2013-14	2014-15	
$2,634,244	$2,737,676	$2,879,701	$2,878,701	$2,946,106	
1,131,793	1,202,018	1,300,958	1,412,611	1,544,666	
1,019,526	1,206,488	1,332,043	1,333,135	1,315,106	
499,472	524,169	573,362	696,146	777,229	
566,090	559,345	704,107	735,508	673,469	
738,893	692,308	829,842	955,105	1,050,049	
592,270	644,140	678,348	705,532	727,915	
655,720	686,840	680,249	683,054	666,991	
564,526	589,354	614,958	679,940	794,058	
295,464	380,867	425,809	493,387	534,271	
387,530	423,972	514,182	553,447	600,221	
325,349	362,288	386,810	420,052	428,314	
464,294	495,552	472,167	443,909	551,048	
				280,836	(b)
1,332,844	1,440,071	1,407,141	1,639,705	1,539,614	
$11,208,015	$11,945,088	$12,799,677	$13,630,232	$14,429,893	

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
2005-06	1.00		0.50	6.25
2006-07	1.00	0.50 [a]	0.50 [a]	6.25
2007-08	1.00	0.50	0.50	6.25
2008-09	1.00	0.50	0.50	7.25 [b]
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 [c]
2012-13	1.00	0.50	0.50	6.50 [d]
2013-14	1.00	0.50	0.50	6.50
2014-15	1.00	0.50	0.50	6.50

Source: California State Board of Equalization

[a] November 2006 Measure K Renewal passes for 30 years and Measure M special tax passes

[b] April 1, 2009 the State increased the State Rate 1%

[c] July 1, 2011 the State decreased the State Rate 1%

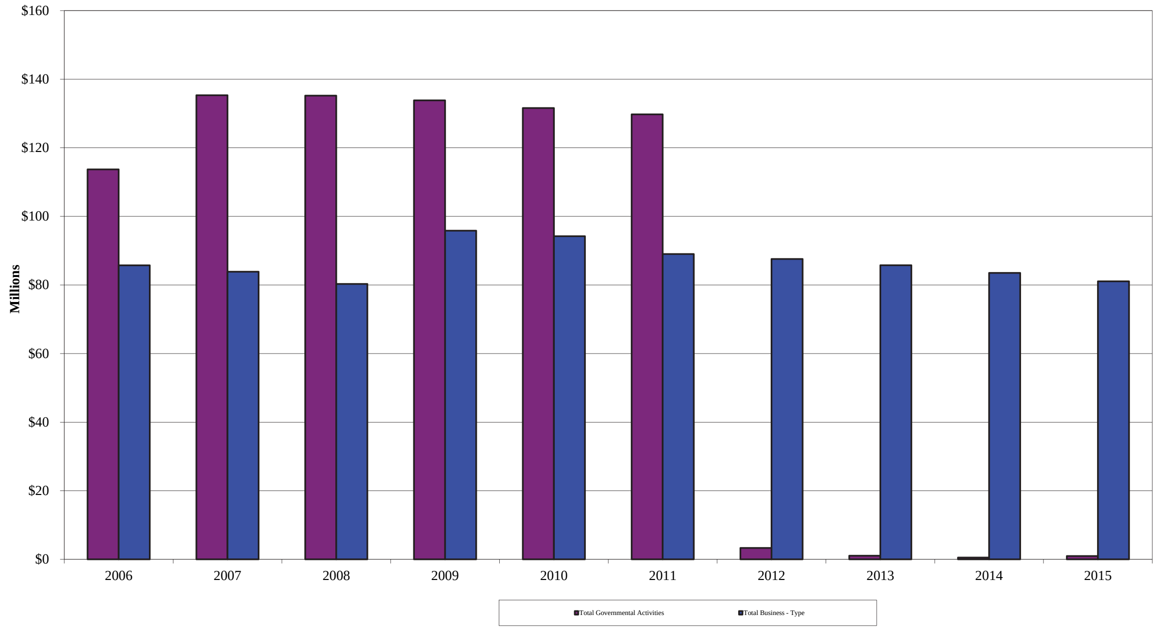
[d] On both July 1, 2012 and April 1, 2013 the State increased the State Rate .125%

CITY OF MANTECA
PRINCIPAL SALES TAX PAYERS
FISCAL YEARS 2015 AND 2006
IN ALPHABETICAL ORDER

2014-15	2005-2006
American Modular Systems	American Modular Systems
Arco AM/PM Mini Marts	Arco AM/PM Mini Marts
Bass Pro Shops Outdoor World	Best RV Center
Burlington Coat Factory	Boats Direct
Cabral Chrysler Jeep Suzuki	B. R. Funsten & Company
Chevron Service Stations	Central Valley Buick/Olds/Pontiac
Costco Wholesale	Chevron Service Stations
Country Nissan	Country Nissan
Home Depot	Curt Hughes Dodge
J C Penney Company	Home Depot
J.M. Equipment	K Mart Stores
K Mart Stores	Malott's Honda/Yamaha/Suzuki
Kohl's Department Stores	Manteca Ford/Mercury
Manteca Ford/Mercury	Mervyn's Department Store
Manteca Trailer & Motorhome	One Stop Market
Quik Stop Markets	Orchard Supply Hardware
Roberts & Brune Company	Raley's Supermarkets
Ross Stores	Save Mart Supermarkets
Save Mart Supermarkets	Sexton Chevrolet
Target Stores	Staples Office Superstore
TJ Max	Target Stores
Tom Duffy Company	Top Gun Drywall Supply
Valero Service Stations	Wal-Mart Stores
Wal-Mart Stores	Western Motors

Source: MuniServices

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



	Governmental Activities									
Fiscal Year	Tax Allocation Bonds		Capital Leases	Energy Conservation Assistance Loan	Installment Purchase Obligation	Loan Payable		Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2006	$112,030,000		$841,996	$123,804	$699,402			$113,695,202	$199,429,306	11.48%	$3,131
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

	Business-Type Activities					
Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Energy Conservation Asset Loan	Capital Leases	Lease Revenue Bonds	Total
2006	$43,325,000	$39,620,000	$1,546,989	$437,115	$805,000	$85,734,104
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

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

	General Bonded Debt Outstanding			
Fiscal Year	**Tax Allocation Bonds**	**Total**	**Percentage of Actual Taxable Value of Property**	**Per Capita**
2006	$112,030,000	$112,030,000	2.68%	$1,758.63
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)

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, 2015

2014-15 Assessed Valuation: $5,745,489,569

JURISDICTION	Total Debt 6/30/2015	% Applicable (1)	City's Share of Debt 6/30/15
OVERLAPPING TAX AND ASSESSMENT DEBT			
San Joaquin Delta Community College District	$145,438,426	8.778%	$12,766,585
Yosemite Community College District	298,049,549	0.044%	131,142
Manteca Unified School District	55,443,906	51.848%	28,746,556
Ripon Unified School District	31,022,384	1.025%	317,979
Manteca Unified School District Community Facilities District No. 1989-2	30,690,000	79.150%	24,291,135
Manteca Unified School District Community Facilities District No. 2000-3	14,220,000	100.000%	14,220,000
California Statewide Communities Development Authority CFD No. 2012-2	6,230,000	100.000%	6,230,000
California Statewide Communities Development Authority 1915 Act Bonds	4,304,444	100.000%	4,304,444
Reclamation District No 17 Assessment District	15,288,166	6.969%	1,065,432
TOTAL OVERLAPPING DEBT	$600,686,875		92,073,273
DIRECT AND OVERLAPPING GENERAL FUND DEBT			
San Joaquin County Certificates of Participation	$151,470,000	9.681%	14,663,811
Manteca Unified School District Certificates of Participation	29,955,000	51.848%	15,531,068
Ripon Unified School District Certificates of Participation	0	0.826%	0
CITY OF MANTECA GENERAL FUND OBLIGATIONS	960,356	100.000%	960,356
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			31,155,235
OVERLAPPING TAX INCREMENT DEBT:	116,750,000	100.000%	116,750,000
TOTAL DIRECT DEBT			$0
TOTAL OVERLAPPING DEBT			$239,978,508
COMBINED TOTAL DEBT			$239,978,508 (2)

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	1.60%
Total Direct Debt	0.00%
Combined Total Debt	4.18%

Ratios to Redevelopment Incremental Valuation ($1,687,311,814)	
Total Overlapping Tax Increment Debt	6.92%

Source: California Municipal Statistics, Inc.

CITY OF MANTECA
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2015

ASSESSED VALUATION:

Assessed Value	$5,745,489,569
Add back: Exempt real property	131,200,103
Total Assessed Valuation	$5,876,689,672

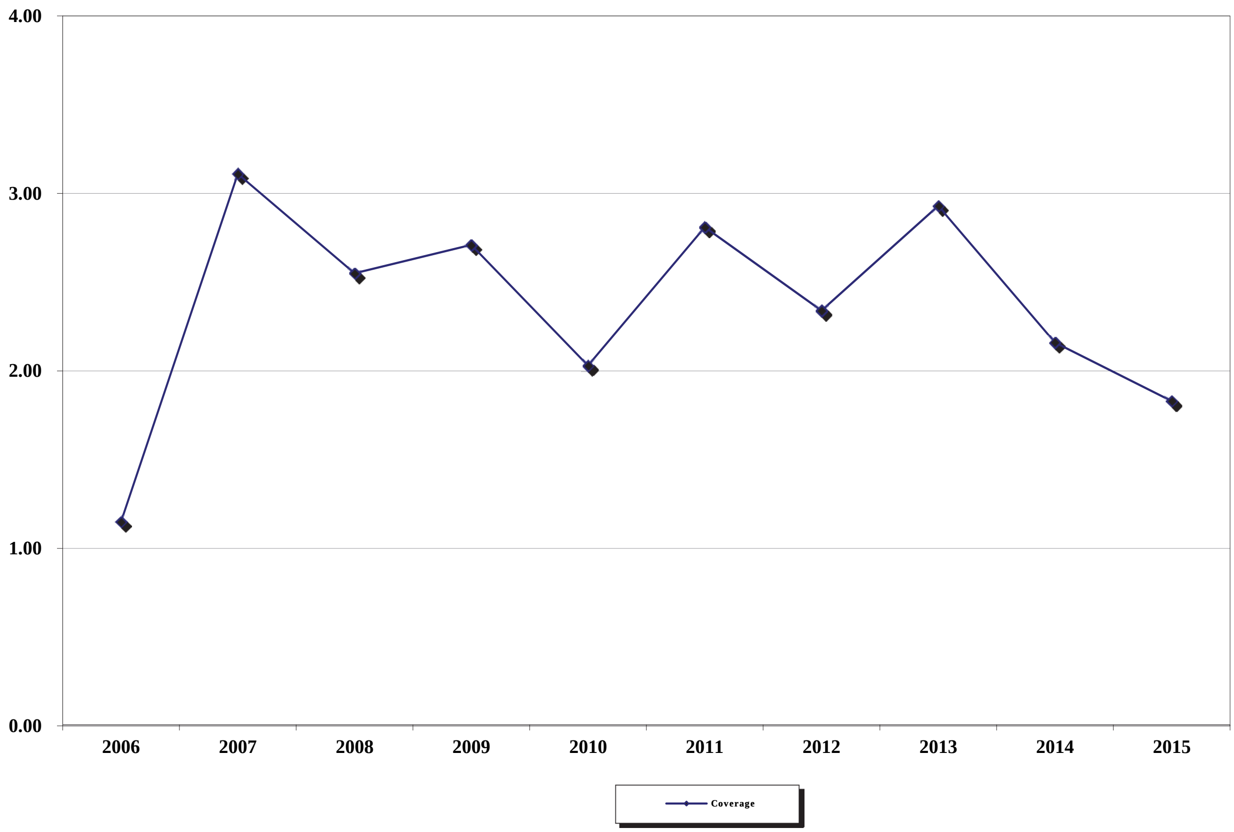
BONDED DEBT LIMIT (15.0% OF ASSESSED VALUE) (a)	$881,503,451
AMOUNT OF DEBT SUBJECT TO LIMIT:	0
LEGAL BONDED DEBT MARGIN	$881,503,451

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
2006	$627,103,434	$0	$627,103,434	0.00%
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%

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



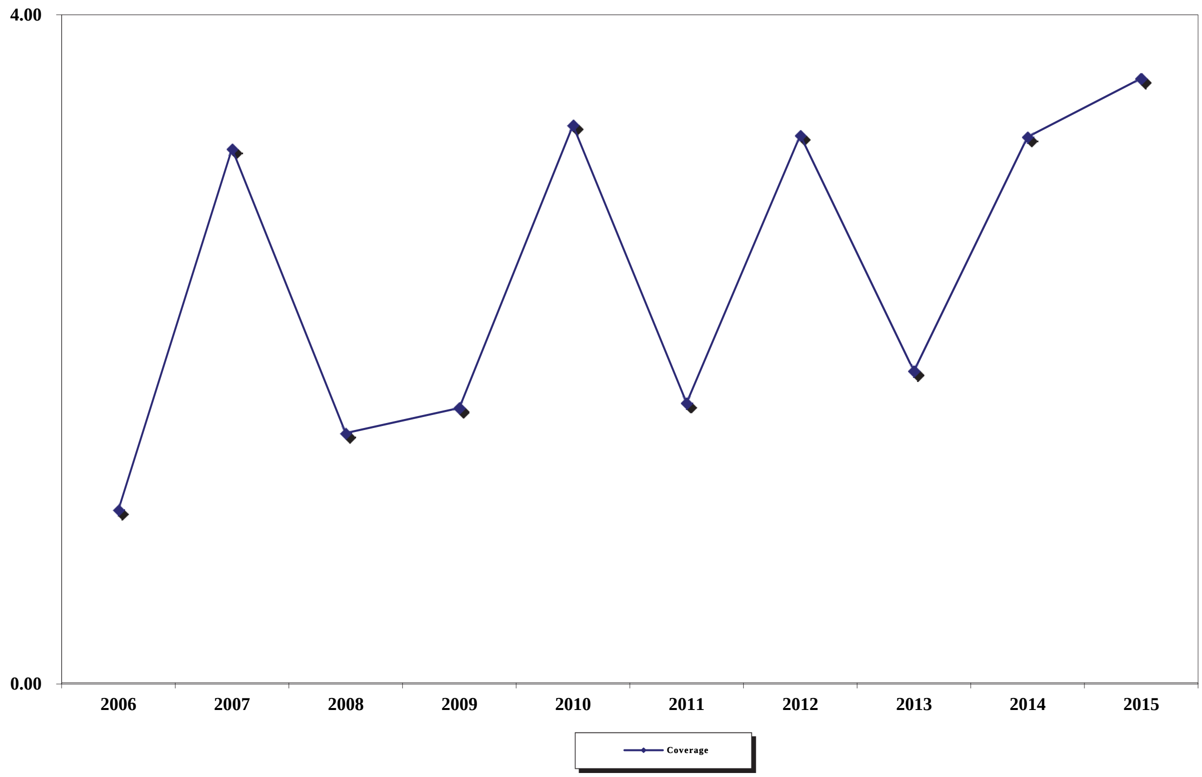
Fiscal Year	Gross Revenue	Operating Expenses	Depreciation Non-Operating Revenues/Expenses	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
2006	$12,035,781	($8,677,112)	$3,449,835	$2,256,878	$0	$1,954,124	$1,954,124	1.15
2007	15,089,500	(8,741,374)	4,320,806	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

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

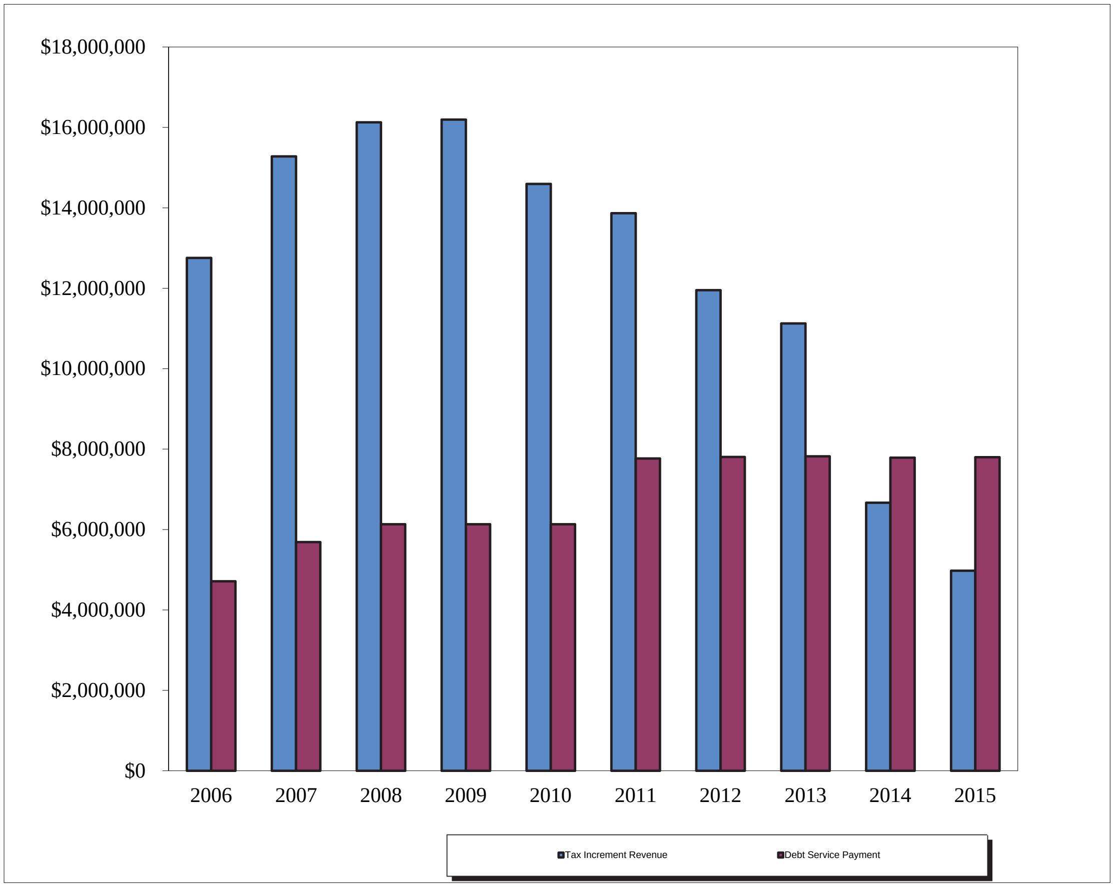


Fiscal Year	Operating Revenue	Operating Expenses	Depreciation Non-Operating Revenues/Expenses	Net Revenue Available for Debt Service	Debt Service Requirements Principal		Interest	Total	Coverage
2006	$14,673,053	($8,180,861)	$2,984,841	$9,477,033	$3,000,000	(a)	$2,069,162	$5,069,162	1.04
2007	19,304,123	(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

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: Principal		Interest (c)		Total	Coverage
2006	$12,755,182		$790,000		$3,922,390		$4,712,390	2.71
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

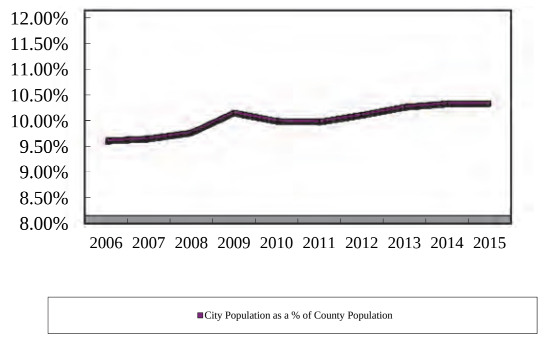
Note: (a) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.

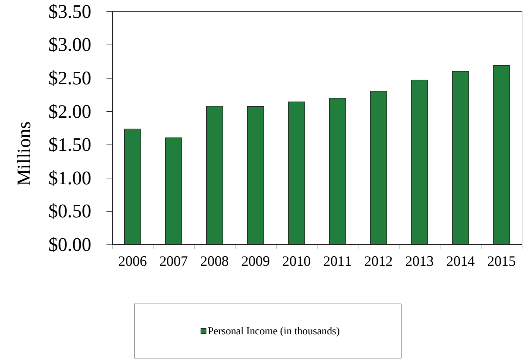
(b) Beginning in fiscal year 2012, tax increment reported in this table is the amount calculated by the County Auditor-Controller. Under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.

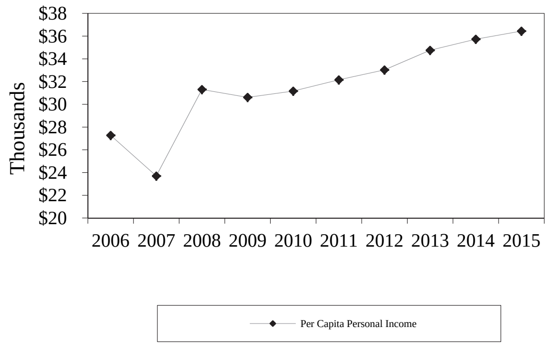
(c) Excludes the letter of credit and remarketing fees on the 2005 Tax Allocation Bonds.

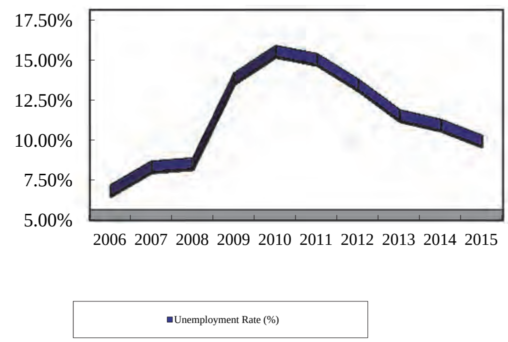
Source: City of Manteca Annual Financial Statements

CITY OF MANTECA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS









Fiscal Year	City Population	Total Personal Income (in thousands)	Per Capita Personal Income	(a)	Unemployment Rate (%)		San Joaquin County Population	City Population % of County
2006	63,703	$1,737,308	$27,272		6.5%		668,265	9.53%
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%

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)

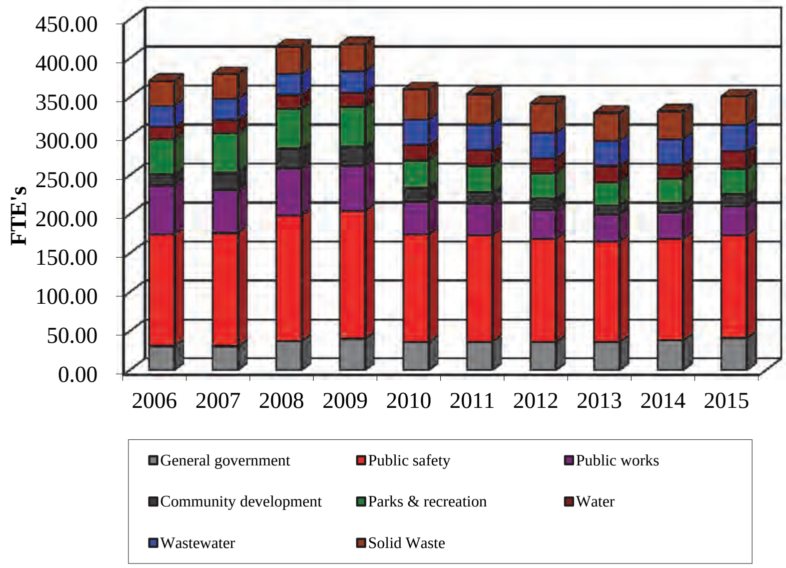
(a) Personal income is a product of the countywide per capita amount and the City's population
(b) Revised in fiscal year 2015
(c) Projected

CITY OF MANTECA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO

	2014-15			2009-10(a)		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Manteca Unified School District	2,204	1	3.0%	1,400	1	2.0%
Kaiser Permanente Medical Offices & Hospital	619	2	0.8%	590	2	0.9%
Gardner Trucking, Inc.	520	3	0.7%			
Doctors Hospital of Manteca	423	4	0.6%	370	3	0.5%
City of Manteca	351	5	0.5%	360	4	0.5%
Wal-Mart	316	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	8	0.3%			
COSTCO Wholesale #1031	212	9	0.3%	169	9	0.2%
Give Every Child a Chance	170	10	0.2%			
C. Overaa & Co.				250	7	0.4%
Advance Packaging Distribution Specialist Inc.				200	8	0.3%
Target Corp.				151	10	0.2%
Total City Day Population	**73,787**			**68,847**		

Source: City of Manteca Community Development Department
Notes: Data not available for historical trend
[(a)] Data for nine years prior not available.

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



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function										
General government	30.75	30.75	37.00	40.00	36.00	36.00	36.00	36.00	38.00	41.00
Public safety	143.00	145.00	161.00	164.00	138.00	137.00	132.00	129.00	130.00	132.00
Public works	63.00	55.00	60.00	58.00	42.00	40.00	37.00	34.00	34.00	37.00
Community development	14.00	23.00	26.00	25.00	18.00	15.00	15.00	12.00	12.00	16.00
Parks & recreation	45.00	50.00	51.00	51.00	35.00	34.00	32.00	30.00	31.00	32.00
Water	16.00	17.00	18.00	18.00	20.00	20.00	20.00	21.00	19.00	23.00
Wastewater	27.00	27.00	27.00	27.00	32.00	33.00	32.00	32.00	32.00	33.00
Solid Waste	32.00	32.00	35.00	35.00	39.00	39.00	38.00	36.00	36.00	37.00
Total	370.75	379.75	415.00	418.00	360.00	354.00	342.00	330.00	332.00	351.00

Source: City of Manteca Budget Document

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

	Fiscal Year				
	2006	**2007**	**2008**	**2009**	**2010**
Population					
Citizens	63,703	65,076	66,451	67,754	68,847
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	16.19 Sq. Miles	17.7 Sq Miles	17.52 Sq Miles	17.7 Sq Miles	17.9 Sq Miles
Registered Voters	25,209	24,843	24,954	26,500	26,922
Taxable Sales	$759,729,900	$756,216,800	$729,782,700	$679,545,400	$684,299,100
Building Permits Issued	2,302	2,596	1,816	1,459	1,843
Employees from Budget Document	370	380	415	418	360
Fire Protection					
Number of Stations	3	3	3	3	3
Number of Reserve Personnel	15	14	20	11	20
Number of Sworn Fire Personnel *	30	36	42	43	42
Number of Calls Answered	n/a	n/a	4,589	4,823	4,787
Police Protection					
Number of Stations	1	1	1	1	1
Number of Police Officers	72	73	80	83	59
Number of Volunteers	114	69	74	153	100
Number of Support Personnel	28	30	33	36	26
Number of Calls Answered	39,435	38,763	37,122	37,345	35,902
Parks & Recreation					
Park Sites	46	46	47	47	52
Acres of Parks	275	275	326	335	335
Senior Centers	1	1	1	1	1
Swimming Pools	1	1	1	2	2
Tennis Courts	8	8	8	8	8
Number of Park/Golf Trees	6,925	7,320	7,596	7,600	7,320
Number of Street Trees	8,438	8,629	8,801	8,801	10,680
Acres of Golf Course	122	122	111	111	111
Public Libraries	1	1	1	1	1
Landscape Maintenance Districts	14	21	21	24	23
Benefit Area District		2	2	2	4
Community Facility Districts					
Public Works					
Miles of Streets	184	186	193	197	197
Number of Street Lights	3,800	4,300	4,800	4,800	4,800
Water Utility					
Number of Meters	17,428	21,950	22,172	19,800	19,700
Miles of Water Mains	279	251	254	244	236
Average Daily Consumptions (Gal)	11.96 MGD	13.7 MGD	13.82 MGD	12.62 MGD	12.68 MGD
Wastewater					
Number of Connections	21,383	21,967	22,212	22,461	23,053
Miles of Sewer Lines	250	209	184	184	184
Number of Treatment Plants	1	1	1	1	1
Average Daily Treatment	6.50 MGD	6.28 MGD	5.95MGD	6.2 MGD	6.2 MGD
Treatment Capacity	8.11 MGD	8.11 MGD	9.87 MGD	9.87 MGD	9.87 MGD
Solid Waste					
Number of Accounts	17,310	17,630	17,799	18,262	18,765
Education					
Elementary Schools	19	21	20	23	23
High Schools	4	6	7	4	5
Alternative Schools					
Adult Education	4	2	2	1	1
Charter School					
Teachers	1,132	1,236	1,157	1,012	989
Elementary Classrooms	869	939	934	900	895
High School Classrooms	330	331	330	390	375
Adult Education Classrooms	37	37	27	47	27
Current Enrollment	23,393	23,506	23,003	22,900	22,796

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				
	2011	2012	2013	2014	2015
Population					
Citizens	68,410	69,815	71,164	72,880	73,787
Date of Incorporation	May 28,1918	May 28,1918	May 28,1918	May 28,1918	May 28,1918
Form of Government	Council/Manager	Council/Manager	Council/Manager	Council/Manager	Council/Manager
Area	20.1 Sq Miles	20.61 Sq Miles	20.61 Sq Miles	20.61 Sq Miles	20.92 Sq Miles
Registered Voters	27,562	27,999	30,731	30,930	30,975
Taxable Sales	$733,739,500	$770,125,800	$820,317,100	$868,057,800	$918,391,100
Building Permits Issued	1,675	1,783	1,891	2,134	3,027
Employees from Budget Document	354	342	330	336	351
Fire Protection					
Number of Stations	3	3	3	4	4
Number of Reserve Personnel	20	12	13	25	25
Number of Sworn Fire Personnel	41	39	39	40	41
Number of Calls Answered	4,800	5,448	5,937	5,854	6,252
Police Protection					
Number of Stations	1	1	1	1	1
Number of Police Officers	58	63	63	63	64
Number of Volunteers	211	102	124	115	94
Number of Support Personnel	28	21	23	23	24
Number of Calls Answered	35,331	32,964	37,161	33,885	35,036
Parks & Recreation					
Park Sites	53	53	55	56	58
Acres of Parks	335	329	357	362	367
Senior Centers	1	1	1	1	1
Swimming Pools	2	2	2	2	2
Tennis Courts	8	8	8	8	8
Number of Park/Golf Trees	7,320	7,320	7,520	7,600	7,600
Number of Street Trees	10,680	10,680	10,980	17,000	18,000
Acres of Golf Course	111	111	111	111	111
Public Libraries	1	1	1	1	1
Landscape Maintenance Districts	23	24	27	29	29
Benefit Area District	4	4	4	4	4
Community Facility Districts			1	1	6
Public Works					
Miles of Streets	197	222	238	241	250
Number of Street Lights	4,800	4,681	4,822	4,856	5,143
Water Utility					
Number of Meters	20,071	20,338	20,675	20,876	21,161
Miles of Water Mains	257	258	258	259	266
Average Daily Consumptions (Gal)	11.83 MGD	11.83 MGD	13.25 MGD	14.06 MGD	11.11 MGD
Wastewater					
Number of Connections		23,738	24,178	24,940	20,791
Miles of Sewer Lines	184	223	226	227	243
Number of Treatment Plants	1	1	1	1	1
Average Daily Treatment	6.18MGD	5.98MGD	6.25MGD	6.29MGD	6MGD
Treatment Capacity	9.87MGD	9.87MGD	9.87MGD	9.87MGD	9.87MGD
Solid Waste					
Number of Accounts	19,400	23,397	20,066	20,399	20,879
Education					
Elementary Schools	24	20	20	20	23
High Schools	8	5	5	5	5
Alternative Schools			3	3	3
Adult Education	1	1	2	2	1
Charter School					1
Teachers	953	934	978	1,094	1,019
Elementary Classrooms	900	903	903	897	895
High School Classrooms	390	464	438	451	461
Adult Education Classrooms	47	10	27	10	42
Current Enrollment	23,283	23,325	22,061	23,145	22,909

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

Note: n/a denotes information not available.
* Includes the Fire Department's Chief Officers

CITY OF MANTECA
CRIME POLICY NOTARY AND SECURITY BONDS OF PRINCIPAL OFFICIALS
June 30, 2015

	Limit Amount of Policy [1]
City Manager	$1,000,000
City Attorney	1,000,000
City Clerk	1,000,000
City Treasurer	1,000,000
Economic Development Manager	1,000,000
Public Works Director	1,000,000
Police Chief	1,000,000
Fire Chief	1,000,000
Finance Director	1,000,000
Parks and Recreation Director	1,000,000
Community Development Director	1,000,000
Director of Human Resources and Risk Management	1,000,000
Administration Assistant (Notary)	1,000,000

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

Source: City Administration Department

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, 2015, 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.

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Pleasant Hill, CA 94523

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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, 2015, 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 December 30, 2015, 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
December 30, 2015

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, 2015

	2009 Sewer Revenue Bonds
ASSETS	
Current Assets:	
Investments held by trustee (Note 2)	$1,900,050
Interest receivable	88,231
Total Current Assets	1,988,281
Receivable from the City of Manteca (Note 3)	17,099,950
Total Assets	19,088,231
LIABILITIES	
Current Liabilities:	
Accrued interest payable	88,231
Total Current Liabilities	88,231
Non-Current Liabilities:	
Lease revenue bonds payable (Note 4)	
Due in more than one year	19,000,000
Total Liabilities	19,088,231
NET POSITION	
Restricted for Debt Service	
Total Net Position	

See accompanying notes to financial statements

MANTECA FINANCING AUTHORITY
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	2009 Sewer Revenue Bonds
OPERATING REVENUE	
Interest on base rental payments	$1,058,459
Operating Revenue	1,058,459
OPERATING EXPENSES	
Interest and fiscal fees	1,058,762
Total Operating Expenses	1,058,762
Operating Loss	(303)
NONOPERATING INCOME	
Interest on investments	303
Net Nonoperating Income	303
Change in net position	
Net position at beginning of year	
Net position at end of year	

See accompanying notes to financial statements

MANTECA FINANCING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	2009 Sewer Revenue Bonds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from the City	$1,058,459
Payments to bond trustees	(1,058,762)
Cash Flows from Operating Activities	(303)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment interest received	303
Cash Flows from Investing Activities	303
Net Cash Flows	
Cash and investments at beginning of period	1,900,050
Cash and investments at end of period	$1,900,050
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	($303)
Cash Flows from Operating Activities	($303)

See accompanying notes to financial statements

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.

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. 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.

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.

NOTE 2 - INVESTMENTS HELD BY TRUSTEE (Continued)

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

B. Interest Rate Risk

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

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

Investment Type	12 Months or Less
Held by Trustees:	
Money Market Funds (U.S. Securities)	$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, 2015 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, 2015 have an average maturity of 42 days.

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
2016		$1,058,459	$1,058,459
2017		1,058,459	1,058,459
2018		1,058,459	1,058,459
2019		1,058,459	1,058,459
2020		1,058,459	1,058,459
2021-2025	$560,000	5,278,644	5,838,644
2026-2030	4,030,000	4,685,076	8,715,076
2031-2035	7,535,000	3,301,611	10,836,611
2036-2037	6,875,000	400,309	7,275,309
	$19,000,000	$18,957,935	$37,957,935
		Less:	
		Investments held by trustee	1,900,050
		Amount representing interest	18,957,935
		Receivable from the City of Manteca at June 30, 2015	$17,099,950

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
2016		$1,058,763	$1,058,763
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
2021-2025	$560,000	5,280,164	5,840,164
2026-2030	4,030,000	4,686,596	8,716,596
2031-2035	7,535,000	3,303,131	10,838,131
2036-2037	6,875,000	400,917	7,275,917
Total	$19,000,000	$18,964,623	$37,964,623

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