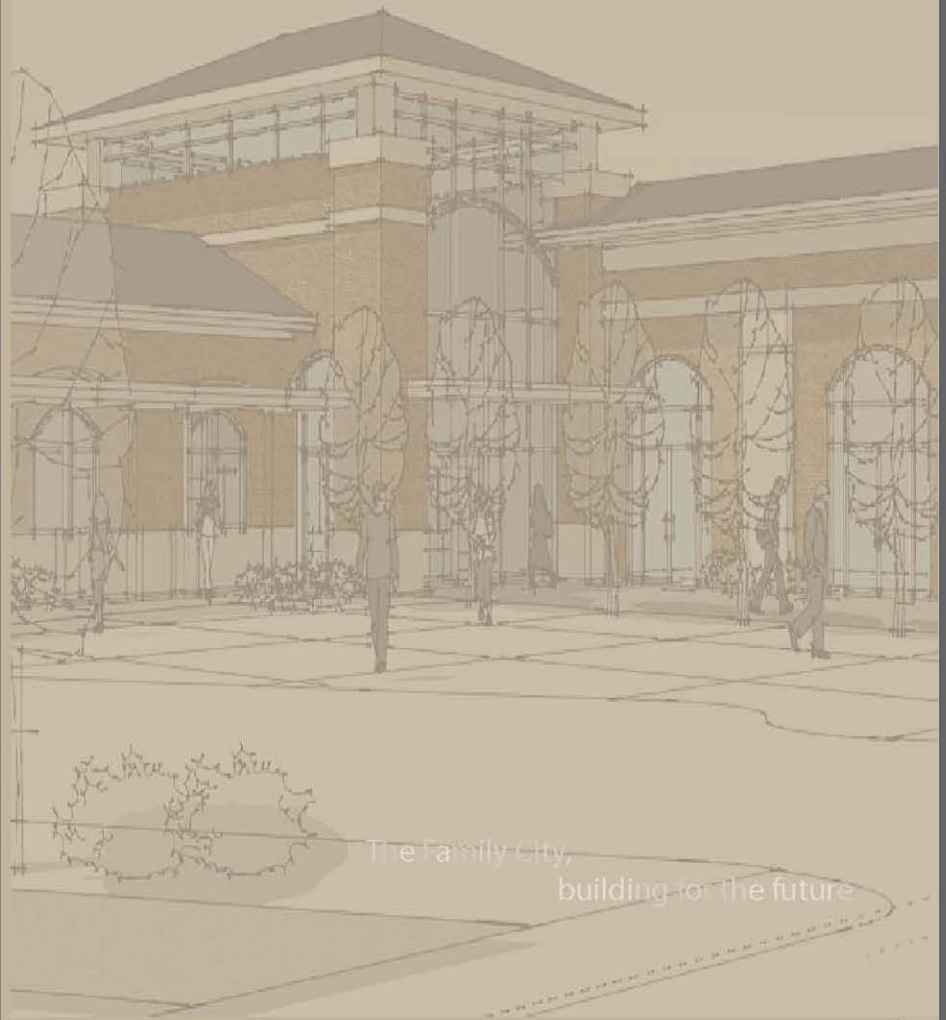


# City of Manteca

California



The Family City,  
building for the future

***Comprehensive Annual Financial Report***

**Fiscal Year Ended June 30, 2013**



Prepared by the Finance Department

**CITY OF MANTECA, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Prepared by**  
**FINANCE DEPARTMENT**

This Page Left Intentionally Blank

**CITY OF MANTECA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2013**

**INTRODUCTORY SECTION:**

Table of Contents.....	A-1
Letter of Transmittal.....	B-1
City Council.....	C-1
Executive Team.....	C-2
California Map.....	C-3
Organization Chart.....	C-4
GFOA Certificate of Achievement.....	C-5

**FINANCIAL SECTION:**

<i>Independent Auditor's Report</i> .....	1
<i>Management's Discussion and Analysis</i> .....	5

**Basic Financial Statements:**

**Government-wide Financial Statements:**

Statement of Net Position.....	20
Statement of Activities.....	21

**Fund Financial Statements:**

Governmental Funds:

Balance Sheet.....	24
Reconciliation of the Governmental Funds Balance Sheet with the Governmental Activities Net Position.....	27
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	28
Reconciliation of the Net Change in Fund Balances Governmental Funds with the Change in Net Position Governmental Activities.....	31
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund.....	32
Development Mitigation Fund.....	34
Low and Moderate Income Housing Assets Fund.....	35

**CITY OF MANTECA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2013**

**FINANCIAL SECTION (Continued):**

Federal Transit-Management Fund .....	36
 Proprietary Funds:	
Statement of Net Position.....	38
Statement of Revenues, Expenses and Changes in Fund Net Position .....	39
Statement of Cash Flows .....	40
 Fiduciary Fund:	
Statements of Fiduciary Net Position .....	42
Statement of Changes in Fiduciary Net Position .....	43
 <b>Notes to Basic Financial Statements .....</b>	 <b>45</b>
 <i>Supplemental Information:</i>	
 <b>Major Governmental Funds Other Than the General Fund and Special Revenue Funds:</b>	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Public Facilities Implementation Plan Fund .....	92
Special Apportionment Streets Fund .....	93
 <b>Non-major Governmental Funds:</b>	
Combining Balance Sheet .....	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	102
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual .....	106
 <b>Internal Service Funds:</b>	
Combining Statement of Net Position .....	114
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	115
Combining Statement of Cash Flows .....	116

**CITY OF MANTECA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2013**

**FINANCIAL SECTION (Continued):**

**Fiduciary Funds:**

Statement of Changes in Assets and Liabilities – All Agency Funds ..... 118

**STATISTICAL SECTION**

***Financial Trends:***

Net Position by Component – Last Ten Fiscal Years ..... 122

Changes in Net Position – Last Ten Fiscal Years..... 124

Fund Balance of Governmental Funds – Last Ten Fiscal Years ..... 126

Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years ..... 128

General Revenues by Source – Last Ten Fiscal Years ..... 130

General Expenditures by Function – Last Ten Fiscal Years ..... 131

***Revenue Capacity:***

Assessed and Estimated Value of Taxable Property – Last Ten Fiscal Years..... 132

Property Tax Rates All Overlapping Governments - Last Ten Fiscal Years..... 133

Principal Property Taxpayers – Current Year and Nine Years Ago ..... 134

Property Tax Levies and Collections – Last Ten Fiscal Years..... 135

Manteca Redevelopment Project Area No. 1 Top Twenty Assessed Values ..... 136

Manteca Redevelopment Project Area No. 2 Top Twenty Assessed Values ..... 137

Manteca Redevelopment Merged Project Area Top Twenty Assessed Values (2005 Amended Area) 138

Manteca Redevelopment Merged Project Area Top Twenty Assessed Values (2004 Amended Area) 139

***Debt Capacity:***

Ratio of Outstanding Debt by Type – Last Ten Fiscal Years ..... 140

Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years ..... 141

Computation of Direct and Overlapping Debt..... 142

Computation of Legal Bonded Debt Margin ..... 143

Revenue Bond Coverage – Water Revenue Bonds – Last Ten Fiscal Years ..... 144

**CITY OF MANTECA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2013**

**STATISTICAL SECTION (Continued):**

Revenue Bond Coverage – Sewer Revenue Bonds – Last Ten Fiscal Years ..... 145

Bonded Debt Pledged-Revenue Coverage – Last Ten Fiscal Years..... 146

***Demographic and Economic Information:***

Demographic and Economic Statistics – Last Ten Fiscal Years ..... 147

Principal Employers – Current Year and Three Years Ago ..... 148

***Operating Information:***

Full-Time Equivalent City Government Employees by Function  
– Last Ten Fiscal Years ..... 149

Operating Indicators by Function/Program – Last Ten Fiscal Years ..... 150

Crime Policy Notary and Security Bonds of Principal Officials ..... 152

**FINANCING AUTHORITY SECTION:**

***Independent Auditor’s Report***..... 153

***Authority-wide Financial Statements:***

Statement of Net Position ..... 156

Statement of Revenues, Expenses, and Changes in Net Position ..... 157

Statement of Cash Flows..... 158

Notes to Basic Component Unit Financial Statements..... 159



# CITY OF MANTECA

FINANCE DEPARTMENT

March 27, 2014

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, 2013 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.

## **Major Changes in Reporting**

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 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.

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.



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.

### **Reporting Entities**

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.

### **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 20.61 square miles of level terrain and 70,164 residents as of January 1, 2013. 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 national foreclosure and credit crisis that triggered the Great Recession beginning in 2008, combined with the State's budget deficit, had an unprecedented impact on California's economy. The local region was among the hardest hit in the nation during these economically challenging times. Recovery has continued slowly but steadily and signs of a strong resurgence in upcoming years are beginning to emerge. Unemployment rates have continued to decline, consumer spending continues to show increases, and resale home prices are on the rise. Through strong economic development, sales tax was 9% higher than revenues for the same period last year.

During the Great Recession, in spite of a weakened housing market in the San Joaquin Valley region, residential home construction in Manteca continued. In 2012-13, the Building Safety division issued 314 permits for new residential construction compared to 286 permits in 2011-12.

In addition to residential construction, commercial and industrial construction has continued. The CenterPoint industrial project featuring 190 acres of development with an intermodal center, light industrial, warehouse, office, and commercial uses was officially annexed in February 2012. On November 18, 2013 Crothall Laundry Services announced the groundbreaking of a new state-of-the-art 60,150 square foot laundry facility that will be part of the first phase of the CenterPoint project. The projected opening for the new project is summer 2014. This specialized facility will be LEED certified and have the capacity to process over 55 million pounds of linen annually specifically for healthcare facilities in both Northern and Central California.

Work continues on the first phase of the Austin Road Business Industrial Park and Residential Community. In December 2013, the City Council approved the addendum to the final Environmental Impact Report, the General Plan Amendment, and the Master Plan Amendment and Rezone. At full build out, this project will be comprised of 1,036 acres with various uses including commercial, industrial, residential, public, park, and open space.

Both the new residential and commercial growth have helped mitigate the impact to assessed valuation for the City. While the City experienced a slight gain in assessed values as of January 1, 2012, the County Assessor's Office has indicated that assessed valuations as of January 1, 2013 has increased by 10%.

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

After nearly a decade of strong economic growth, the extraordinary and severe economic downturn in recent years 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.

One of the key challenges facing local government is the rising costs of employee benefits. City leaders began negotiations in spring of 2011 with all employee bargaining units to address increasing personnel expenditures. New Memoranda of Understanding (MOU) were negotiated with all of the City's bargaining units and are in effect through June 30, 2015. Key areas addressed included the increasing cost of retirement benefits, including retiree health. Second tier retirement formulas with CalPERS were implemented for both public safety and miscellaneous units. 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.

## **Major Initiatives**

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.

The Woodward Avenue Utilities and Street Improvements project was accepted as complete in May 2013 and will provide needed sewer and storm drainage pipelines from Main Street to Galleria Drive. The Atherton Drive Water Storage Tank and Booster Pump Station began construction in summer 2013 and is anticipated to be completed in June 2014. At completion this project will allow the storage of 3.5 million gallons of water that will be used to meet current and future customer demands in the southeast areas of the City.

In addition to infrastructure projects, work continues on expanding and upgrading City facilities. The new Multimodal Station was opened in August 2013 and the City's fourth station located in the Northwest area of Manteca opened September 11, 2013.

In the void left by the dissolution of Redevelopment, the City continues to collaborate with interested parties to develop new and innovative solutions to encourage economic growth within the community. Work continues on key projects such as the Austin Road Business and Industrial Park and Residential Community and the Family Entertainment Zone (FEZ). In January 2013, exclusive negotiating agreements were signed between the City and Manteca Development LLC in relation to the FEZ and with McWhinney Real Estate Services, Inc. for the development of a hotel/water park and conference center.

Beginning in January 2012, the City began the implementation of new Enterprise Resource Planning (ERP) software that will support all aspects of public administration including financial management, human resources, community development and utility management. The financial management and payroll modules went live during 2013, followed by utility management. The last phase of the project is community development which is anticipated to go live in late 2014.

## **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 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, 2013 amounted to \$251,493,476 encompassing governmental and business type activities, including restricted cash and investments. During fiscal year 2012-13 investments consisted primarily of U.S. Treasuries (28%), Federal Agencies (17%), corporate notes (8%) and the Local Agency Investment Fund (LAIF) managed by the State Treasurer (7%). \$81,073,757 or (32%) 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, 2012. This was the twenty-fourth year the City has received this prestigious award.

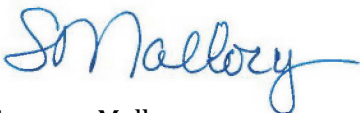
In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period 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,

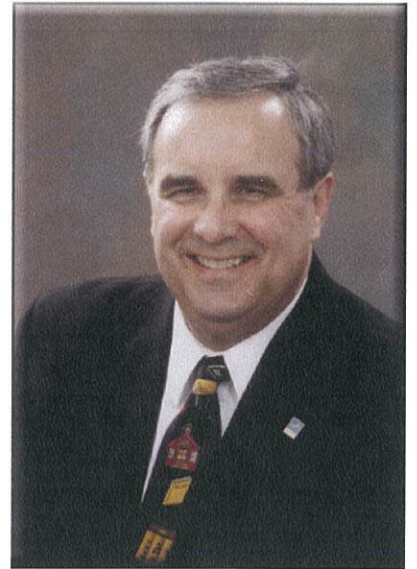


Suzanne Mallory  
Director of Finance

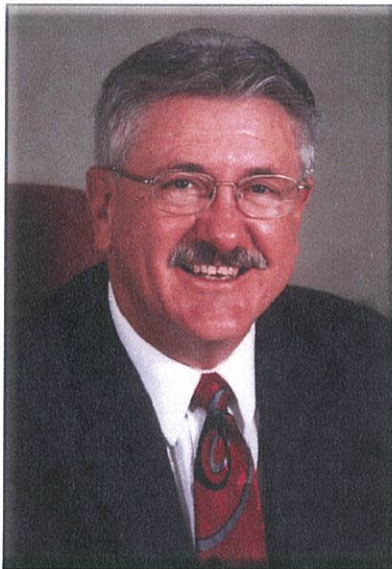
# CITY OF MANTECA CITY COUNCIL



**Debby Moorhead**  
Councilwoman



**John Harris**  
Councilman



**Willie Weatherford**  
Mayor



**Steve DeBrum**  
Councilman



**Vincent Hernandez**  
Councilman



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2013**

---

## **EXECUTIVE TEAM**

**Karen L McLaughlin, City Manager**

**John Brinton, City Attorney**

**Joann Tilton, City Clerk**

**Joe Kriskovich, Administrative Services Director**

**Suzanne Mallory, Finance Director**

**Frederic Clark, Community Development Director**

**Mark Houghton, Public Works Director**

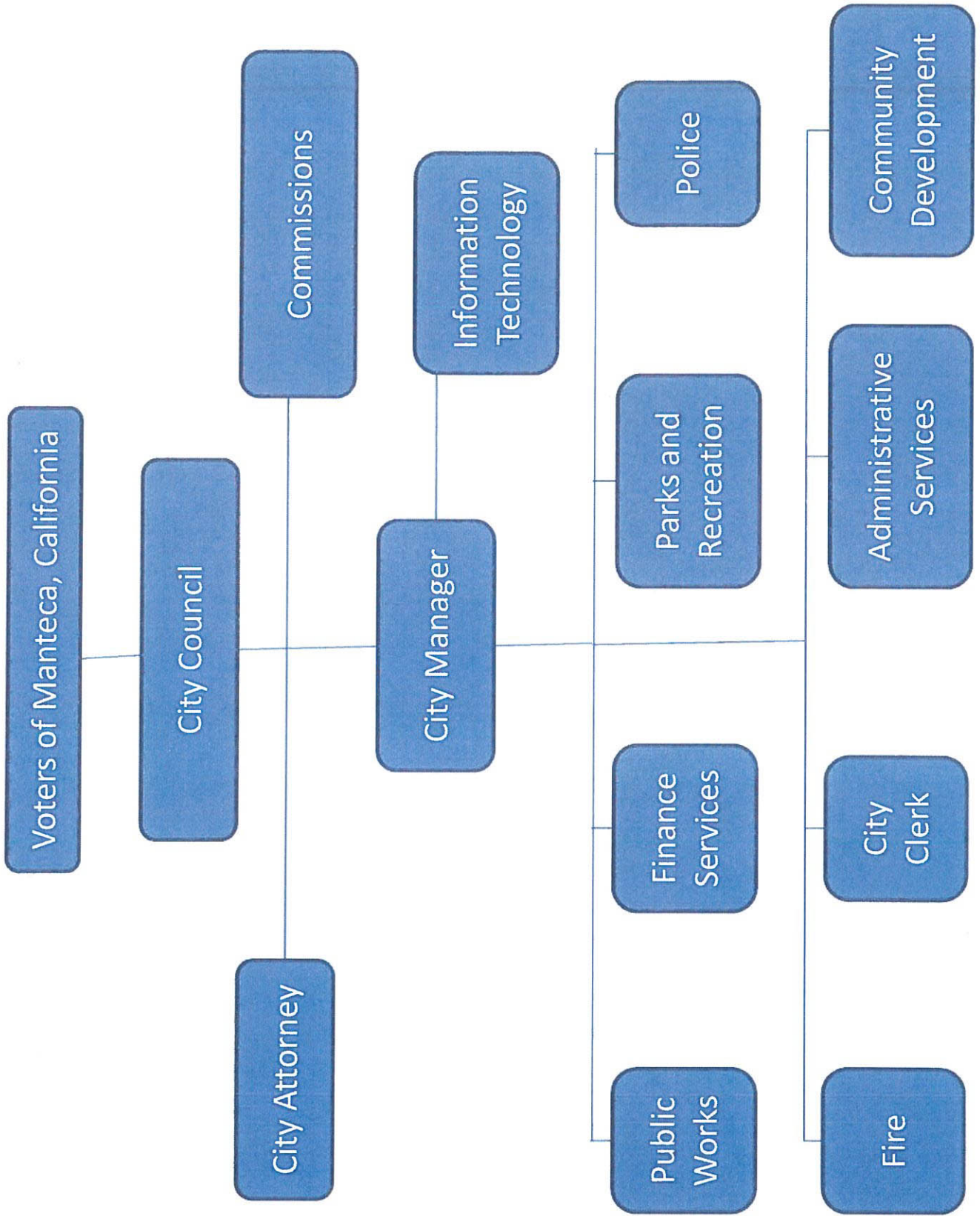
**Kirk Waters, Fire Chief**

**Nicolas Obligacion, Chief of Police**

**Mark Hall, Parks and Recreation Director**









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, 2012**

Executive Director/CEO

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council  
City of Manteca, California

### *Report on Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manteca as of and for the year ended June 30, 2013, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2013 that affected the format and nomenclature of the financial statements:

*Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* See Note 1H to the financial statements for relevant disclosures.

Management early-implemented the provisions of the following Governmental Accounting Standards Board Statement during the year ended June 30, 2013 that also affected the format and nomenclature of the financial statements and required the restatement of net position:

*Statement 65 – Items Previously Report as Assets and Liabilities.* See Note 1H and 8G to the financial statements for relevant disclosures.

In addition to the restatement discussed above, as discussed in Note 9D, the City restated the balances of loans receivable and prepaid items in the Statement of Net Position.

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, 2013.

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 has not received the results of the State Controller's asset transfer review and 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 matters has been recorded in the accompanying financial statements.

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

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 March 27, 2014, 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.

*Mane & Associates*

Pleasant Hill, California  
March 27, 2014

This Page Left Intentionally Blank

## 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, 2013. 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 2012-13 fiscal year by \$561.2 million (*Net Position*). Of this amount \$69.8 million (*Unrestricted Net Position*) may be used to meet ongoing obligations to citizens and creditors; \$90.5 million is restricted for capital projects, debt service and legally segregated taxes, grants, and fees; and \$400.9 million is invested in capital assets.
- As of June 30, 2013, the governmental funds reported combined fund balances of \$83.7 million, of which \$81.7 million is available to meet the City's current and future needs (*Restricted, Committed, Assigned, and Unassigned balances*).
- As of June 30, 2013 the fund balance for the General Fund was \$15.9 million of which \$1.9 million is designated as *Non-Spendable* for items such as deposits, prepaid assets, inter-fund advances, and inventory. The unassigned balance was \$13.9 million
- Governmental capital assets increased by \$25.1 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 decreased by \$4.1 million compared to the prior year. This decrease represents the payment of principal on long-term debt and the retirement of a \$1.7 million between the City and the former Manteca Redevelopment Agency.

### **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, with the difference between the two 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 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 22 governmental funds of which 6 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 Statement because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is similar to that used for Proprietary Funds. With the dissolution of the Redevelopment Agency per ABX1 26 and AB 1484, the activities of the Successor Agency to the Manteca Redevelopment Agency are reported as a Private Purpose Trust Fund in the Fiduciary Fund section.

## ***Notes to the Financial Statements***

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

## Combining Statements

This section of the report includes additional detailed information about non-major governmental and 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 \$561.2 million at the close of the Fiscal Year Ended June 30, 2013. This is a difference of 32.0 million from June 30, 2012.

The following table reflects the Summary of Net Position for the Fiscal Year Ended June 30, 2013 with comparative data for the Fiscal Year Ended June 30, 2012.

### Summary of Net Position at June 30, 2013 (in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012*	2013	2012*	2013	2012*
Current Assets	\$108,682	\$166,645	\$92,520	\$95,653	\$201,202	\$262,298
Non-Current Assets	23,137	23,448			23,137	23,448
Capital Assets	277,856	261,308	190,812	188,224	468,668	449,532
Total Assets	<u>409,675</u>	<u>451,402</u>	<u>283,332</u>	<u>283,877</u>	<u>693,007</u>	<u>735,278</u>
Current Liabilities	13,411	18,242	15,480	16,904	28,890	35,146
Non-Current Liabilities	16,395	18,302	86,511	88,642	102,904	106,944
Total Liabilities	<u>29,806</u>	<u>36,544</u>	<u>101,991</u>	<u>105,546</u>	<u>131,794</u>	<u>142,090</u>
Net Investment in Capital						
Assets	272,862	254,330	128,003	124,506	400,865	378,836
Restricted	90,528	145,929		23,863	90,528	169,792
Unrestricted	16,479	14,598	53,338	20,962	69,817	44,560
Total Net Position	<u><b>\$379,869</b></u>	<u><b>\$414,857</b></u>	<u><b>\$181,341</b></u>	<u><b>\$178,331</b></u>	<u><b>\$561,210</b></u>	<u><b>\$593,188</b></u>

\*As restated

The City's Government-wide Net Position as of June 30, 2013, comprised the following:

- Cash and investments comprised of \$156.4 million in the city treasury and \$26.8 million of restricted cash held by fiscal agents. This represents a decrease of \$44.6 million in restricted cash and investments. The decrease is primarily attributable to \$43.7 million of unspent bond proceeds that were transferred from the City to the Successor Agency to the Manteca Redevelopment Agency.
- Government receivables were comprised of \$12.7 million of current receivables and \$23 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 \$468.7 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position, totaling \$90.5 million, is restricted for capital projects (\$51.2 million), redevelopment projects (\$25.8 million), and \$13.5 million may be spent on other projects as specified by funding source restrictions.
- Unrestricted net Position totals \$69.8 million and can be used to finance day to day operations without constraints established by debt covenants or other legal requirements or restrictions. While these assets are technically unrestricted, most of these assets are committed or assigned for a specific use.

The Change in Net Position as expressed as the change in revenues and expenditures through June 30, 2013 is further reflected in the Statement of Changes in Net Position.

**Statement of Changes in Net Position**  
**Fiscal Year Ended June 30, 2013**  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012*	2013	2012*	2013	2012*
<b>Revenues</b>						
<i>Program revenues:</i>						
Charges for services	\$8,757	\$8,541	\$40,363	\$39,950	\$49,120	\$48,491
Operating grants and contributions	10,701	5,968		55	10,701	6,023
Capital Grants and Contributions	10,979	10,372	1,751	411	12,730	10,783
Total program revenues	30,437	24,881	42,114	40,416	72,551	65,297
<i>General revenues:</i>						
Taxes:						
Property taxes	10,675	16,866			10,675	16,866
Sales taxes	11,566	10,623			11,566	10,623
Other taxes	4,494	4,195			4,494	4,195
Interest income	31	1,608	167	1,321	198	2,929
Gain on sale of capital assets						
Development Agreements, Unrestricted	64	62			64	62
Other Revenue	1,219	522	500	496	1,719	1,018
Transfers	166		(166)			
Total general revenues	28,215	33,876	501	1,817	28,716	35,693
Total revenues	58,652	58,757	42,615	42,233	101,267	100,990
<b>Expenses</b>						
General government	3,471	3,080			3,471	3,080
Community Development	4,723	5,250			4,723	5,250
Public Safety	23,556	22,923			23,556	22,923
Library	156	86			156	86
Public Works	3,829	3,775			3,829	3,775
Parks and Recreation	6,828	6,464			6,828	6,464
Streets and Highways	7,258	6,248			7,258	6,248
Interest and fiscal charges	149	3,380			149	3,380
Water			14,818	13,326	14,819	13,326
Sewer			14,658	13,137	14,658	13,137
Solid Waste			8,950	9,106	8,950	9,106
Golf			1,179	1,099	1,179	1,099
Total expenses	49,970	51,206	39,605	36,668	89,576	87,874
Change in net position	8,682	7,551	3,010	5,565	11,691	13,116
<i>Extraordinary item</i>						
Net assets transferred to Successor Agency	(43,670)	85,490			(43,670)	85,490
Net Position, Beginning of Year	414,857	321,816	178,331	172,766	593,189	494,582
Net Position, End of Year	\$379,869	\$414,857	\$181,341	\$178,331	\$561,210	\$593,188

\* As restated

## Revenues

Total governmental activity revenues remained relatively unchanged. Of note is a decrease of \$6.2 million related to property taxes. This decrease is due to the dissolution of redevelopment. Prior to dissolution redevelopment agencies were funded via property tax. With the passage of ABX1 26, property tax collected in association with the former redevelopment areas is placed in a Redevelopment Property Tax Trust Fund maintained by the County Auditor-Controller's office. For the year ended June 30, 2012 only those property tax receipts received in January 2012 (approximately 53% of the annual distribution) were considered as property taxes received by the former Manteca Redevelopment Agency and accounted for as a governmental activity. The second largest change is related to an increase in Operating Grants and Contributions of \$4.7 million. During fiscal year ended June 30, 2013, the City received \$5.5 million in federal assistance for the construction of the City's transit station and for transit operations.

## Expenses

Expenses for the City totaled \$89.6 million and \$87.9 million for the years ended June 30, 2013 and 2012, respectively. Governmental activities incurred \$50.0 million of expenses while business-type activities incurred \$39.6 million. Notable decreases in expenses associated with Community Development and Interest and Fiscal Charges are a result of the dissolution of redevelopment activity and associated debt service. Decreases in other programs are attributable to reductions in personnel expenditures resulting from employee contracts that were renegotiated and in effect as of July 1, 2011. Of the Governmental Activities, the largest expenses were in Public Safety (\$23.6 million), Streets and Highways (\$7.3 million), and Parks and Recreation (\$6.8 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, 2013**  
(in thousands of dollars)

Program	Net Revenue/(Expense)	
	From Services	
	2013	2012*
General Government	\$380	(\$85)
Community Development	(2,683)	(2,467)
Public Safety	(21,575)	(20,586)
Library	(156)	(86)
Public Works	3,914	1,313
Parks and Recreation	(4,482)	(3,590)
Streets and Highways	5,218	2,557
Interest and Fiscal Charges	(149)	(3,380)
<b>Total Net Revenue/(Expense)</b>	<b>(\$19,533)</b>	<b>(\$26,324)</b>

\* As restated

Net revenues/expenses for general activities increased by \$6.8 million. The increase in net revenues for Public Works by \$2.6 million is largely attributable to transit related activities as noted above. Net expenses related to Interest and Fiscal Charges decreased by \$3.2 million as a result of debt service previously associated with the Manteca Redevelopment Agency becoming the responsibility of the Successor Agency to the Manteca Redevelopment Agency.

**Business-Type Activities**

**Changes in Business-Type Activities by Program**  
**Fiscal Year Ended June 30, 2013**  
(in thousands of dollars)

Net Revenue (Expense) from Business-type Activities	Business-type Activities	
	2013	2012*
Water	(\$643)	\$27
Sewer	3,556	4,543
Solid Waste	(309)	(844)
Golf	(95)	22
<b>Total Business-type Activities</b>	<b>\$2,509</b>	<b>\$3,748</b>

\* As restated

Net revenues of Business-type Activities decreased \$1.2 million primarily as a result of decreased Capital Grants and Contributions for both the Water and Sewer programs.

## **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 implementation of GASB Statement No. 54 and the classification of spendable fund balances to committed, assigned, and unassigned, is intended to be more helpful in measuring the resources available for spending at the end of the fiscal year. In particular, unreserved 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, 2013, the City's governmental funds reported combined fund balances of \$83.7 million, which is a decrease of \$52.4 million or 38% compared with the prior year. This decrease is attributable to the transfer of unspent bond proceeds from the City to the Successor Agency to the Manteca Redevelopment Agency. Further information regarding this extraordinary item can be found in Note 16 in the Notes to the Basic Financial Statements. Governmental fund revenues were \$54.9 million this year. The General Fund accounted for 54% of this total. Expenses were \$64.4 million this year. Of this total, \$25.8 million was in the General Fund, \$18.8 million was in major funds and \$19.8 million was in non-major funds.

### **General Fund**

General Fund revenues increased by \$3.2 million or 12% as compared to fiscal year end 2012. Property taxes increased by 20%. This increase is two-fold. As part of the dissolution of the former Manteca Redevelopment Agency, the California State Department of Finance made a determination through the Due Diligence Review process that the former Manteca Redevelopment Agency had Other Funds and Accounts (OFA) available for distribution to Affected Taxing Entities (ATE) in the amount of \$10,161,469. As one of the ATE's, the City of Manteca received a one-time property tax distribution of \$1,493,474. After adjusting for the one time revenue, property taxes increased by 3.1% as region-wide assessments of property values begin to rebound due to an improving housing market. Adding to the increases in revenues, sales tax revenue rose by 8.7%. General Fund expenditures remained consistent with prior year expenditures at \$25.8 million.

At June 30, 2013, the General Fund balance was comprised of \$1.9 million in nonspendable balances and \$13.9 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.

### **Development Mitigation Fund**

This fund accounts for the collection and use of fees collected as part of negotiated development agreements. Fund balance in the fund decreased by \$6.5 million as total expenditures including \$4.1 million of capital improvements exceeded current year revenues. Additionally, this fund provided at \$2.3 million transfer to the General Fund and the Development Services Fund to support operational expenses. The fund's fiscal year end fund balance of \$2.6 million is restricted, which means it is available only to fund future projects related to the fees collected.

### **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, 2013, the net position of the Low and Moderate Income Housing Assets Special Revenue Funds was comprised of \$133,955 in cash and investments and \$2,629,231 in restricted cash.

### **Federal Transit Management Fund**

This fund accounts for all of the funding received (federal, state, and local transportation) associated with the operations of the City of Manteca's public transit system. Revenues for this fund as of June 30, 2013 were \$7.5 million as compared to \$1.8 million for the prior fiscal year. This includes an increase of \$5.7 million in revenue from other agencies primarily in the form of grant revenue used for the construction of the transit center. Expenditures for the Fiscal Year Ended June 30, 2013 were \$7.8 million as compared to \$1.9 million for the prior year. This includes \$6.9 million in capital outlay associated with the transit center.

### **Public Facilities Implementation Plan**

The fund balance in this fund shows a decrease of \$2.4 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. Improvements totaling \$2.9 million were constructed in fiscal year 2013. 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.

### **Special Apportionment Streets**

This fund accounts for the construction and maintenance of the street systems in Manteca through funding from local transportation funds and State and Federal grants. The fund balance decreased by \$43.9 million. Included in this decrease are transfers totaling \$43.7 million to the Successor Agency to the Manteca Redevelopment Agency related to unspent bond proceeds that had previously been transferred from the Manteca Redevelopment Agency to the City to construct road projects. With the dissolution of redevelopment these funds were required to be transferred back to the Successor Agency until such time as they are approved for use by the California State Department of Finance.

### **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 \$181.3 million at June 30, 2013. Proprietary operating revenues were \$40.9 million and operating expenses were \$33 million in fiscal 2013.



### ***Water Fund***

The net position of the Water Fund is \$66.5 million. Approximately \$33.2 million of the Fund's Net Position was unrestricted at the fiscal year end with \$33.3 million in net investment in capital assets.

This total was comprised \$13.5 million in operating revenues for the current year and \$11.8 million in operating expenses. Charges for services remained consistent with prior year revenues as the City took action in December 2012 to forgo scheduled rate increases. It was determined at that time that there were sufficient unrestricted funds to cover anticipated expenses and capital investments without the need to increase user rates. Operating expenses increased by 3.8% from fiscal year 2012.

### ***Sewer***

The net position of the Sewer Fund is \$106.9 million for the current year. Operating revenues for fiscal year 2013 were \$17.5 million which were in line with fiscal year 2012. Operating expenditures increased by \$.5 million or 4.4% from fiscal year 2012. A total of \$89.3 million of the fund's net position is invested in capital assets, with \$17.5 million designated as unrestricted.

### ***Solid Waste***

Operating revenues of \$8.7 million remained consistent with those of fiscal year 2012 as there are no scheduled rate increases for this fund. Operating expenses were \$9.0 million, a slight decrease from \$9.1 million for fiscal year 2012. A total of \$3.9 million of the fund's net position was unrestricted at year-end.

### ***Golf***

The operating revenue for this fund totaled \$1.1 million as of June 30, 2013. This is consistent with operating revenue for fiscal year 2012. However, charges for services showed a slight decrease of 3.3%. Operating expenses were \$1.13 million, an increase of 7.8%. This increase is primarily attributable to increases in personnel expenditures and contractual services. The net result was a minor decrease in Net Position of \$68,342. The General Fund continues to contribute to the Golf Fund to compensate for the reduced rate for youth and senior programs. In fiscal year 2013 this contribution was \$155,000.

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 \$27.4 million. The difference in appropriations between the original budget and the final amended budget was \$56,626. The appropriations consisted of \$28,626 for budget carry forward totals for prior and current year commitments and \$28,000 for new appropriations.

As the economy began to recover, General Fund revenues exceeded their budgeted forecasts. As previously noted, Property Taxes for the City surpassed projections by \$2.3 million of which \$1.43 million was related to one time revenues associated with the dissolution of the former Manteca Redevelopment Agency. Use of Money and Property fell below projections as a result of negative market value adjustments.

At the end of the fiscal year, the total actual expenses of the General Fund were \$1.7 million under the total amended budget. \$1.1 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 (Vehicle Maintenance) exceeded budget by \$11,860.

## CAPITAL ASSETS

At the end of fiscal 2013 the City had \$469 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, 2013**  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Non-depreciable assets						
Land	\$32,158	\$28,073	\$7,820	\$7,485	\$39,978	\$35,558
Construction in progress	47,049	34,765	3,699	5,271	50,748	40,036
Total	79,207	62,838	11,519	12,756	90,726	75,594
Depreciable assets						
Buildings and improvements	12,847	14,035	7,582	7,582	20,429	21,617
Machinery and equipment	14,667	14,561	16,627	14,884	31,294	29,445
Storm Drain	45,444	39,386			45,444	39,386
Streets	152,036	148,957			152,036	148,957
Parks	55,703	54,945			55,703	54,945
Sewer lines and improvements			48,586	43,393	48,586	43,393
Sewer plant expansion			90,185	90,206	90,185	90,206
Water wells and pipelines			99,560	95,964	99,560	95,964
Infrastructure			49	49	49	49
Less accumulated depreciation	(82,048)	(73,414)	(83,297)	(76,610)	(165,345)	(150,024)
Total	198,649	198,470	179,292	175,468	377,941	373,938
Total capital assets	<b>\$277,856</b>	<b>\$261,308</b>	<b>\$190,811</b>	<b>\$188,224</b>	<b>\$468,667</b>	<b>\$449,532</b>

## **DEBT SERVICE ADMINISTRATION**

Each of the City's debt issues is discussed in detail in Note 8 in the Notes to the Basic Financial Statements. At the end of the year, the City had total long-term debt outstanding of \$1.1 million in debt associated with Governmental Activities and \$85.7 million in debt associated with Business-Type Activities.

### **Outstanding Debt Fiscal Year Ended June 30, 2013 (in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Capital Lease	\$1,055	\$1,633	\$35	\$102	\$1,090	\$1,735
Loan Payable	0	1,700			0	1,700
Revenue Bonds			85,713	87,480	85,713	87,480
Total	<b>\$1,055</b>	<b>\$3,333</b>	<b>\$85,748</b>	<b>\$87,582</b>	<b>\$86,803</b>	<b>\$90,915</b>

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

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

This Page Left Intentionally Blank

**CITY OF MANTECA**

**STATEMENT OF NET POSITION  
AND STATEMENT OF ACTIVITIES**

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position.

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column, and the financial position of all of the City's Business-type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, deferred outflows/inflows of resources, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program, followed by the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

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

**CITY OF MANTECA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments (Note 3)	\$79,260,213	\$77,127,801	\$156,388,014
Restricted cash and investments (Note 3)	3,860,700	22,939,727	26,800,427
Accounts receivable, net	11,466,228	4,726,467	16,192,695
Taxes receivable	701,072		701,072
Interest receivable	509,688	247,980	757,668
Internal balances (Note 4D)	12,521,623	(12,521,623)	
Prepaid items and deposits	363,085		363,085
Long-term notes receivable (Note 5)	23,049,219		23,049,219
Employee notes receivable (Note 6)	87,347		87,347
Capital assets, not being depreciated (Note 7)	79,206,719	11,519,456	90,726,175
Capital assets, being depreciated (net) (Note 7)	198,649,349	179,292,249	377,941,598
	<u>409,675,243</u>	<u>283,332,057</u>	<u>693,007,300</u>
<b>LIABILITIES</b>			
Accounts payable	3,062,160	2,251,360	5,313,520
Contracts payable	4,946,881	9,708,963	14,655,844
Refundable deposits	335,108	483,713	818,821
Accrued liabilities	1,593,370	1,056,169	2,649,539
Unearned revenue	2,444,438	9,755	2,454,193
Compensated absences (Note 1G):			
Due within one year	137,417		137,417
Due in more than one year	4,443,164		4,443,164
Estimated claims liability (Note 13):			
Due within one year	357,993		357,993
Due in more than one year	2,694,250		2,694,250
Long-term debt (Note 8):			
Due within one year	534,003	1,969,773	2,503,776
Due in more than one year	520,945	83,778,578	84,299,523
OPEB liability (Note 11):			
Due in more than one year	8,736,412	2,732,554	11,468,966
	<u>29,806,141</u>	<u>101,990,865</u>	<u>131,797,006</u>
<b>NET POSITION (Note 9):</b>			
Net investment in capital assets	<u>272,862,137</u>	<u>128,003,081</u>	<u>400,865,218</u>
<b>Restricted for:</b>			
Capital projects	51,219,922		51,219,922
Redevelopment projects	25,798,355		25,798,355
Special revenue projects:			
Development mitigation	2,643,406		2,643,406
Landscaping and lighting	1,143,623		1,143,623
Public safety	8,851,646		8,851,646
Other special revenue projects	870,638		870,638
	<u>90,527,590</u>		<u>90,527,590</u>
Total Restricted Net Position	<u>90,527,590</u>		<u>90,527,590</u>
Unrestricted	<u>16,479,375</u>	<u>53,338,111</u>	<u>69,817,486</u>
Total Net Position	<u>\$379,869,102</u>	<u>\$181,341,192</u>	<u>\$561,210,294</u>

See accompanying notes to basic financial statements

CITY OF MANTECA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>							
Current:							
General government	\$3,471,459	\$3,851,426			\$379,967		\$379,967
Community development	4,723,211	1,724,184	\$316,335		(2,682,692)		(2,682,692)
Public safety	23,555,968	1,120,531	633,081	\$226,945	(21,575,411)		(21,575,411)
Library	156,209				(156,209)		(156,209)
Public works	3,828,636	57,103	502,787	7,182,442	3,913,696		3,913,696
Parks and recreation	6,827,567	2,003,973	11,049	330,811	(4,481,734)		(4,481,734)
Streets and highways	7,258,013		9,237,233	3,239,030	5,218,250		5,218,250
Interest and fiscal charges	148,895				(148,895)		(148,895)
<b>Total Governmental Activities</b>	<b>49,969,958</b>	<b>8,757,217</b>	<b>10,700,485</b>	<b>10,979,228</b>	<b>(19,533,028)</b>		<b>(19,533,028)</b>
<b>Business-type Activities:</b>							
Water	14,818,353	13,400,887		773,855		(\$643,611)	(643,611)
Sewer	14,658,322	17,432,082		782,247		3,556,007	3,556,007
Solid waste	8,949,815	8,446,006		195,000		(308,809)	(308,809)
Golf	1,179,120	1,084,478				(94,642)	(94,642)
<b>Total Business-type Activities</b>	<b>39,605,610</b>	<b>40,363,453</b>		<b>1,751,102</b>		<b>2,508,945</b>	<b>2,508,945</b>
<b>Total</b>	<b>\$89,575,568</b>	<b>\$49,120,670</b>	<b>\$10,700,485</b>	<b>\$12,730,330</b>	<b>(19,533,028)</b>	<b>2,508,945</b>	<b>(17,024,083)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes					10,674,783		10,674,783
Sales taxes					11,566,467		11,566,467
Other taxes					4,493,507		4,493,507
Interest income					31,395	166,835	198,230
Development agreements, unrestricted					64,158		64,158
Other revenue					1,219,181	499,913	1,719,094
Transfers (Note 4A)					165,845	(165,845)	
Extraordinary item (Note 16):							
Assets transferred to Successor Agency					(43,670,205)		(43,670,205)
<b>Total general revenues and extraordinary item</b>					<b>(15,454,869)</b>	<b>500,903</b>	<b>(14,953,966)</b>
<b>Change in Net Position</b>					<b>(34,987,897)</b>	<b>3,009,848</b>	<b>(31,978,049)</b>
<b>Net Position-Beginning, As Restated (Notes 8G and 9D)</b>					<b>414,856,999</b>	<b>178,331,344</b>	<b>593,188,343</b>
<b>Net Position-Ending</b>					<b>\$379,869,102</b>	<b>\$181,341,192</b>	<b>\$561,210,294</b>

See accompanying notes to basic financial statements

This Page Left Intentionally Blank



<b>FUND FINANCIAL STATEMENTS</b>
----------------------------------

<b>MAJOR GOVERNMENTAL FUNDS</b>
---------------------------------

The funds described below were determined to be Major Funds by the City in fiscal 2013. 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.

***DEVELOPMENT MITIGATION FUND***

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

***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.

***FEDERAL TRANSIT MANAGEMENT FUND***

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.

***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.

***SPECIAL APPORTIONMENT STREETS FUND***

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  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2013

	General	Development Mitigation	Low and Moderate Income Housing Assets	Federal Transit Management
<b>ASSETS</b>				
Cash and investments (Note 3)	\$10,217,675	\$2,696,437	\$133,955	
Restricted cash and investments (Note 3)			2,629,231	
Accounts receivables (net of allowance for estimated uncollectible accounts)	663,070	276		\$6,513,185
Taxes receivable	509,499			
Interest receivable	265,839	30,557		
Due from other funds (Note 4B)	3,508,485			
Advances to other funds (Note 4C)	1,618,951			
Prepaid items	296,001			
Long-term notes receivable (Note 5)			23,599,052	
<b>Total Assets</b>	<b>\$17,079,520</b>	<b>\$2,727,270</b>	<b>\$26,362,238</b>	<b>\$6,513,185</b>
<b>LIABILITIES</b>				
Accounts payable	\$976,211	\$83,864	\$14,050	\$620,052
Contracts payable	732			
Refundable deposits	248,348			
Accrued liabilities	2,811			
Due to other funds (Note 4B)				3,448,695
Advances from other funds (Note 4C)				
Unearned revenue				2,444,438
<b>Total Liabilities</b>	<b>1,228,102</b>	<b>83,864</b>	<b>14,050</b>	<b>6,513,185</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - notes receivable			23,599,052	
<b>FUND BALANCES</b>				
Fund balance (Note 9):				
Nonspendable	1,914,952			
Restricted		2,643,406	2,749,136	
Committed				
Assigned	38,600			
Unassigned	13,897,866			
<b>Total Fund Balances</b>	<b>15,851,418</b>	<b>2,643,406</b>	<b>2,749,136</b>	
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$17,079,520</b>	<b>\$2,727,270</b>	<b>\$26,362,238</b>	<b>\$6,513,185</b>

See accompanying notes to basic financial statements

Public Facilities Implementation Plan	Special Apportionment Streets	Other Governmental Funds	Total Governmental Funds
\$13,496,803	\$1,738,166	\$32,817,613 1,182,507	\$61,100,649 3,811,738
290	3,463,528	698,922	11,339,271
67,115	12,168	191,573	701,072
		87,650	463,329
		1,193,785	4,702,270
11,521,084		28,000	13,168,035
		60,930	356,931
			23,599,052
<u>\$25,085,292</u>	<u>\$5,213,862</u>	<u>\$36,260,980</u>	<u>\$119,242,347</u>
\$41,112	\$157,328	\$984,087	\$2,876,704
929,793	26,192	2,219	958,936
	562	86,198	335,108
			2,811
	1,193,785	59,790	4,702,270
439,886		206,526	646,412
			2,444,438
<u>1,410,791</u>	<u>1,377,867</u>	<u>1,338,820</u>	<u>11,966,679</u>
			23,599,052
23,674,501		60,930	1,975,882
		34,514,403	63,581,446
		347,995	347,995
	3,835,995		3,874,595
		(1,168)	13,896,698
<u>23,674,501</u>	<u>3,835,995</u>	<u>34,922,160</u>	<u>83,676,616</u>
<u>\$25,085,292</u>	<u>\$5,213,862</u>	<u>\$36,260,980</u>	<u>\$119,242,347</u>

This Page Left Intentionally Blank

CITY OF MANTECA  
 Reconciliation of the  
 GOVERNMENTAL FUNDS-- BALANCE SHEET  
 with the  
 GOVERNMENTAL ACTIVITIES NET POSITION  
 JUNE 30, 2013

Total fund balances reported on the Governmental Funds Balance Sheet \$83,676,616

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.

277,030,089

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	18,159,564
Restricted cash and investments	48,962
Accounts receivable	126,957
Interest receivable	46,359
Prepaid items	6,154
Employee notes receivable	87,347
Capital assets, not being depreciated	195,734
Capital assets (net of accumulated depreciation)	630,245
Contracts and accounts payable	(185,456)
Accrued liabilities	(1,590,559)
Compensated absences	(4,580,581)
Long-term debt	(83,789)
Estimated claims liability	(3,052,243)
Net OPEB liability	(101,976)

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.

23,599,052

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	(971,159)
Net OPEB liability	(8,634,436)
Contracts payable	(3,987,945)
Allowance for conditional grants	(549,833)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$379,869,102

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, 2013

	General	Development Mitigation	Low and Moderate Income Housing Assets	Federal Transit Management
<b>REVENUES</b>				
Property taxes	\$10,674,783			
Sales taxes	6,973,180			
Other taxes	4,942,837			
Licenses and permits	784,893			
Fines and forfeitures	296,262			
Use of money and property	(10,931)	(\$22,500)	(\$23,628)	(\$53)
Revenue from other agencies	279,640			7,471,648
Charges for current services	4,874,074			57,103
Other revenue	1,022,652	75,311	26,573	
<b>Total Revenues</b>	<b>29,837,390</b>	<b>52,811</b>	<b>2,945</b>	<b>7,528,698</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,667,341			
Community development		83,750	19,873	
Public safety	15,844,201			
Library	90,483	15,000		
Public works	1,821,365	73,492		931,655
Parks and recreation	2,960,100			
Streets and highways				
Nondepartmental	2,323,236			
Capital outlay		4,100,721		6,910,179
Debt service:				
Principal	46,352			
Interest and fiscal charges	3,128			
<b>Total Expenditures</b>	<b>25,756,206</b>	<b>4,272,963</b>	<b>19,873</b>	<b>7,841,834</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,081,184</b>	<b>(4,220,152)</b>	<b>(16,928)</b>	<b>(313,136)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of property	893			
Transfers in (Note 4A)	221,630			
Transfers (out) (Note 4A)	(1,718,474)	(2,252,970)		
<b>Total Other Financing Sources (Uses)</b>	<b>(1,495,951)</b>	<b>(2,252,970)</b>		
<b>NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEMS</b>	<b>2,585,233</b>	<b>(6,473,122)</b>	<b>(16,928)</b>	<b>(313,136)</b>
<b>EXTRAORDINARY ITEMS (Note 16)</b>				
Assets transferred to Successor Agency				
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,585,233</b>	<b>(6,473,122)</b>	<b>(16,928)</b>	<b>(313,136)</b>
<b>BEGINNING FUND BALANCES (AS RESTATED)</b>	<b>13,266,185</b>	<b>9,116,528</b>	<b>2,766,064</b>	<b>313,136</b>
<b>ENDING FUND BALANCES</b>	<b>\$15,851,418</b>	<b>\$2,643,406</b>	<b>\$2,749,136</b>	

See accompanying notes to basic financial statements

Public Facilities Implementation Plan	Special Apportionment Streets	Other Governmental Funds	Total Governmental Funds
			\$10,674,783
		\$4,593,287	11,566,467
			4,942,837
		2,149,844	2,934,737
			296,262
\$145,066	(\$68,900)	5,673	24,727
	3,272,739	3,238,208	14,262,235
659,944		3,336,880	8,928,001
100,000	6,514	37,378	1,268,428
<u>905,010</u>	<u>3,210,353</u>	<u>13,361,270</u>	<u>54,898,477</u>
			2,667,341
		1,918,524	2,022,147
		6,392,800	22,237,001
			105,483
270,173		20,121	3,116,806
		2,138,232	5,098,332
	576,882	1,909,512	2,486,394
			2,323,236
2,929,508	2,786,369	5,276,764	22,003,541
	54,509	2,080,625	2,181,486
86,667	3,678	55,422	148,895
<u>3,286,348</u>	<u>3,421,438</u>	<u>19,792,000</u>	<u>64,390,662</u>
<u>(2,381,338)</u>	<u>(211,085)</u>	<u>(6,430,730)</u>	<u>(9,492,185)</u>
			721,883
		720,990	721,883
		5,049,814	5,271,444
		(1,300,000)	(5,271,444)
			721,883
		4,470,804	721,883
(2,381,338)	(211,085)	(1,959,926)	(8,770,302)
	(43,670,205)		(43,670,205)
(2,381,338)	(43,881,290)	(1,959,926)	(52,440,507)
26,055,839	47,717,285	36,882,086	136,117,123
<u>\$23,674,501</u>	<u>\$3,835,995</u>	<u>\$34,922,160</u>	<u>\$83,676,616</u>

This Page Left Intentionally Blank



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, 2013

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 (\$52,440,507)

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.	21,651,838
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$583,635 which has already been allocated to serviced funds).	(8,369,818)
Retirements are deducted from the fund balance	(1,072,948)
Transfers from business-type activities are added to fund balance	165,845
Contributions of infrastructure and improvements by developers are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands.	4,621,461

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	2,181,486
---	-----------

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	(264,469)
Contracts and accounts payable	(294,426)
Allowance for conditional grants	(31,891)
Net OPEB liability	(98,835)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

Change in Net Position - All Internal Service Funds	<u>(1,035,633)</u>
---	--------------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (\$34,987,897)

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$8,423,880	\$8,423,880	\$10,674,783	\$2,250,903
Sales taxes	6,448,750	6,448,750	6,973,180	524,430
Other taxes	4,655,000	4,655,000	4,942,837	287,837
Licenses and permits	772,520	772,520	784,893	12,373
Fines and forfeitures	259,500	259,500	296,262	36,762
Use of money and property	235,000	235,000	(10,931)	(245,931)
Revenue from other agencies	205,000	205,000	279,640	74,640
Charges for current services	4,644,150	4,644,150	4,874,074	229,924
Other revenue	490,000	490,000	1,022,652	532,652
<b>Total Revenues</b>	<b>26,133,800</b>	<b>26,133,800</b>	<b>29,837,390</b>	<b>3,703,590</b>
<b>EXPENDITURES:</b>				
Current:				
General government				
Legislative	712,155	710,955	654,648	56,307
City Attorney	164,260	164,260	140,089	24,171
Administration	702,290	703,490	677,877	25,613
Human resources	425,880	425,880	412,640	13,240
Financial services	805,340	805,340	782,087	23,253
<b>Total general government</b>	<b>2,809,925</b>	<b>2,809,925</b>	<b>2,667,341</b>	<b>142,584</b>
Public safety				
Police	11,155,240	11,174,490	10,489,803	684,687
Fire	5,427,255	5,427,255	5,078,051	349,204
Animal control	325,720	325,720	276,347	49,373
<b>Total public safety</b>	<b>16,908,215</b>	<b>16,927,465</b>	<b>15,844,201</b>	<b>1,083,264</b>
Library				
	88,000	88,000	90,483	(2,483)
Public works				
Engineering	659,860	658,060	540,483	117,577
Street maintenance	110,945	27,525	13,321	14,204
Storm drain maintenance and operation	265,576	267,636	192,852	74,784
Vehicle maintenance	536,630	542,555	554,415	(11,860)
Building maintenance	534,725	533,725	520,294	13,431
<b>Total public works</b>	<b>2,107,736</b>	<b>2,029,501</b>	<b>1,821,365</b>	<b>208,136</b>
Parks and recreation				
Park facility maintenance	2,715,160	2,801,771	2,750,520	51,251
Senior center	223,510	224,510	209,580	14,930
<b>Total parks and recreation</b>	<b>2,938,670</b>	<b>3,026,281</b>	<b>2,960,100</b>	<b>66,181</b>
Nondepartmental charges				
	2,444,125	2,444,125	2,323,236	120,889

(Continued)

CITY OF MANTECA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Capital outlay	9,375	37,375		37,375
Debt service:				
Principal	46,355	46,355	46,352	3
Interest and fiscal charges	3,130	3,130	3,128	2
Total Expenditures	<u>27,355,531</u>	<u>27,412,157</u>	<u>25,756,206</u>	<u>1,655,951</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,221,731)</u>	<u>(1,278,357)</u>	<u>4,081,184</u>	<u>5,359,541</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	1,000	1,000	893	(107)
Transfers in	169,370	169,370	221,630	52,260
Transfers (out)	<u>(225,000)</u>	<u>(225,000)</u>	<u>(1,718,474)</u>	<u>(1,493,474)</u>
Total Other Financing Sources (Uses)	<u>(54,630)</u>	<u>(54,630)</u>	<u>(1,495,951)</u>	<u>(1,441,321)</u>
NET CHANGE IN FUND BALANCE	<u>(\$1,276,361)</u>	<u>(\$1,332,987)</u>	2,585,233	<u>\$3,918,220</u>
BEGINNING FUND BALANCE			<u>13,266,185</u>	
ENDING FUND BALANCE			<u>\$15,851,418</u>	

See accompanying notes to basic financial statements

CITY OF MANTECA  
DEVELOPMENT MITIGATION FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$114,500	\$114,500	(\$22,500)	(\$137,000)
Other revenue	64,160	64,160	75,311	11,151
Total Revenues	<u>178,660</u>	<u>178,660</u>	<u>52,811</u>	<u>(125,849)</u>
EXPENDITURES:				
Current:				
Community development		152,589	83,750	68,839
Library	13,000	13,000	15,000	(2,000)
Public works		148,180	73,492	74,688
Capital outlay	423,805	4,937,947	4,100,721	837,226
Total Expenditures	<u>436,805</u>	<u>5,251,716</u>	<u>4,272,963</u>	<u>978,753</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(258,145)</u>	<u>(5,073,056)</u>	<u>(4,220,152)</u>	<u>852,904</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(2,157,110)</u>	<u>(2,157,110)</u>	<u>(2,252,970)</u>	<u>(95,860)</u>
Total Other Financing Sources (Uses)	<u>(2,157,110)</u>	<u>(2,157,110)</u>	<u>(2,252,970)</u>	<u>(95,860)</u>
NET CHANGE IN FUND BALANCE	<u>(\$2,415,255)</u>	<u>(\$7,230,166)</u>	(6,473,122)	<u>\$757,044</u>
BEGINNING FUND BALANCE			<u>9,116,528</u>	
ENDING FUND BALANCE			<u>\$2,643,406</u>	

See accompanying notes to basic financial statements

CITY OF MANTECA  
 LOW AND MODERATE INCOME HOUSING ASSETS FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property			(\$23,628)	(\$23,628)
Other revenue			26,573	26,573
Total Revenues			<u>2,945</u>	<u>2,945</u>
EXPENDITURES:				
Current:				
Community development		\$131,000	19,873	111,127
Total Expenditures		<u>131,000</u>	<u>19,873</u>	<u>111,127</u>
NET CHANGE IN FUND BALANCE		<u>(\$131,000)</u>	(\$16,928)	<u>\$114,072</u>
BEGINNING FUND BALANCE (AS RESTATED)			<u>2,766,064</u>	
ENDING FUND BALANCE			<u>\$2,749,136</u>	

See accompanying notes to basic financial statements

CITY OF MANTECA  
 FEDERAL TRANSIT MANAGEMENT FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property			(\$53)	(\$53)
Revenue from other agencies	\$1,095,280	\$1,095,280	7,471,648	6,376,368
Charges for current services	55,850	55,850	57,103	1,253
	1,151,130	1,151,130	7,528,698	6,377,568
Total Revenues				
EXPENDITURES:				
Current:				
Public works				
Transit	1,075,280	1,110,729	931,655	179,074
Capital outlay		7,843,260	6,910,179	933,081
	1,075,280	8,953,989	7,841,834	1,112,155
Total Expenditures				
NET CHANGE IN FUND BALANCE	\$75,850	(\$7,802,859)	(313,136)	\$7,489,723
BEGINNING FUND BALANCE			313,136	
ENDING FUND BALANCE				

See accompanying notes to basic financial statements

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

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges. The City has determined all of its enterprise funds to be major funds in fiscal 2013, 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, 2013

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Total	
<b>ASSETS</b>						
Current assets						
Cash and investments (Note 3)	\$43,127,682	\$29,532,256	\$4,110,282	\$357,581	\$77,127,801	\$18,159,564
Accounts receivables (net of allowance for estimated uncollectible accounts)	1,460,225	2,223,130	1,013,722	29,390	4,726,467	126,957
Interest receivable	142,269	86,496	19,215		247,980	46,359
Prepaid items						6,154
<b>Total current assets</b>	<b>44,730,176</b>	<b>31,841,882</b>	<b>5,143,219</b>	<b>386,971</b>	<b>82,102,248</b>	<b>18,339,034</b>
Non-current assets						
Restricted cash and investments (Note 3)	4,617,836	18,321,891			22,939,727	48,962
Advances to other funds (Note 4C)	281,082	647,487			928,569	
Employee notes receivable (Note 6)						87,347
Capital assets not being depreciated (Note 7)	2,049,399	8,432,110		1,037,947	11,519,456	195,734
Capital assets (net of accumulated depreciation) (Note 7)	68,205,977	106,811,119	3,307,775	967,378	179,292,249	630,245
<b>Total non-current assets</b>	<b>75,154,294</b>	<b>134,212,607</b>	<b>3,307,775</b>	<b>2,005,325</b>	<b>214,680,001</b>	<b>962,288</b>
<b>Total Assets</b>	<b>119,884,470</b>	<b>166,054,489</b>	<b>8,450,994</b>	<b>2,392,296</b>	<b>296,782,249</b>	<b>19,301,322</b>
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	1,684,723	310,921	236,680	19,036	2,251,360	185,456
Contracts payable	3,320,626	6,388,337			9,708,963	
Accrued liabilities						1,590,559
Refundable deposits	483,713				483,713	
Interest payable	894,587	161,582			1,056,169	
Unearned revenue		9,755			9,755	
Compensated absences (Note 1G)						137,417
Estimated claims liability (Note 13)						357,993
Revenue bonds (Note 8)	905,000	1,030,000			1,935,000	
Capital lease obligations (Note 8)	14,326	20,447			34,773	83,789
<b>Total current liabilities</b>	<b>7,302,975</b>	<b>7,921,042</b>	<b>236,680</b>	<b>19,036</b>	<b>15,479,733</b>	<b>2,355,214</b>
Long-term liabilities						
Advances from other funds (Note 4C)	4,716,678	7,293,089		1,440,425	13,450,192	
Compensated absences (Note 1G)						4,443,164
Estimated claims liability (Note 13)						2,694,250
Revenue bonds (Note 8)	40,637,809	43,140,769			83,778,578	
OPEB liability (Note 11)	710,410	836,647	1,025,884	159,613	2,732,554	101,976
<b>Total long-term liabilities</b>	<b>46,064,897</b>	<b>51,270,505</b>	<b>1,025,884</b>	<b>1,600,038</b>	<b>99,961,324</b>	<b>7,239,390</b>
<b>Total Liabilities</b>	<b>53,367,872</b>	<b>59,191,547</b>	<b>1,262,564</b>	<b>1,619,074</b>	<b>115,441,057</b>	<b>9,594,604</b>
<b>NET POSITION (Note 9):</b>						
Net investment in capital assets						
Unrestricted	33,316,077	89,373,904	3,307,775	2,005,325	128,003,081	791,152
	33,200,521	17,489,038	3,880,655	(1,232,103)	53,338,111	8,915,566
<b>Total Net Position</b>	<b>\$66,516,598</b>	<b>\$106,862,942</b>	<b>\$7,188,430</b>	<b>\$773,222</b>	<b>\$181,341,192</b>	<b>\$9,706,718</b>

See accompanying notes to basic financial statements



CITY OF MANTECA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Total	
<b>OPERATING REVENUES</b>						
Charges for services	\$13,400,887	\$17,432,082	\$8,446,006	\$1,084,478	\$40,363,453	\$1,731,950
Insurance premium contribution from other funds						2,044,302
Miscellaneous	133,540	74,311	265,762	26,300	499,913	89,170
<b>Total Operating Revenues</b>	<b>13,534,427</b>	<b>17,506,393</b>	<b>8,711,768</b>	<b>1,110,778</b>	<b>40,863,366</b>	<b>3,865,422</b>
<b>OPERATING EXPENSES</b>						
Personnel services	2,908,532	3,388,231	3,935,119	630,661	10,862,543	1,498,129
Contractual services	208,087	819,559	2,045,666	109,405	3,182,717	131,647
Supplies	3,602,716	613,343	799,977	80,374	5,096,410	194,246
Utilities	574,188	1,066,895	11,576	76,663	1,729,322	39,443
Repairs and maintenance	42,752	400,405	29,528	51,112	523,797	553,031
Vehicle maintenance and operations	13,360	13,759	372,623		399,742	448
Interdepartmental	1,022,240	1,442,235	1,000,960	21,230	3,486,665	15,180
Insurance	173,200	273,500	194,650	11,450	652,800	1,695,434
Claims						154,334
Depreciation	3,253,610	2,973,932	558,010	142,373	6,927,925	583,635
Miscellaneous	26,149	113,027	9,748	2,466	151,390	41,010
<b>Total Operating Expenses</b>	<b>11,824,834</b>	<b>11,104,886</b>	<b>8,957,857</b>	<b>1,125,734</b>	<b>33,013,311</b>	<b>4,906,537</b>
<b>Operating Income (Loss)</b>	<b>1,709,593</b>	<b>6,401,507</b>	<b>(246,089)</b>	<b>(14,956)</b>	<b>7,850,055</b>	<b>(1,041,115)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest income	39,559	134,585	(7,309)		166,835	(4,485)
Gain (loss) from retirement of capital assets	2,375	10,479	8,042		20,896	15,380
Interest (expense)	(3,161,739)	(3,563,915)		(1,386)	(6,727,040)	(5,413)
Intergovernmental grants			195,000		195,000	
Lease (expenses)				(52,000)	(52,000)	
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(3,119,805)</b>	<b>(3,418,851)</b>	<b>195,733</b>	<b>(53,386)</b>	<b>(6,396,309)</b>	<b>5,482</b>
<b>Income (Loss) Before Contributions</b>	<b>(1,410,212)</b>	<b>2,982,656</b>	<b>(50,356)</b>	<b>(68,342)</b>	<b>1,453,746</b>	<b>(1,035,633)</b>
<b>Contributions</b>	<b>773,855</b>	<b>782,247</b>			<b>1,556,102</b>	
<b>Net Contributions and Transfers</b>	<b>773,855</b>	<b>782,247</b>			<b>1,556,102</b>	
<b>Change in net position</b>	<b>(636,357)</b>	<b>3,764,903</b>	<b>(50,356)</b>	<b>(68,342)</b>	<b>3,009,848</b>	<b>(1,035,633)</b>
<b>BEGINNING NET POSITION, AS RESTATED (Note 9D)</b>	<b>67,152,955</b>	<b>103,098,039</b>	<b>7,238,786</b>	<b>841,564</b>	<b>178,331,344</b>	<b>10,742,351</b>
<b>ENDING NET POSITION</b>	<b>\$66,516,598</b>	<b>\$106,862,942</b>	<b>\$7,188,430</b>	<b>\$773,222</b>	<b>\$181,341,192</b>	<b>\$9,706,718</b>

See accompanying notes to basic financial statements

CITY OF MANTECA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$13,425,567	\$17,311,625	\$8,585,952	\$1,102,351	\$40,425,495	\$3,800,510
Payments to suppliers	(3,829,414)	(4,311,706)	(3,516,400)	(390,195)	(12,047,715)	(2,644,203)
Payments to employees	(2,898,849)	(3,376,828)	(3,922,134)	(629,002)	(10,826,813)	(1,481,923)
Internal activity - payments to other funds	(1,022,240)	(1,442,235)	(1,000,960)	(21,230)	(3,486,665)	(15,180)
Receipts on employee notes receivable						16,506
Claims paid						(154,334)
<b>Cash Flows from Operating Activities</b>	<b>5,675,064</b>	<b>8,180,856</b>	<b>146,458</b>	<b>61,924</b>	<b>14,064,302</b>	<b>(478,624)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interfund receipts	2,292,909	108,334			2,401,243	
<b>Cash Flows from Noncapital Financing Activities</b>	<b>2,292,909</b>	<b>108,334</b>			<b>2,401,243</b>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets, net	(4,641,451)	(1,934,032)	(1,506,026)	(68,886)	(8,150,395)	(135,038)
Proceeds from sale of capital assets	168,220	10,802	32,450		211,472	19,227
Capital grants			195,000		195,000	
Issuance of debt	35,840,000	22,690,000			58,530,000	
Premium on bonds	5,799,467	2,522,816			8,322,283	
Cost of issuance	(502,727)	(375,286)			(878,013)	
Payment to bond escrow agent	(41,789,125)	(24,919,638)			(66,708,763)	
Long-term debt payment - principal	(777,550)	(3,059,327)			(3,836,877)	
Long-term debt payment - interest	(1,905,293)	(2,181,381)		(1,386)	(4,088,060)	(5,413)
Lease payments				(52,000)	(52,000)	(96,538)
<b>Cash Flows from Capital and Related Financing Activities</b>	<b>(7,808,459)</b>	<b>(7,246,046)</b>	<b>(1,278,576)</b>	<b>(122,272)</b>	<b>(16,455,353)</b>	<b>(217,762)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest	(16,409)	100,540	(14,868)		69,263	(22,717)
<b>Cash Flows from Investing Activities</b>	<b>(16,409)</b>	<b>100,540</b>	<b>(14,868)</b>		<b>69,263</b>	<b>(22,717)</b>
<b>Net Cash Flows</b>	<b>143,105</b>	<b>1,143,684</b>	<b>(1,146,986)</b>	<b>(60,348)</b>	<b>79,455</b>	<b>(719,103)</b>
Cash and investments at beginning of period	47,602,413	46,710,463	5,257,268	417,929	99,988,073	18,927,629
Cash and investments at end of period	<u>\$47,745,518</u>	<u>\$47,854,147</u>	<u>\$4,110,282</u>	<u>\$357,581</u>	<u>\$100,067,528</u>	<u>\$18,208,526</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>						
Operating income (loss)	\$1,709,593	\$6,401,507	(\$246,089)	(\$14,956)	\$7,850,055	(\$1,041,115)
<b>Adjustments to reconcile operating income (loss) to cash flows from operating activities:</b>						
Depreciation	3,253,610	2,973,932	558,010	142,373	6,927,925	583,635
<b>Change in assets and liabilities:</b>						
Accounts receivables (net of allowance for estimated uncollectible accounts)	440,883	602,499	(125,816)	(8,427)	909,139	(64,912)
Related party notes receivable						16,506
Prepaid items						(6,154)
Accounts payable and other accrued expenses	363,433	(1,616,935)	(52,632)	(58,725)	(1,364,859)	81,900
Contracts payable	(102,138)	(191,550)			(293,688)	
Accrued liabilities						(412,217)
Compensated absences						362,320
OPEB liability	9,683	11,403	12,985	1,659	35,730	1,413
<b>Cash Flows from Operating Activities</b>	<b>\$5,675,064</b>	<b>\$8,180,856</b>	<b>\$146,458</b>	<b>\$61,924</b>	<b>\$14,064,302</b>	<b>(478,624)</b>
<b>NONCASH TRANSACTIONS:</b>						
Contributions of capital assets, net	\$773,855	\$782,247			\$1,556,102	
Retirement of capital assets, net	(\$165,845)	(\$323)	(\$24,408)		(\$190,576)	(\$3,847)

See accompanying notes to basic financial statements

<b>FIDUCIARY FUNDS</b>
------------------------

***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, 2013

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
<b>ASSETS</b>			
Cash and investments (Note 3)		\$14,026,354	\$5,351
Restricted cash and investments (Note 3)		53,844,796	
Retiree Health Savings Plan cash and investments (Note 3):			
American United Life Annuity	\$428,534		
Accounts receivable		3	
Capital assets, not being depreciated (Note 16C)		5,901,124	
Capital assets, being depreciated (net) (Note 16C)		2,871,547	
	428,534	76,643,824	\$5,351
<b>Total Assets</b>	<b>428,534</b>	<b>76,643,824</b>	<b>\$5,351</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Accumulated decrease in fair value of hedging derivative (Note 16D)		8,932,504	
		8,932,504	
<b>LIABILITIES</b>			
Accounts payable	3,388	258,241	
Refundable deposits		5,000	
Due to stakeholders			\$5,351
Interest payable		878,530	
Derivative instrument (Note 16D)		8,932,504	
Long-term obligations (Note 16D):			
Due in one year		2,750,000	
Due in more than one year		119,625,000	
	3,388	132,449,275	\$5,351
<b>Total Liabilities</b>	<b>3,388</b>	<b>132,449,275</b>	<b>\$5,351</b>
<b>NET POSITION (DEFICIT)</b>			
Held in trust for OPEB benefits and other purposes	\$425,146	(\$46,872,947)	

See accompanying notes to basic financial statements

CITY OF MANTECA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
<b>ADDITIONS</b>		
Property taxes		\$11,125,234
Contributions	\$896,612	
Net investment income	(3,736)	240,032
	892,876	11,365,266
<b>DEDUCTIONS</b>		
Premiums paid	892,803	
Community development		365,544
Depreciation		126,274
Interest and fiscal charges		6,086,947
	892,803	6,578,765
Change in net position before extraordinary item	73	4,786,501
<b>EXTRAORDINARY ITEM (Note 16)</b>		
Payment to Stanislaus County		(10,161,469)
Assets transferred from City		43,670,205
	73	38,295,237
<b>NET CHANGE IN NET POSITION</b>		
<b>NET POSITION HELD IN TRUST FOR OPEB BENEFITS AND OTHER PURPOSES</b>		
Beginning of year, as restated (Note 9D)	425,073	(85,168,184)
End of year	\$425,146	(\$46,872,947)

See accompanying notes to basic financial statements

This Page Left Intentionally Blank

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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 2013.

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.

**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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

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.

**DEVELOPMENT MITIGATION FUND** – Established to account for the collection and use of fees collected as part of negotiated development agreements. These fees include a Development Agreement Fee, an Economic Development Fee, a Public Facilities Fee, a Development Services Fee and a Recreational Amenities fee.

**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.

**FEDERAL TRANSIT MANAGEMENT FUND** - 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.



**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**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.

**SPECIAL APPORTIONMENT STREETS FUND** - 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.

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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**D. Basis of Accounting**

The government-wide proprietary fund and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

*Non-exchange transactions*, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. In addition, contributions from state and federal agencies, developers and others are recorded as revenue.

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

Those revenues susceptible to accrual are use of money and property revenue, charges for services and fines and penalties. Sales taxes collected and held by the State at year-end on behalf of the City also are recognized as revenue.

Expenditures are also generally recognized under the modified accrual basis of accounting. An exception to this rule is principal and interest on long-term debt, which is not recognized by debt service funds until it is due. Financial resources usually are appropriated in funds responsible for repaying debt for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. Thus, the liability is recognized by the fund responsible for paying the debt, not the debt service fund.

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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. 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	\$4,218,261
Additions	3,280,649
Payments	<u>(2,918,329)</u>
Ending Balance	<u>\$4,580,581</u>
Current Portion	<u>\$137,417</u>

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

**H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position or balance sheet will sometimes report 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 only 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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

In addition to liabilities, the statement of financial position or balance sheet will sometimes report 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 only 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. 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).

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**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 Library and Vehicle Maintenance departmental expenditures in excess of appropriations in the amounts of \$2,483 and \$11,860, respectively. The Development Services Special Revenue Fund incurred expenditures in excess of appropriations of \$1,506,190. 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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**B. Classification**

Cash and investments as of June 30, 2013 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	\$156,388,014
Restricted cash and investments	26,800,427
Total City cash and investments of primary government	183,188,441
Cash and investments in Fiduciary Funds	14,031,705
Restricted cash and investments in Fiduciary Funds	54,273,330
Total cash and investments	\$251,493,476

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$3,575
Deposits with financial institutions	14,407,861
Investments	237,082,040
Total cash and investments	\$251,493,476

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.

**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	<b>(1)</b>	No Limit
Other State Obligations	5 years	A	<b>(1)</b>	No Limit
Bankers' Acceptances	180 days	Highest Category	40%	15% <b>(2)</b>
Commercial Paper	270 days	Highest Category	25%	10% <b>(2)</b>
Negotiable Certificates of Deposit	5 years	A	30%	15% <b>(2)</b>
Repurchase Agreements	90 days	None	100%	15% <b>(2)</b>
Local Agency Investment Fund	n/a	None	\$50 million/account	\$50 million/account
Time Deposits	5 years	None	25%	15% <b>(2)</b>
Medium-Term Corporation Notes	5 years	A	30%	15% <b>(2)</b>
Money Market Funds	n/a	Highest Category	100%	15% <b>(2)</b>
Local Government Investment Pools	n/a	None	50%	No Limit

**(1)** Total investments in California State and Local Agency Obligations and Other State Obligations may not exceed 30 percent of the City's total portfolio.

**(2)** The total value invested in any one issuer may not exceed 5% of the issuer's net worth.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**D. Investments Authorized by Debt Agreements**

The City and Successor Agency must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City or Successor Agency fails to meet the obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types and their minimum credit ratings that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment- type.

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

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

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

**F. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	More than 36 Months	Total
<b><i>Held by City:</i></b>					
U.S. Government Agency Obligations					
Callable	\$3,778,447				\$3,778,447
Non-Callable		\$8,465,212	\$18,278,041		26,743,253
U.S. Treasury Notes		48,610,715	22,961,417		71,572,132
Corporate Notes					
Non-Callable	1,310,401	8,705,803	7,660,131	\$3,362,158	21,038,493
Negotiable Certificates of Deposit	3,000,000	12,787,505			15,787,505
Non-Negotiable Certificates of Deposit	9,755				9,755
California Local Agency Investment Fund	16,791,315				16,791,315
Money Market Mutual Funds (U.S. Securities)	287,383				287,383
<b><i>Held by Trustees:</i></b>					
Non-Negotiable Certificates of Deposit	485,266	2,477,961	947,375	480,139	4,390,741
Guaranteed Investment Contracts		2,487,549		2,533,121	5,020,670
California Local Agency Investment Fund	1,138,618				1,138,618
Money Market Mutual Funds (U.S. Securities)	70,095,145				70,095,145
American United Life Annuity	428,583				428,583
Total Investments	<u>\$97,324,913</u>	<u>\$83,534,745</u>	<u>\$49,846,964</u>	<u>\$6,375,418</u>	<u>\$237,082,040</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2013, these investments have an average maturity of 278 days.

Money market funds are available for withdrawal on demand and at June 30, 2013, and have an average maturity of 47 days.



**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 2013 for each investment type as provided by Standard and Poor's investment rating system.

Investment Type	AAA/ A-1+/A-1	AA+/AA/AA-	A+/A/A-	AAAm	Total
<b>Held by City:</b>					
U.S. Government Agency Obligations					
Callable		\$3,778,447			\$3,778,447
Non-Callable		26,743,253			26,743,253
Corporate Notes					
Non-Callable		13,775,345	\$7,263,148		21,038,493
Negotiable Certificates of Deposit	\$6,001,770	6,485,735	3,300,000		15,787,505
Money Market Mutual Funds (U.S. Securities)				\$287,383	287,383
<b>Held by Trustees:</b>					
Money Market Mutual Funds (U.S. Securities)				70,095,145	70,095,145
<b>Totals</b>	<u>\$6,001,770</u>	<u>\$50,782,780</u>	<u>\$10,563,148</u>	<u>\$70,382,528</u>	137,730,226
<b>Not rated:</b>					
Guaranteed Investment Contracts					5,020,670
California Local Agency Investment Fund					17,929,933
Non-Negotiable Certificates of Deposit					4,400,496
American United Life Annuity					428,583
<b>Exempt from credit rating disclosure:</b>					
U.S. Treasury Notes					71,572,132
<b>Total Investments</b>					<u>\$237,082,040</u>

**H. Concentration Risk**

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, mutual funds, are set forth below:

Reporting Unit	Issuer	Investment Type	Reported Amount
<b>Entity Wide:</b>			
	Federal Home Loan Mortgage Corporation	United States Government Agency Obligations	\$20,188,891
	Federal National Mortgage Association	United States Government Agency Obligations	10,332,809
<b>Fiduciary Fund:</b>			
Successor Agency to the Redevelopment Agency Private Purpose Trust Fund	IXIS Fund Corporation	Guaranteed Investment Contract	5,020,670

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 2013 the transfers were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Development Mitigation Special Revenue Fund	\$221,630 A
Non-Major Governmental Funds	General Fund	1,718,474 B, C
	Development Mitigation Special Revenue Fund	2,031,340 D
	Non-Major Governmental Funds	<u>1,300,000 E</u>
		<u>\$5,271,444</u>

A To fund Housing/Economic Development salaries

B To fund recreation services.

C Transfer to fund the forgiveness of the Development Services interfund advance discussed in Note 4C below

D To fund development services and capital projects

E To fund capital projects

In addition to the transfers listed above, the Water Enterprise Fund transferred capital assets in the amount of \$165,845 to governmental activities during the fiscal year ended June 30, 2013.

**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, 2013, interfund balances were as follows:

<u>Due From Funds</u>	<u>Due To Funds</u>	<u>Amount</u>
General Fund	Federal Transit Management Special Revenue Fund	\$3,448,695
	Non-Major Governmental Funds	59,790
Non-Major Governmental Funds	Special Apportionment Streets Capital Projects Fund	<u>1,193,785</u>
	Total Current Interfund Balances	<u>\$4,702,270</u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**C. Long-Term Interfund Advances**

At June 30, 2013 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 and golf fees.

(Asset) Fund Making Advance	(Liability) Fund Receiving Advance	Amount of Advance
General Fund	Golf Enterprise Fund	\$1,412,425
	Non-Major Governmental Funds	206,526
Public Facilities Implementation Plan Fund	Water Enterprise Fund	4,328,797
	Sewer Enterprise Fund	7,192,287
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
Non-Major Governmental Funds	Golf Enterprise Fund	28,000
	Total Advances	<u>\$14,096,604</u>

*Golf Advances*

Advances above in the amount of \$1,440,425 have been made from the General Fund and Parks Capital Improvement Fund, to assist with the continued operations of the City's Municipal Golf Course. The advances are 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.

*Public Facilities Implementation Plan*

Advances above in the amount of \$12,449,653 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 in the amount of \$1,493,474, leaving a balance of \$206,526. The advance does not bear interest and is payable in twenty equal annual installments of \$10,326.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 2013 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 or reserved the portion of fund balance represented by these Notes. At June 30, 2013, these Notes totaled:

HOPE Shelter	\$1,266,317
Habitat for Humanity	10,000
Down Payment Assistance Program	1,809,045
Residential Rehabilitation	125,459
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	53,557
Manteca Atherton Associates - Juniper Apartments	<u>12,750,000</u>
Total notes receivable	<u>23,599,052</u>
Less: Allowance for conditional grants	<u>549,833</u>
Net long-term notes receivable	<u><u>\$23,049,219</u></u>

Unavailable revenue at June 30, 2013 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 is June 1, 2013.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 2013, HOPE had drawn down \$1,266,317 of the available loans and the remaining balance to be drawn down was \$141,965.

**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, 2013, loans related to this Program in the amount of \$1,809,045 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, 2013, loans receivable under this program totaled \$125,459.

During fiscal year 2004, the Agency made loans to real property owners in the Redevelopment Area for the purpose of making property improvements that are forgivable after seven years based on program provisions. The loans bear five percent interest due from date of closing, applicable only in case of default. As of June 30, 2013, all of the loans had been forgiven.

**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, 2013 was \$60,000.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 2013, 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, 2013, \$750,000 has been drawn down from the loan and remains outstanding, 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, 2013, loans receivable under this program totaled \$53,557.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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 draws the funds as eligible costs are incurred. The balance of the escrow account was \$5,662 at June 30, 2013, but the Agency had recorded the entire loan disbursement as an expenditure during fiscal year 2011 and the balance of the loan receivable as of June 30, 2013 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, 2013, 82 employees had notes totaling \$87,347 due to the City.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 2013 were as follows:

<i>Governmental activities</i>	Balance at June 30, 2012	Additions	Retirements	Transfers	Balance at June 30, 2013
Capital assets not being depreciated:					
Land and improvements	\$28,073,215	\$4,084,824			\$32,158,039
Construction in progress	34,764,849	17,477,054		(\$5,193,223)	47,048,680
Total capital assets not being depreciated	<u>62,838,064</u>	<u>21,561,878</u>		<u>(5,193,223)</u>	<u>79,206,719</u>
Capital assets being depreciated:					
Buildings and improvements	14,035,193		(\$1,188,094)		12,847,099
Machinery and equipment	14,561,258	313,609	(207,878)		14,666,989
Storm drain	39,385,729	935,009		5,123,727	45,444,465
Streets	148,957,290	2,843,412		235,341	152,036,043
Parks	54,945,041	758,226			55,703,267
Total capital assets being depreciated	<u>271,884,511</u>	<u>4,850,256</u>	<u>(1,395,972)</u>	<u>5,359,068</u>	<u>280,697,863</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,492,881)	(343,254)	161,713		(6,674,422)
Machinery and equipment	(10,389,411)	(1,221,292)	157,465		(11,453,238)
Storm drain	(7,510,094)	(856,050)			(8,366,144)
Streets	(38,471,126)	(4,766,883)			(43,238,009)
Parks	(10,550,727)	(1,765,974)			(12,316,701)
Total accumulated depreciation	<u>(73,414,239)</u>	<u>(8,953,453)</u>	<u>319,178</u>		<u>(82,048,514)</u>
Net capital assets being depreciated	<u>198,470,272</u>	<u>(4,103,197)</u>	<u>(1,076,794)</u>	<u>5,359,068</u>	<u>198,649,349</u>
Governmental activity capital assets, net	<u>\$261,308,336</u>	<u>\$17,458,681</u>	<u>(\$1,076,794)</u>	<u>\$165,845</u>	<u>\$277,856,068</u>



**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

<i>Business-type activities</i>	Balance at June 30, 2012	Additions	Retirements	Transfers	Balance at June 30, 2013
Capital assets not being depreciated:					
Land and improvements	\$7,485,265	\$334,384			\$7,819,649
Construction in progress	5,270,374	3,363,142		(\$4,933,709)	3,699,807
Total capital assets not being depreciated	<u>12,755,639</u>	<u>3,697,526</u>		<u>(4,933,709)</u>	<u>11,519,456</u>
Capital assets being depreciated:					
Sewer lines and improvements	43,393,051	782,247		4,410,834	48,586,132
Water wells, pipelines and water rights	95,963,979	3,239,201		357,030	99,560,210
Buildings and improvements	7,582,385				7,582,385
Machinery and equipment	14,883,674	1,987,523	(\$243,954)		16,627,243
Infrastructure	48,696				48,696
Sewer plant expansion	90,205,956		(20,950)		90,185,006
	<u>252,077,741</u>	<u>6,008,971</u>	<u>(264,904)</u>	<u>4,767,864</u>	<u>262,589,672</u>
Less accumulated depreciation for:					
Sewer lines and improvements	(13,700,307)	(905,773)			(14,606,080)
Water wells, pipelines and water rights	(30,525,557)	(2,968,880)			(33,494,437)
Buildings and improvements	(3,555,493)	(256,912)			(3,812,405)
Machinery and equipment	(8,912,264)	(1,193,257)	219,223		(9,886,298)
Infrastructure	(15,207)	(1,637)			(16,844)
Sewer plant expansion	(19,900,843)	(1,601,466)	20,950		(21,481,359)
	<u>(76,609,671)</u>	<u>(6,927,925)</u>	<u>240,173</u>		<u>(83,297,423)</u>
Net capital assets being depreciated	<u>175,468,070</u>	<u>(918,954)</u>	<u>(24,731)</u>	<u>4,767,864</u>	<u>179,292,249</u>
Total Business-type activity capital assets, net	<u>\$188,223,709</u>	<u>\$2,778,572</u>	<u>(\$24,731)</u>	<u>(\$165,845)</u>	<u>\$190,811,705</u>

**B. Capital Asset Contributions**

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**C. Depreciation Allocation**

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

<b>Governmental Activities</b>	
General government	\$665,675
Community development	51,928
Public safety	420,657
Public works	847,323
Parks and recreation	1,910,193
Streets and highways	4,474,042
Internal service funds	583,635
<b>Total Governmental Activities</b>	<b>\$8,953,453</b>
<b>Business-Type Activities</b>	
Water	\$3,253,610
Sewer	2,973,932
Solid waste	558,010
Golf	142,373
<b>Total Business-Type Activities</b>	<b>\$6,927,925</b>

**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, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
<b>Governmental Activity Debt:</b>						
<b>Capital Leases -</b>						
Viron Project, 5.3%	\$947,049	\$153,305		\$100,861	\$52,444	\$52,444
Fire Engine, 4.60%	1,055,000	415,849		160,689	255,160	168,166
Telephone System, 4.025% (Internal Service)	460,462	180,327		96,538	83,789	83,789
Boom Truck, 4.48%	164,949	92,191		34,357	57,834	36,010
New World Accounting Software, 4.25%	969,360	791,300		185,579	605,721	193,594
<b>Loans Payable -</b>						
Loan Payable to Successor Agency, 0%	1,700,000	1,700,000		1,700,000		
<b>Total Governmental Activity Debt</b>	<b>\$5,296,820</b>	<b>\$3,332,972</b>	<b>\$2,278,024</b>	<b>\$1,054,948</b>	<b>\$534,003</b>	
<b>Business-type Activity Debt:</b>						
<b>Sewer Revenue Bonds</b>						
Series 2003-A Bonds, 2.35-4.50%	\$18,155,000	\$15,840,000		\$15,840,000		
Series 2003-B Bonds, 5.00%	25,665,000	11,015,000		11,015,000		
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		\$22,690,000		22,690,000	\$1,030,000
Net premium			2,522,816	42,047	2,480,769	
<b>Water Revenue Bonds</b>						
Series 2003 Bonds, 2.00-5.00%	43,325,000	41,625,000		41,625,000		
Series 2012 Refunding Bonds, 2.00 - 5.00%	35,840,000		35,840,000		35,840,000	905,000
Net premium			5,799,467	96,658	5,702,809	
Capital Lease, 5.3%	627,951	101,650		66,877	34,773	34,773
<b>Total Business - Type Activity Debt</b>	<b>\$165,302,951</b>	<b>\$87,581,650</b>	<b>\$66,852,283</b>	<b>\$68,685,582</b>	<b>\$85,748,351</b>	<b>\$1,969,773</b>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**B. Sewer Revenue Bonds**

On December 11, 2003 the Manteca Financing Authority issued 2003 Sewer Revenue Bonds Series 2003A in the amount of \$18,155,000 and Series 2003B in the amount of \$25,665,000 to refund and redeem the remaining outstanding balance of the 1989 Refunding Revenue Bonds and to finance the City's expansion and upgrade of its wastewater control facility. The 2003 Revenue Bonds are secured by installment payments payable by the City of Manteca under the Installment Sales Agreement dated December 1, 2003. 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. Interest payments are due on June 1, and December 1 of each year through 2033. The Series 2003B bonds are subject to extraordinary mandatory prepayment by the City on any interest payment date from net connection fee revenues, as defined in the Installment Sale Agreement. During the fiscal year ended June 30, 2013 the City made one prepayment on the Series 2003B bonds in the amount of \$2,200,000. The bonds were fully defeased on December 11, 2012 with the issuance of the 2012 Sewer Revenue Refunding Bonds as discussed below. Funds to refund the 2003A and 2003B Bonds were placed in an irrevocable escrow account upon the closing of the 2012 Bond issuance. The defeased balance of the 2003A and 2003B Bonds as of June 30, 2013 was \$23,835,000.

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. 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 refunding resulted in an overall debt service savings of \$4,362,279. The net present value of the debt service savings is called an economic gain and amounted to \$3,356,983.

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 \$71,347,817. The Sewer Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$5,086,197 and \$9,584,584, respectively.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**C. *Water Revenue Bonds***

On July 2, 2003 the Manteca Financing Authority issued 2003 Water Revenue Bond Series 2003A in the amount of \$43,325,000 to finance the City's share of the cost of a \$149 million surface water plant. The 2003 Revenue Bonds are secured by installment payments payable by the City of Manteca under the Installment Sales Agreement dated July 1, 2003. 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 water system. Interest payments are due on January 1, and July 1 of each year through 2033. The bonds were fully defeased on December 11, 2012 with the issuance of the 2012 Water Revenue Refunding Bonds as discussed below. The defeased balance of the bonds as of June 30, 2013 was \$40,875,000.

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. 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 refunding resulted in an overall debt service savings of \$7,509,716. The net present value of the debt service savings is called an economic gain and amounted to \$4,652,364.

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 \$56,673,550. The Water Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$1,705,974 and \$5,015,555, respectively.

**D. *Capital Lease Obligations***

On September 4, 2001, the City entered into a \$1,575,000 lease agreement with Lasalle Bank National Association for the purchase of energy savings equipment for the implementation of energy conservation projects throughout the City. The lease interest and principal payments are due on March 21 and September 21 with a final payment on September 4, 2013. The loans are payable from general government and enterprise fund resources generated from the savings on the City's electric bills.

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 April 14, 2009, the City entered into a lease agreement in the amount of \$460,462 with Westamerica Bank for the purchase of a telephone system. The lease interest and principal payments are due on the 9<sup>th</sup> of each month with the final payment on April 9, 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 15<sup>th</sup> 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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**E. Loan Payable to Successor Agency**

During fiscal year 2010 the Redevelopment Debt Service Fund made an advance of \$1,700,000 to the Development Services Special Revenue Fund to establish the fund. Due to the dissolution of the Redevelopment Agency as discussed in Note 16, the advance became a loan payable to the Successor Agency and was recorded as a long-term liability of the City. During fiscal year 2013, the State Department of Finance made a determination that the loan was “callable” and due immediately, therefore the loan was repaid during the fiscal year.

**F. Debt Service Requirements**

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

For the Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$534,003	\$40,247	\$1,969,773	\$3,617,521
2015	310,589	19,864	2,160,000	3,524,241
2016	210,356	8,952	2,250,000	3,463,166
2017			2,370,000	3,382,191
2018			2,505,000	3,303,241
2019-2023			14,640,000	14,780,605
2024-2028			16,350,000	11,028,568
2029-2033			20,540,000	6,703,495
2034-2037			14,780,000	1,581,894
Total	<u>\$1,054,948</u>	<u>\$69,063</u>	77,564,773	<u>\$51,384,922</u>
Plus: Bond Premiums			8,183,578	
Gross Long Term Debt			<u>\$85,748,351</u>	

**G. 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.

The deferred charge on refunding was previously reported as a component of the long-term debt balance. With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, the balance of deferred charge on refunding is to be reported as an asset or liability, as applicable. Another provision of GASB Statement No. 65 requires that bond issuance costs, other than prepaid insurance, be expensed in the year incurred. As a result of the implementation, unamortized bond issuance costs as of July 1, 2012 in the amount of \$54,068 in the Water Enterprise Fund and \$1,077,332 in the Sewer Enterprise Fund have been removed and net position of the funds have been reduced and restated in those amounts.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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 are divided into three captions on the Statement of Net Position. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

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

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

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

**B. Fund Balance**

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendable* represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

*Committed* fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. The highest level of formal action of the City Council is an Ordinance. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

*Assigned* fund balances are amounts constrained by the City’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee, the Finance Director, and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; nonspendables, when it is the City’s intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

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

Detailed classifications of the City’s Fund Balances, as of June 30, 2013, are below:

Fund Balance Classifications	General Fund	Special Revenue		Capital Projects		Other Governmental Funds	Total
		Development Mitigation	Low/Moderate Income Housing Assets	Public Facilities Implementation Plan	Special Appportionment Streets		
<b>Nonspendable:</b>							
Items not in spendable form:							
Prepaid Expenses	\$296,001					\$60,930	\$356,931
Advances	1,618,951						1,618,951
<b>Total Nonspendable Fund Balances</b>	<b>1,914,952</b>					<b>60,930</b>	<b>1,975,882</b>
<b>Restricted for:</b>							
Low and Moderate Income Housing			\$2,749,136				2,749,136
Transportation						14,962,272	14,962,272
Development Services		\$2,643,406				805,965	3,449,371
Public Safety						8,851,646	8,851,646
Parks						2,504,014	2,504,014
Major Equipment Purchases						699,403	699,403
Landscaping and Lighting						1,143,623	1,143,623
City and Public Facilities Projects				\$23,674,501		5,547,480	29,221,981
<b>Total Restricted Fund Balances</b>		<b>2,643,406</b>	<b>2,749,136</b>	<b>23,674,501</b>		<b>34,514,403</b>	<b>63,581,446</b>
<b>Committed to:</b>							
Recreation Programs						347,995	347,995
<b>Total Committed Fund Balances</b>						<b>347,995</b>	<b>347,995</b>
<b>Assigned to:</b>							
Capital Projects						\$3,835,995	3,835,995
Other projects	38,600						38,600
<b>Total Assigned Fund Balances</b>	<b>38,600</b>					<b>3,835,995</b>	<b>3,874,595</b>
<b>Unassigned:</b>							
General Fund	13,897,866						13,897,866
Other Governmental Fund Deficits						(1,168)	(1,168)
<b>Total Unassigned Fund Balances</b>	<b>13,897,866</b>					<b>(1,168)</b>	<b>13,896,698</b>
<b>Total Fund Balances</b>	<b>\$15,851,418</b>	<b>\$2,643,406</b>	<b>\$2,749,136</b>	<b>\$23,674,501</b>	<b>\$3,835,995</b>	<b>\$34,922,160</b>	<b>\$83,676,616</b>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

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

At June 30, 2013, the Community Development Block Grant Special Revenue Fund had a deficit fund balance in the amount of \$1,168 and the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund had a deficit net position of \$46,872,947, both deficits will be eliminated by future revenues.

**D. *Restatements***

During fiscal year 2013, the City determined that the restatement of certain balances was necessary. In addition to the discussion below, bond issuance costs from the prior year were restated as discussed in Note 8G above.

During fiscal year 2013, the City determined that the balance of the allowance for conditional grants as of June 30, 2012 had been overstated in the Low and Moderate Income Housing Asset Special Revenue Fund and understated in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund. Therefore, beginning net position was restated and increased in the amount of \$1,825,477 in the Governmental Activities and restated and decreased in the same amount in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund.

During fiscal year 2013, the City determined that the balance of prepaid items as of June 30, 2012 had been overstated in the Payroll Tax Benefit Allocation Internal Service Fund and the balance of unearned revenue had been overstated in the Retiree Health Savings Plan Trust Fund. Therefore, beginning net position has been restated and decreased in the amount of \$75,087 in the Payroll Tax Benefit Allocation Internal Service Fund and restated and increased in the same amount in the Retiree Health Savings Plan Trust Fund.

During fiscal year 2013, the City determined that certain accounts payable balances had been recorded incorrectly between the Low and Moderate Income Housing Assets Special Revenue Fund and the Successor Agency to the Redevelopment Agency Private Purpose Trust Fund due to the dissolution of the former Redevelopment Agency. Therefore, beginning net assets have been restated and decreased in the amount of \$627 in the Low and Moderate Income Housing Assets Special Revenue Fund and restated and increased in the amount of \$47,478 Successor Agency to the Redevelopment Agency Private Purpose Trust Fund.



**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 10 - PENSION PLAN**

**A. CALPERS Safety and Miscellaneous Employees Plans**

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2013, are summarized as follows:

	Safety					
	Police			Fire		
	Prior to April 3, 2012	After April 3, 2012	On or after January 1, 2013	Prior to /After April 3, 2012	On or after January 1, 2013	On or after January 1, 2013
Hire date						
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	55	50 - 57	55	55	50 - 57
Monthly benefits, as a % of annual salary	3%	3%	2.0% - 2.7%	2.4% - 3.0%	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9%	9%	12%	9%	9%	12%
Required employer contribution rates	32.771%	32.771%	32.771%	32.771%	32.771%	32.771%
	Miscellaneous					
Hire date	Prior to April 3, 2012	After April 3, 2012	On or after January 1, 2013			
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		55	60	52 - 67		
Monthly benefits, as a % of annual salary		2.0% - 2.7%	2%	1.0% - 2.5%		
Required employee contribution rates		8%	8%	6.75%		
Required employer contribution rates		21.975%	21.975%	21.975%		

All qualified permanent and probationary employees are eligible to participate in PERS. A credited service year is one year of full-time employment. Effective July 1, 2011, the City amended its labor contracts for a period of four years, during which time the employees belonging to the following bargaining units will contribute a percentage of the employer's required contribution: Executive Management, Fire, Mid Managers, Police Employees, and Police Officers. This does not apply to employees belonging to the General Services and Technical Support bargaining units. These benefit provisions and all other requirements are established by state statute and City Ordinance. Contributions necessary to fund PERS on an actuarial basis are determined by PERS and its Board of Administration.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City does not have a net pension obligation since it pays these actuarially required contributions monthly. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the last three fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<i>Safety Plan</i>			
June 30, 2011	\$2,907,760	100%	\$0
June 30, 2012	3,310,673	100%	0
June 30, 2013	3,202,631	100%	0
<i>Miscellaneous Plan</i>			
June 30, 2011	\$2,714,098	100%	\$0
June 30, 2012	3,047,114	100%	0
June 30, 2013	3,105,238	100%	0

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.5% is assumed, including inflation at 2.75%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over 30 years. The Plans' actuarial value (which differs from market value) and funding progress over the most recent three years available is set forth below at their actuarial valuation date of June 30:

*Safety Plan:*

Actuarial						Unfunded (Overfunded) Liability as % of Payroll
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	
2009	\$89,377,397	\$66,988,177	\$22,389,220	74.9%	\$11,850,469	188.9%
2010	96,461,548	72,355,964	24,105,584	75.0%	10,791,977	223.4%
2011	104,640,338	77,915,443	26,724,895	74.5%	10,943,166	244.2%

*Miscellaneous Plan:*

Actuarial						Unfunded (Overfunded) Liability as % of Payroll
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	
2009	\$93,070,625	\$70,818,338	\$22,252,287	76.1%	\$16,607,668	134.0%
2010	100,599,505	76,256,659	24,342,846	75.8%	16,282,267	149.5%
2011	109,434,161	82,021,321	27,412,840	75.0%	15,925,209	172.1%

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

Audited annual financial statements and ten-year trend information are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709. CALPERS reports this information approximately seventeen months after the end of its June 30 fiscal year.

**B. *Supplemental Retirement Program***

The City sponsors a supplemental retirement plan created in accordance with Internal Revenue Code (IRC) Section 401(a). Contributions made to the Plan are subject to early withdrawal penalties. Once an employee opts to participate in the Plan, they must stay in the plan and participate at the level designated for their unit. If an employee separates employment from the City they may choose to allow their unit assets to remain in the Plan, rollover their assets as allowed by the IRC, or withdraw their assets and pay the resulting taxes and penalties.

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.

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. Eligible employees must (1) be designated by the City; (2) be at least fifty-four years of age; and (3) have completed at least five (5) years of full-time continuous employment with the City on or after October 1, 2001. All eligible employees covered by this plan are fully vested.

Additionally, 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.

At June 30, 2013, four employees and four retirees were participating in these plans and the City's required contribution of \$203,737 was made.

**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, 2013 there were 151 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:

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

	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 \$1,490 for family	\$655 for single \$1,140 for two \$1,340 for family	\$695 for single \$1,202 for two party \$1,561 for family	\$675 for single \$1,165 for two \$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	\$115	\$115	\$115	\$115	\$115	\$115

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.

***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, 2010 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 9.4% 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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

***Funding Progress and Funded Status***

In accordance with the City's budget, the annual required contribution (ARC) to the Plan for fiscal year 2012 is based on pay-as-you-go financing, as the City did not begin to prefund benefits until mid-fiscal year 2012. 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. Contributions to the City's Trust began on December 6, 2011, thus these assets were excluded from the June 30, 2010 actuarial study. During the fiscal year ended June 30, 2013, the City contributed \$1,104,022 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:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$1,558,000	\$821,648	53%	\$10,717,590
6/30/2012	1,626,000	1,010,602	62%	11,332,988
6/30/2013	1,240,000	1,104,022	89%	11,468,966

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

Annual required contribution (ARC)	\$1,500,000
Interest on net OPEB obligation	453,000
Adjustment to annual required contribution	<u>(713,000)</u>
Annual OPEB cost	<u>1,240,000</u>
Contributions made:	
Contributions made to OPEB Trust	(896,612)
City portion of current year premiums paid	<u>(207,410)</u>
Total contributions	<u>(1,104,022)</u>
Change in net OPEB obligation	135,978
Net OPEB Obligation at June 30, 2012	<u>11,332,988</u>
<b>Net OPEB Obligation at June 30, 2013</b>	<u><u>\$11,468,966</u></u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

The Schedule of Funding Progress 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 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%

The June 30, 2013 actuarial report is in process.

**NOTE 12 - DEFERRED COMPENSATION PLAN**

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

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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
Workers' Compensation (no deductible)	Statutory Limit

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

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

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

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 2011	\$1,571,267	\$1,480,976	\$3,052,243
Net change in:			
Liability for current fiscal year claims		28,037	28,037
Liability for prior fiscal years' claims and claims incurred but not reported (IBNR)	89,781	127,955	217,736
Claims paid	(89,781)	(155,992)	(245,773)
Balance June 30, 2012	1,571,267	1,480,976	3,052,243
Net change in:			
Liability for current fiscal year claims		47,624	47,624
Liability for prior years' claims and claims incurred but not reported (IBNR)	80,951	229,418	310,369
Claims paid	(80,951)	(277,042)	(357,993)
Balance June 30, 2013	<u>\$1,571,267</u>	<u>\$1,480,976</u>	<u>\$3,052,243</u>
Claims liability, due within one year	<u>\$80,951</u>	<u>\$277,042</u>	<u>\$357,993</u>

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

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.

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



**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**A. *Public Facilities Implementation Plan***

The City of Manteca 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, 2013, the City had outstanding reimbursement commitments totaling \$12,770,836.

**B. *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, 2013 were as follows: General Fund \$38,600, Development Mitigation Fund \$180,679, Federal Transit Management \$98,554 and Non-Major Governmental Funds \$45,852.

**C. *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 2013, payments made to the developer under the agreement were \$381,398 and payments to date totaled \$680,241.

**D. *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 lease 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 2013, payments made to the Corporation under the agreement totaled \$338,901 and \$1,240,791 has been paid since the start of the agreement.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 2013, the City had issued bonds in the amount of \$43,325,000; \$21,675,000 remained authorized but unissued.

At October 18, 2004, the City authorized the issuance of Subordinated Tax Allocation Bonds, Series 2004 in the amount of \$36,500,000 and Tax Allocation (Housing Set-Aside) Bonds, Series 2004 in the amount of \$5,650,000 to fund the costs of redevelopment improvements and certain related activities. As of June 30, 2013, the City had issued bonds in the amount of \$25,925,000 and \$5,310,000 respectively; \$10,575,000 and \$340,000 of these bonds remain authorized but unissued. With the dissolution of the Redevelopment Agency, the City can no longer issue Tax Allocation Bonds.

**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 has not received the results of the State Controller's asset transfer review and the amount, if any, of assets to be returned is not determinable at this time.

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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

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 and has been reported as an extraordinary item in the accompanying financial statements. 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 and this transaction has also been reported as an extraordinary item in the accompanying financial statements.

Cash and investments of the Successor Agency as of June 30, 2013 are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2013.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 2013 are set forth below:

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

***Owner Participation Agreement***

During fiscal year 2006 the Redevelopment Agency entered into an Owner Participation Agreement under which it made a loan totaling \$1,433,357 to a real property owner in the Redevelopment Area for the purpose of making street improvements. The loan bears interest at six percent with the entire outstanding amount of principal and accrued interest due on September 20, 2011. The Owner signed a promissory note secured by a deed of trust. However, the Agency agrees to forgive the repayment of the loan if loan forgiveness conditions are met. Although the owner met the forgiveness provisions, due to the dissolution of the former Redevelopment Agency, reconveyance has not yet been completed and at June 30, 2013, 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, 2013, 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, 2013, the principal balance outstanding was \$338,040.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

*Note Receivable from the City of Manteca*

During fiscal year 2010 the Agency approved an interfund advance of \$1,700,000 from the Redevelopment Debt Service Fund to the City’s Development Services Special Revenue Fund to establish the fund. The loan did not bear interest and was repayable when funds become available. During fiscal year 2013, the State Department of Finance made a determination that the loan was “callable” and due immediately, therefore the loan was repaid during the fiscal year.

*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, 2013 comprise:

	Balance at <u>June 30, 2012</u>	<u>Additions</u>	Balance at <u>June 30, 2013</u>
Capital assets not being depreciated:			
Land	\$5,901,124		\$5,901,124
Capital assets being depreciated:			
Buildings and improvements	3,788,211		3,788,211
Less accumulated depreciation	<u>(790,390)</u>	<u>(\$126,274)</u>	<u>(916,664)</u>
Net capital assets being depreciated	<u>2,997,821</u>	<u>(126,274)</u>	<u>2,871,547</u>
Governmental activity capital assets, net	<u>\$8,898,945</u>	<u>(\$126,274)</u>	<u>\$8,772,671</u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 2012	Retirements	Balance June 30, 2013	Current Portion
<b>Redevelopment Agency Tax</b>				
<b>Allocation Bonds -</b>				
Series 2002 Subordinated Tax Allocation Refunding Bonds, 2.0-5.25%	\$25,505,000	\$670,000	\$24,835,000	\$690,000
Series 2004 Amended Merged Project Area Subordinated Tax Allocation Bonds, 3.0-5.0%	23,220,000	735,000	22,485,000	760,000
Series 2004 Amended Merged Project Area Subordinated Tax Allocation (Housing Set-Aside) Bonds, 3.0-5.0%	4,845,000	125,000	4,720,000	130,000
Series 2005 Amended Merged Project Area Subordinated Tax Allocation Refunding Bonds, variable rate	49,560,000	690,000	48,870,000	725,000
Series 2006 Amended Merged Project Area Subordinated Tax Allocation Bonds, 4.0-5.0%	21,885,000	420,000	21,465,000	445,000
<b>Total Successor Agency Debt</b>	<b>\$125,015,000</b>	<b>\$2,640,000</b>	<b>\$122,375,000</b>	<b>\$2,750,000</b>

**2. Redevelopment Agency Tax Allocation Bonds**

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

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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. 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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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 \$204,052,088 on 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. Using property taxes received by the Successor Agency, total collections were \$11,125,234 which represented coverage of 142% of the \$7,821,410 of 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 3.284%. 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, 2013, 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.

<u>Related Bond Issue</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Counterparty</u>	<u>Credit Ratings (Moody's/S&amp;P)</u>	<u>Issuer Pays</u>	<u>Issuer Receives</u>	<u>Maturity/ Termination Date</u>
Amended Merged Project Area Variable Rate Subordinate Tax Allocation Refunding Bonds, Series 2005	\$48,870,000	12/13/2005	Piper Jaffray Financial Products Inc, with credit guarantee by Morgan Stanley	Baa1/A1	3.636%	63% of one month LIBOR plus 30 basis points	10/1/2042

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

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



**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

As of June 30, 2013, the fair value of the cash flow hedging derivative swap was in favor of the counterparty in the amount of (\$8,932,504), an increase of \$5,200,656 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, 2013, 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 Baa1/A1 by Moody's and Standard & Poor's respectively. The Agency will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

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

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

*Termination risk.* The Agency or the counterparty may terminate if the other party fails to perform under the terms of the respective contract. The Agency will be exposed to variable rates if the counterparty to the swap contract defaults or if the swap contract is terminated. A termination of the swap contract may also result in the Agency's making or receiving a termination payment based on market interest rates at the time of the termination. If at the time of termination the swap has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

*Swap payments and associated debt.* Using rates as of June 30, 2013, debt service requirements of the Agency’s outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary. These estimated payments presented in the table are included in the Debt Service Requirements Table below:

For the Year Ending June 30	Variable-Rate Bonds		Interest Rate Swap, Net	Total
	Principal	Interest		
2014	\$725,000	\$34,209	\$1,553,003	\$2,312,212
2015	745,000	33,702	1,529,206	2,307,908
2016	830,000	33,180	1,503,166	2,366,346
2017	1,355,000	32,599	1,463,554	2,851,153
2018	1,410,000	31,651	1,418,644	2,860,295
2019-2023	6,805,000	143,704	6,431,152	13,379,856
2024-2028	7,815,000	117,432	5,199,921	13,132,353
2029-2033	4,390,000	96,230	4,310,655	8,796,885
2034-2038	8,915,000	76,339	3,285,829	12,277,168
2039-2043	15,880,000	34,189	1,178,727	17,092,916
Totals	<u>\$48,870,000</u>	<u>\$633,235</u>	<u>\$27,873,857</u>	<u>\$77,377,092</u>

**4. Debt Service Requirements**

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

For the Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$2,750,000	\$5,043,719
2015	2,875,000	4,924,131
2016	3,000,000	4,801,829
2017	3,135,000	4,670,905
2018	3,275,000	4,537,147
2019-2023	16,755,000	20,610,958
2024-2028	19,400,000	16,986,535
2029-2033	24,285,000	12,222,316
2034-2038	26,720,000	6,161,956
2039-2043	20,180,000	1,717,592
Total	<u>\$122,375,000</u>	<u>\$81,677,088</u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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 will be conducting 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 and the amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

This Page Left Intentionally Blank

<p style="text-align: center;"><b>MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS</b></p>
---

**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

**SPECIAL APPORTIONMENT STREETS FUND**

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  
PUBLIC FACILITIES IMPLEMENTATION PLAN FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$211,000	\$145,066	(\$65,934)
Charges for current services	854,000	659,944	(194,056)
Other revenue		100,000	100,000
Total Revenues	1,065,000	905,010	(159,990)
<b>EXPENDITURES</b>			
Current:			
Public works	618,425	270,173	348,252
Capital outlay	8,902,140	2,929,508	5,972,632
Debt service:			
Interest and fiscal charges		86,667	(86,667)
Total Expenditures	9,520,565	3,286,348	6,234,217
<b>NET CHANGE IN FUND BALANCE</b>	<b>(\$8,455,565)</b>	<b>(2,381,338)</b>	<b>\$6,074,227</b>
<b>BEGINNING FUND BALANCE</b>		<b>26,055,839</b>	
<b>ENDING FUND BALANCE</b>		<b>\$23,674,501</b>	

CITY OF MANTECA  
SPECIAL APPORTIONMENT STREETS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Use of money and property	\$24,900	(\$68,900)	(\$93,800)
Revenue from other agencies	874,315	3,272,739	2,398,424
Other revenue		6,514	6,514
	<u>899,215</u>	<u>3,210,353</u>	<u>2,311,138</u>
<b>EXPENDITURES</b>			
Current:			
Streets and highways	757,815	576,882	180,933
Capital outlay	7,418,143	2,786,369	4,631,774
Debt service:			
Principal	54,510	54,509	1
Interest and fiscal charges	3,680	3,678	2
	<u>8,234,148</u>	<u>3,421,438</u>	<u>4,812,710</u>
<b>NET CHANGE IN FUND BALANCE BEFORE EXTRAORDINARY ITEM</b>	<u>(7,334,933)</u>	<u>(211,085)</u>	<u>7,123,848</u>
<b>EXTRAORDINARY ITEM</b>			
Assets transferred Successor Agency		<u>(43,670,205)</u>	<u>(43,670,205)</u>
<b>Total Other Financing Sources (Uses)</b>		<u>(43,670,205)</u>	<u>(43,670,205)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(\$7,334,933)</u>	<u>(43,881,290)</u>	<u>(\$36,546,357)</u>
<b>BEGINNING FUND BALANCE</b>		<u>47,717,285</u>	
<b>ENDING FUND BALANCE</b>		<u>\$3,835,995</u>	

This Page Left Intentionally Blank



<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
-------------------------------------

**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.

**NON-MAJOR GOVERNMENTAL FUNDS (Continued)**

**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 fifteen approved districts.

**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.

**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.

**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.

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

**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.

**COMMUNITY FACILITIES DISTRICT FUND**

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

CITY OF MANTECA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013

	SPECIAL REVENUE FUNDS			
	Community Development Block Grant	Police Grants	Supplemental Law Enforcement Services	Recreation
<b>ASSETS</b>				
Cash and investments	\$4	\$5	\$76,810	\$454,967
Restricted cash and investments				
Accounts receivables (net of allowance for estimated uncollectible accounts)	57,430	34,095	19,272	15,846
Taxes receivable				
Interest receivable			55	
Due from other funds				
Advances to other funds				
Prepaid items				
Total Assets	\$57,434	\$34,100	\$96,137	\$470,813
<b>LIABILITIES</b>				
Accounts payable	\$11,457		\$16,246	\$36,620
Contracts payable				
Refundable deposits				86,198
Due to other funds	47,145	\$12,645		
Advances from other funds				
Total Liabilities	58,602	12,645	16,246	122,818
<b>FUND BALANCE</b>				
Fund balance:				
Nonspendable				
Restricted		21,455	79,891	
Committed				347,995
Unassigned	(1,168)			
Total Fund Balances (Deficit)	(1,168)	21,455	79,891	347,995
Total Liabilities and Fund Balances	\$57,434	\$34,100	\$96,137	\$470,813

SPECIAL REVENUE FUNDS						CAPITAL IMPROVEMENT FUNDS	
Street Improvements	Major Equipment Purchase Fee	Landscape and Lighting Maintenance District	Public Safety Sales Tax	Public Safety Endowment Fee	Development Services	State Gasoline Tax	Regional Transportation Impact Fees
\$64,673	\$656,848 43,398	\$1,220,927	\$3,044,785	\$5,445,689	\$1,025,048	\$2,307,899	\$7,923,954
				34,831	26,202	17,237	
	2,312		191,573 12,663	26,153	1,101	1,321	15,471
<u>\$64,673</u>	<u>\$702,558</u>	<u>\$1,220,927</u>	<u>\$3,249,021</u>	<u>\$5,506,673</u>	<u>\$1,052,351</u>	<u>\$2,326,457</u>	<u>\$7,939,425</u>
	\$3,155	\$77,304	\$5,394		\$39,860	\$98,484	\$68,189
					206,526		
	<u>3,155</u>	<u>77,304</u>	<u>5,394</u>		<u>246,386</u>	<u>98,484</u>	<u>68,189</u>
\$64,673	699,403	1,143,623	3,243,627	\$5,506,673	805,965	2,227,973	7,871,236
<u>64,673</u>	<u>699,403</u>	<u>1,143,623</u>	<u>3,243,627</u>	<u>5,506,673</u>	<u>805,965</u>	<u>2,227,973</u>	<u>7,871,236</u>
<u>\$64,673</u>	<u>\$702,558</u>	<u>\$1,220,927</u>	<u>\$3,249,021</u>	<u>\$5,506,673</u>	<u>\$1,052,351</u>	<u>\$2,326,457</u>	<u>\$7,939,425</u>

(Continued)

CITY OF MANTECA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013

	CAPITAL IMPROVEMENT FUNDS				
	Measure K	Parks	Government Building Facilities	Community Facilities District	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$3,143,038	\$2,483,303	\$4,969,663		\$32,817,613
Restricted cash and investments			1,139,109		1,182,507
Accounts receivables (net of allowance for estimated uncollectible accounts)	494,009				698,922
Taxes receivable					191,573
Interest receivable	3,248	10,736	14,590		87,650
Due from other funds	1,193,785				1,193,785
Advances to other funds		28,000			28,000
Prepaid items			60,930		60,930
	<b>\$4,834,080</b>	<b>\$2,522,039</b>	<b>\$6,184,292</b>		<b>\$36,260,980</b>
<b>LIABILITIES</b>					
Accounts payable	\$35,690	\$15,806	\$575,882		\$984,087
Contracts payable		2,219			2,219
Refundable deposits					86,198
Due to other funds					59,790
Advances from other funds					206,526
	<b>35,690</b>	<b>18,025</b>	<b>575,882</b>		<b>1,338,820</b>
<b>Fund Balance</b>					
Fund balance:					
Nonspendable			60,930		60,930
Restricted	4,798,390	2,504,014	5,547,480		34,514,403
Committed					347,995
Unassigned					(1,168)
	<b>4,798,390</b>	<b>2,504,014</b>	<b>5,608,410</b>		<b>34,922,160</b>
<b>Total Fund Balances (Deficit)</b>	<b>4,798,390</b>	<b>2,504,014</b>	<b>5,608,410</b>		<b>34,922,160</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$4,834,080</b>	<b>\$2,522,039</b>	<b>\$6,184,292</b>		<b>\$36,260,980</b>

This Page Left Intentionally Blank

CITY OF MANTECA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE FUNDS			
	Community Development Block Grant	Police Grants	Supplemental Law Enforcement Services	Recreation
REVENUES				
Sales tax				
Licenses and permits				
Use of money and property			\$173	
Revenue from other agencies	\$245,421	\$137,818	115,881	
Charges for current services				\$865,972
Other revenue				13,309
	<u>245,421</u>	<u>137,818</u>	<u>116,054</u>	<u>879,281</u>
Total Revenues				
EXPENDITURES				
Current:				
General government				
Community development	55,541			
Public safety		112,946	142,136	
Public works				
Parks and recreation	4,462			1,024,205
Streets and highways				
Capital outlay	186,586	3,417	24,873	
Debt service:				
Principal				
Interest and fiscal charges				
	<u>246,589</u>	<u>116,363</u>	<u>167,009</u>	<u>1,024,205</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(1,168)</u>	<u>21,455</u>	<u>(50,955)</u>	<u>(144,924)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of property				
Transfers in				225,000
Transfers (out)				
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>225,000</u>
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	(1,168)	21,455	(50,955)	80,076
BEGINNING FUND BALANCES (DEFICITS)	<u>                    </u>	<u>                    </u>	<u>130,846</u>	<u>267,919</u>
ENDING FUND BALANCES (DEFICITS)	<u><u>(\$1,168)</u></u>	<u><u>\$21,455</u></u>	<u><u>\$79,891</u></u>	<u><u>\$347,995</u></u>



SPECIAL REVENUE FUNDS						CAPITAL IMPROVEMENT FUNDS	
Street Improvements	Major Equipment Purchase Fee	Landscape and Lighting Maintenance District	Public Safety Sales Tax	Public Safety Endowment Fee	Development Services	State Gasoline Tax	Regional Transportation Impact Fees
			\$4,593,287		\$1,148,019		
	\$9,768		(7,934)	(\$13,362)	4,559	\$5,457	(\$5,941)
	92,963	\$741,900		80,428	70,914	1,631,612	
					299,973		662,008
					1,064	23,005	
	102,731	741,900	4,585,353	67,066	1,524,529	1,660,074	656,067
					1,761,470		
			5,041,618	1,096,100		20,121	
		848,402				73,009	
						1,239,463	180,304
	219,936				1,700,000		
	37,230						
	257,166	848,402	5,041,618	1,096,100	3,461,470	1,332,593	180,304
	(154,435)	(106,502)	(456,265)	(1,029,034)	(1,936,941)	327,481	475,763
	23,200						
					1,934,159		
				(1,300,000)			
	23,200			(1,300,000)	1,934,159		
	(131,235)	(106,502)	(456,265)	(2,329,034)	(2,782)	327,481	475,763
\$64,673	830,638	1,250,125	3,699,892	7,835,707	808,747	1,900,492	7,395,473
\$64,673	\$699,403	\$1,143,623	\$3,243,627	\$5,506,673	\$805,965	\$2,227,973	\$7,871,236

(Continued)

CITY OF MANTECA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013

	CAPITAL IMPROVEMENT FUNDS				Total Nonmajor Governmental Funds
	Measure K	Parks	Government Building Facilities	Community Facilities District	
<b>REVENUES</b>					
Sales tax					\$4,593,287
Licenses and permits			\$1,001,825		2,149,844
Use of money and property	\$13,691	\$1,047	(1,785)		5,673
Revenue from other agencies	956,134				3,238,208
Charges for current services		643,561		\$30,503	3,336,880
Other revenue					37,378
<b>Total Revenues</b>	<b>969,825</b>	<b>644,608</b>	<b>1,000,040</b>	<b>30,503</b>	<b>13,361,270</b>
<b>EXPENDITURES</b>					
Current:					
General government					
Community development				101,513	1,918,524
Public safety					6,392,800
Public works					20,121
Parks and recreation		188,154			2,138,232
Streets and highways	670,049				1,909,512
Capital outlay	83,251	1,770,520	3,027,813		5,276,764
Debt service:					
Principal			160,689		2,080,625
Interest and fiscal charges			18,192		55,422
<b>Total Expenditures</b>	<b>753,300</b>	<b>1,958,674</b>	<b>3,206,694</b>	<b>101,513</b>	<b>19,792,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>216,525</b>	<b>(1,314,066)</b>	<b>(2,206,654)</b>	<b>(71,010)</b>	<b>(6,430,730)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from the sale of property			697,790		720,990
Transfers in			2,890,655		5,049,814
Transfers (out)					(1,300,000)
<b>Total Other Financing Sources (Uses)</b>			<b>3,588,445</b>		<b>4,470,804</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>216,525</b>	<b>(1,314,066)</b>	<b>1,381,791</b>	<b>(71,010)</b>	<b>(1,959,926)</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>4,581,865</b>	<b>3,818,080</b>	<b>4,226,619</b>	<b>71,010</b>	<b>36,882,086</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$4,798,390</b>	<b>\$2,504,014</b>	<b>\$5,608,410</b>		<b>\$34,922,160</b>

This Page Left Intentionally Blank

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, 2013

	COMMUNITY DEVELOPMENT BLOCK GRANT			POLICE GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Licenses and permits						
Use of money and property						
Revenue from other agencies	\$452,240	\$245,421	(\$206,819)	\$63,190	\$137,818	\$74,628
Charges for current services						
Other revenue						
<b>Total Revenues</b>	<u>452,240</u>	<u>245,421</u>	<u>(206,819)</u>	<u>63,190</u>	<u>137,818</u>	<u>74,628</u>
EXPENDITURES						
Current:						
General government						
Community development	80,178	55,541	24,637			
Public safety				83,900	112,946	(29,046)
Public works						
Parks and recreation	4,462	4,462				
Streets and highways						
Capital outlay	817,136	186,586	630,550	39,259	3,417	35,842
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>901,776</u>	<u>246,589</u>	<u>655,187</u>	<u>123,159</u>	<u>116,363</u>	<u>6,796</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(449,536)</u>	<u>(1,168)</u>	<u>448,368</u>	<u>(59,969)</u>	<u>21,455</u>	<u>81,424</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from the sale of property						
Transfers in						
Transfers (out)				(63,190)		63,190
<b>Total Other Financing Sources (Uses)</b>				<u>(63,190)</u>		<u>63,190</u>
NET CHANGE IN FUND BALANCES	<u>(\$449,536)</u>	<u>(1,168)</u>	<u>\$448,368</u>	<u>(\$123,159)</u>	<u>21,455</u>	<u>\$144,614</u>
BEGINNING FUND BALANCES (DEFICITS)						
ENDING FUND BALANCES (DEFICITS)		<u>(\$1,168)</u>			<u>\$21,455</u>	

SUPPLEMENTAL LAW ENFORCEMENT SERVICES			RECREATION			MAJOR EQUIPMENT PURCHASE FEE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$173	\$173				\$7,350	\$9,768	\$2,418
	115,881	115,881	\$798,930	\$865,972	\$67,042	100,000	92,963	(7,037)
				13,309	13,309			
	116,054	116,054	798,930	879,281	80,351	107,350	102,731	(4,619)
\$189,442	142,136	47,306						
			1,048,951	1,024,205	24,746			
41,231	24,873	16,358				45,710		45,710
						220,070	219,936	134
						37,105	37,230	(125)
230,673	167,009	63,664	1,048,951	1,024,205	24,746	302,885	257,166	45,719
(230,673)	(50,955)	179,718	(250,021)	(144,924)	105,097	(195,535)	(154,435)	41,100
							23,200	23,200
			225,000	225,000				
			225,000	225,000			23,200	23,200
<u>(\$230,673)</u>	<u>(50,955)</u>	<u>\$179,718</u>	<u>(\$25,021)</u>	80,076	<u>\$105,097</u>	<u>(\$195,535)</u>	(131,235)	<u>\$64,300</u>
	130,846			267,919			830,638	
	<u>\$79,891</u>			<u>\$347,995</u>			<u>\$699,403</u>	

(Continued)

CITY OF MANTECA  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2013

	LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT			PUBLIC SAFETY SALES TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax				\$4,270,500	\$4,593,287	\$322,787
Licenses and permits						
Use of money and property	\$5,815		(\$5,815)	55,410	(7,934)	(63,344)
Revenue from other agencies						
Charges for current services	743,790	\$741,900	(1,890)			
Other revenue						
<b>Total Revenues</b>	<u>749,605</u>	<u>741,900</u>	<u>(7,705)</u>	<u>4,325,910</u>	<u>4,585,353</u>	<u>259,443</u>
EXPENDITURES						
Current:						
General government						
Community development						
Public safety				5,310,310	5,041,618	268,692
Public works						
Parks and recreation	1,087,139	848,402	238,737			
Streets and highways						
Capital outlay						
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>1,087,139</u>	<u>848,402</u>	<u>238,737</u>	<u>5,310,310</u>	<u>5,041,618</u>	<u>268,692</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(337,534)</u>	<u>(106,502)</u>	<u>231,032</u>	<u>(984,400)</u>	<u>(456,265)</u>	<u>528,135</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from the sale of property						
Transfers in				19,590		(19,590)
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>				<u>19,590</u>		<u>(19,590)</u>
NET CHANGE IN FUND BALANCES	<u>(\$337,534)</u>	<u>(106,502)</u>	<u>\$231,032</u>	<u>(\$964,810)</u>	<u>(456,265)</u>	<u>\$508,545</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>1,250,125</u>			<u>3,699,892</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$1,143,623</u>			<u>\$3,243,627</u>	

PUBLIC SAFETY ENDOWMENT FEE			DEVELOPMENT SERVICES			STATE GASOLINE TAX		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$92,400	(\$13,362)	(\$105,762)	\$1,100,000	\$1,148,019	\$48,019	\$4,500	\$5,457	\$957
	80,428	80,428	4,500	4,559	59	1,783,500	1,631,612	(151,888)
			175,000	70,914	(104,086)			
			138,000	299,973	161,973			
				1,064	1,064		23,005	23,005
<u>92,400</u>	<u>67,066</u>	<u>(25,334)</u>	<u>1,417,500</u>	<u>1,524,529</u>	<u>107,029</u>	<u>1,788,000</u>	<u>1,660,074</u>	<u>(127,926)</u>
1,128,665	1,096,100	32,565	1,955,280	1,761,470	193,810			
						21,500	20,121	1,379
						75,215	73,009	2,206
						1,416,405	1,239,463	176,942
				1,700,000	(1,700,000)			
<u>1,128,665</u>	<u>1,096,100</u>	<u>32,565</u>	<u>1,955,280</u>	<u>3,461,470</u>	<u>(1,506,190)</u>	<u>1,513,120</u>	<u>1,332,593</u>	<u>180,527</u>
<u>(1,036,265)</u>	<u>(1,029,034)</u>	<u>7,231</u>	<u>(537,780)</u>	<u>(1,936,941)</u>	<u>(1,399,161)</u>	<u>274,880</u>	<u>327,481</u>	<u>52,601</u>
<u>(1,300,000)</u>	<u>(1,300,000)</u>		440,685	1,934,159	1,493,474			
<u>(1,300,000)</u>	<u>(1,300,000)</u>		440,685	1,934,159	1,493,474			
<u>(\$2,336,265)</u>	<u>(2,329,034)</u>	<u>\$7,231</u>	<u>(\$97,095)</u>	<u>(2,782)</u>	<u>\$94,313</u>	<u>\$274,880</u>	<u>327,481</u>	<u>\$52,601</u>
	<u>7,835,707</u>			<u>808,747</u>			<u>1,900,492</u>	
	<u>\$5,506,673</u>			<u>\$805,965</u>			<u>\$2,227,973</u>	

(Continued)

CITY OF MANTECA  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2013

	REGIONAL TRANSPORTATION IMPACT FEES			MEASURE K		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Licenses and permits						
Use of money and property	\$55,500	(\$5,941)	(\$61,441)	\$8,900	\$13,691	\$4,791
Revenue from other agencies				898,000	956,134	58,134
Charges for current services	448,000	662,008	214,008			
Other revenue						
<b>Total Revenues</b>	<b>503,500</b>	<b>656,067</b>	<b>152,567</b>	<b>906,900</b>	<b>969,825</b>	<b>62,925</b>
EXPENDITURES						
Current:						
General government						
Community development						
Public safety						
Public works						
Parks and recreation						
Streets and highways	15,000		15,000	1,107,200	670,049	437,151
Capital outlay	646,528	180,304	466,224	2,108,785	83,251	2,025,534
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<b>661,528</b>	<b>180,304</b>	<b>481,224</b>	<b>3,215,985</b>	<b>753,300</b>	<b>2,462,685</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(158,028)	475,763	633,791	(2,309,085)	216,525	2,525,610
OTHER FINANCING SOURCES (USES)						
Proceeds from the sale of property						
Transfers in						
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>						
NET CHANGE IN FUND BALANCES	<u>(\$158,028)</u>	475,763	<u>\$633,791</u>	<u>(\$2,309,085)</u>	216,525	<u>\$2,525,610</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>7,395,473</u>			<u>4,581,865</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$7,871,236</u>			<u>\$4,798,390</u>	



PARKS			GOVERNMENT BUILDING FACILITIES			COMMUNITY FACILITIES DISTRICT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$23,000	\$1,047	(\$21,953)	\$1,200,000 45,000	\$1,001,825 (1,785)	(\$198,175) (46,785)	\$1,000		(\$1,000)
675,000	643,561	(31,439)					\$30,503	30,503
<u>698,000</u>	<u>644,608</u>	<u>(53,392)</u>	<u>1,245,000</u>	<u>1,000,040</u>	<u>(244,960)</u>	<u>1,000</u>	<u>30,503</u>	<u>29,503</u>
						101,515	101,513	2
679,185	188,154	491,031						
2,081,025	1,770,520	310,505	13,456,625	3,027,813	10,428,812			
			160,670 17,305	160,689 18,192	(19) (887)			
<u>2,760,210</u>	<u>1,958,674</u>	<u>801,536</u>	<u>13,634,600</u>	<u>3,206,694</u>	<u>10,427,906</u>	<u>101,515</u>	<u>101,513</u>	<u>2</u>
<u>(2,062,210)</u>	<u>(1,314,066)</u>	<u>748,144</u>	<u>(12,389,600)</u>	<u>(2,206,654)</u>	<u>10,182,946</u>	<u>(100,515)</u>	<u>(71,010)</u>	<u>29,505</u>
			1,590,655	697,790 2,890,655	697,790 1,300,000			
			1,590,655	3,588,445	1,997,790			
<u>(\$2,062,210)</u>	<u>(1,314,066)</u>	<u>\$748,144</u>	<u>(\$10,798,945)</u>	1,381,791	<u>\$12,180,736</u>	<u>(\$100,515)</u>	(71,010)	<u>\$29,505</u>
	<u>3,818,080</u>			<u>4,226,619</u>			<u>71,010</u>	
	<u>\$2,504,014</u>			<u>\$5,608,410</u>				

This Page Left Intentionally Blank

## **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, 2013

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$738,944	\$1,297,618	\$9,430,678	\$6,692,324	\$18,159,564
Restricted cash and investments		48,962			48,962
Accounts receivable	22,678		49,026	55,253	126,957
Interest receivable	2,478	936	25,767	17,178	46,359
Prepaid items				6,154	6,154
Employee notes receivable			87,347		87,347
<b>Total Current Assets</b>	<b>764,100</b>	<b>1,347,516</b>	<b>9,592,818</b>	<b>6,770,909</b>	<b>18,475,343</b>
Capital assets not being depreciated		195,734			195,734
Capital assets (net of accumulated depreciation)	164,909	465,336			630,245
<b>Total Non-Current Assets</b>	<b>164,909</b>	<b>661,070</b>			<b>825,979</b>
<b>Total Assets</b>	<b>929,009</b>	<b>2,008,586</b>	<b>9,592,818</b>	<b>6,770,909</b>	<b>19,301,322</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	3,798	67,376	81,871	32,411	185,456
Accrued liabilities		197	1,590,362		1,590,559
Compensated absences			137,417		137,417
Estimated claims liability				357,993	357,993
Capital lease obligations		83,789			83,789
<b>Total Current Liabilities</b>	<b>3,798</b>	<b>151,362</b>	<b>1,809,650</b>	<b>390,404</b>	<b>2,355,214</b>
Long-term Liabilities:					
Compensated absences			4,443,164		4,443,164
Estimated claims liability				2,694,250	2,694,250
OPEB liability				101,976	101,976
<b>Total Long-Term Liabilities</b>			<b>4,443,164</b>	<b>2,796,226</b>	<b>7,239,390</b>
<b>Total Liabilities</b>	<b>3,798</b>	<b>151,362</b>	<b>6,252,814</b>	<b>3,186,630</b>	<b>9,594,604</b>
<b>NET POSITION</b>					
Net investment in capital assets	164,909	626,243			791,152
Unrestricted	760,302	1,230,981	3,340,004	3,584,279	8,915,566
<b>Total Net Position</b>	<b>\$925,211</b>	<b>\$1,857,224</b>	<b>\$3,340,004</b>	<b>\$3,584,279</b>	<b>\$9,706,718</b>

CITY OF MANTECA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
<b>OPERATING REVENUES</b>					
Charges for services		\$1,731,950			\$1,731,950
Insurance premium contribution from other funds				\$2,044,302	2,044,302
Miscellaneous		339	\$46,082	42,749	89,170
<b>Total Operating Revenues</b>		<b>1,732,289</b>	<b>46,082</b>	<b>2,087,051</b>	<b>3,865,422</b>
<b>OPERATING EXPENSES</b>					
Personnel services		715,670	377,968	404,491	1,498,129
Contractual services		10,000	20,237	101,410	131,647
Supplies		142,371		51,875	194,246
Utilities		39,366		77	39,443
Repairs and maintenance		547,869		5,162	553,031
Vehicle maintenance and operations		448			448
Interdepartmental		1,950		13,230	15,180
Insurance		8,500		1,686,934	1,695,434
Claims				154,334	154,334
Depreciation	\$216,887	366,748			583,635
Miscellaneous		9,673		31,337	41,010
<b>Total Operating Expenses</b>	<b>216,887</b>	<b>1,842,595</b>	<b>398,205</b>	<b>2,448,850</b>	<b>4,906,537</b>
<b>Total Operating Income (Loss)</b>	<b>(216,887)</b>	<b>(110,306)</b>	<b>(352,123)</b>	<b>(361,799)</b>	<b>(1,041,115)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	10,485	3,966	(12,415)	(6,521)	(4,485)
Gain (Loss) from sale of capital assets	15,380				15,380
Interest (expense)		(5,413)			(5,413)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>25,865</b>	<b>(1,447)</b>	<b>(12,415)</b>	<b>(6,521)</b>	<b>5,482</b>
<b>Change in Net Position</b>	<b>(191,022)</b>	<b>(111,753)</b>	<b>(364,538)</b>	<b>(368,320)</b>	<b>(1,035,633)</b>
<b>BEGINNING NET POSITION, AS RESTATED</b>	<b>1,116,233</b>	<b>1,968,977</b>	<b>3,704,542</b>	<b>3,952,599</b>	<b>10,742,351</b>
<b>ENDING NET POSITION</b>	<b>\$925,211</b>	<b>\$1,857,224</b>	<b>\$3,340,004</b>	<b>\$3,584,279</b>	<b>\$9,706,718</b>

CITY OF MANTECA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	(\$2,627)	\$1,732,289	\$411	\$2,070,437	\$3,800,510
Payments to suppliers	(114)	(756,917)	(20,237)	(1,866,935)	(2,644,203)
Payments to employees		(715,897)	(362,948)	(403,078)	(1,481,923)
Internal activity - payments to other funds		(1,950)		(13,230)	(15,180)
Receipts on employee notes receivable			16,506		16,506
Claims paid				(154,334)	(154,334)
<b>Cash Flows from (used by) Operating Activities</b>	<b>(2,741)</b>	<b>257,525</b>	<b>(366,268)</b>	<b>(367,140)</b>	<b>(478,624)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(64,965)	(70,073)			(135,038)
Proceeds from sale of capital assets	19,227				19,227
Payments on capital leases		(96,538)			(96,538)
Interest paid on capital lease obligations		(5,413)			(5,413)
<b>Cash Flows from (used by) Capital and Related Financing Activities</b>	<b>(45,738)</b>	<b>(172,024)</b>			<b>(217,762)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest earnings	9,508	3,623	(22,548)	(13,300)	(22,717)
<b>Cash Flows from Investing Activities</b>	<b>9,508</b>	<b>3,623</b>	<b>(22,548)</b>	<b>(13,300)</b>	<b>(22,717)</b>
<b>Net Cash Flows</b>	<b>(38,971)</b>	<b>89,124</b>	<b>(388,816)</b>	<b>(380,440)</b>	<b>(719,103)</b>
Cash and investments at beginning of period	777,915	1,257,456	9,819,494	7,072,764	18,927,629
Cash and investments at end of period	\$738,944	\$1,346,580	\$9,430,678	\$6,692,324	\$18,208,526
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>					
Operating income (loss)	(\$216,887)	(\$110,306)	(\$352,123)	(\$361,799)	(\$1,041,115)
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>					
Depreciation	216,887	366,748			583,635
<b>Change in assets and liabilities:</b>					
Receivables, net	(2,627)		(45,671)	(16,614)	(64,912)
Prepaid items				(6,154)	(6,154)
Related party notes receivable			16,506		16,506
Accounts and other payables	(114)	1,310	64,690	16,014	81,900
Accrued liabilities		(227)	(411,990)		(412,217)
Compensated absences			362,320		362,320
OPEB liability				1,413	1,413
<b>Cash Flows from (used by) Operating Activities</b>	<b>(\$2,741)</b>	<b>\$257,525</b>	<b>(366,268)</b>	<b>(367,140)</b>	<b>(478,624)</b>
<b>NONCASH TRANSACTIONS</b>					
Retirement of capital assets, net	(\$3,847)				(\$3,847)

## 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, 2013

<u>AGENCY FUND</u>	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
<u>Assets</u>				
Cash and investments	\$5,351			\$5,351
Total Assets	<u>\$5,351</u>			<u>\$5,351</u>
<u>Liabilities</u>				
Due to stakeholders	\$5,351			\$5,351
Total Liabilities	<u>\$5,351</u>			<u>\$5,351</u>



## STATISTICAL SECTION

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

### ***Financial Trends***

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

### ***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

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

***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:

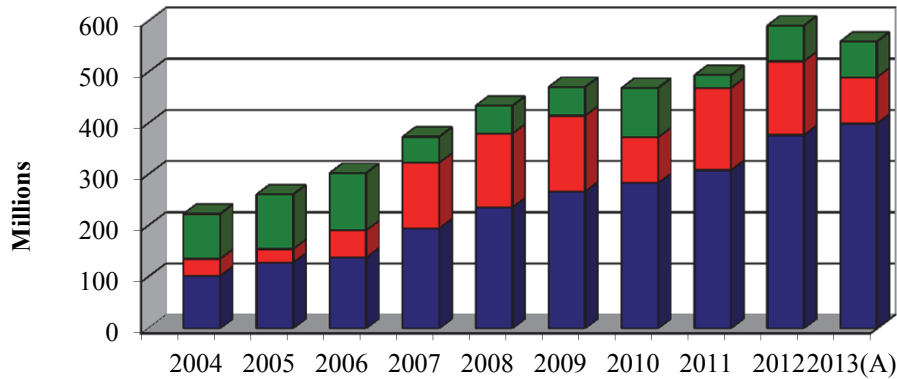
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Crime Policy Notary and Security Bonds of Principal Officials

***Sources***

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

This Page Left Intentionally Blank

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



■ Net investment in capital assets ■ Restricted ■ Unrestricted

	<u>2004</u>	<u>2005</u>	<u>June 30, 2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental activities</b>					
Net investment in capital assets	\$62,763,823	\$95,413,706	\$82,465,803	\$110,719,509	\$141,625,313
Restricted	33,103,490	26,535,767	53,336,395	128,104,351	144,023,997
Unrestricted	50,764,042	42,201,801	61,236,153	7,997,825	3,984,025
Total governmental activities net position	<u>\$146,631,355</u>	<u>\$164,151,274</u>	<u>\$197,038,351</u>	<u>\$246,821,685</u>	<u>\$289,633,335</u>
<b>Business-type activities</b>					
Net investment in capital assets	\$40,791,251	\$33,903,758	\$56,612,330	\$85,696,108	\$95,592,559
Unrestricted	37,061,280	64,594,406	50,613,502	42,834,995	50,615,963
Total business-type activities net position	<u>\$77,852,531</u>	<u>\$98,498,164</u>	<u>\$107,225,832</u>	<u>\$128,531,103</u>	<u>\$146,208,522</u>
<b>Primary government</b>					
Net investment in capital assets	\$103,555,074	\$129,317,464	\$139,078,133	\$196,415,617	\$237,217,872
Restricted	33,103,490	26,535,767	53,336,395	128,104,351	144,023,997
Unrestricted	87,825,322	106,796,207	111,849,655	50,832,820	54,599,988
Total primary government net position	<u>\$224,483,886</u>	<u>\$262,649,438</u>	<u>\$304,264,183</u>	<u>\$375,352,788</u>	<u>\$435,841,857</u>

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

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013(A)</b>
\$168,403,886	\$171,675,891	\$188,291,863	\$254,330,807	\$272,862,137
148,127,615	89,276,875	160,477,438	144,103,748	90,527,590
(2,956,474)	44,968,093	(26,952,930)	14,672,681	16,479,375
<u>\$313,575,027</u>	<u>\$305,920,859</u>	<u>\$321,816,371</u>	<u>\$413,107,236</u>	<u>\$379,869,102</u>
\$100,051,333	\$113,151,440	\$121,850,958	\$124,505,612	\$128,003,081
58,841,297	51,398,693	52,096,899	54,957,132	53,338,111
<u>\$158,892,630</u>	<u>\$164,550,133</u>	<u>\$173,947,857</u>	<u>\$179,462,744</u>	<u>\$181,341,192</u>
\$268,455,219	\$284,827,331	\$310,142,821	\$378,836,419	\$400,865,218
148,127,615	89,276,875	160,477,438	144,103,748	90,527,590
55,884,823	96,366,786	25,143,969	69,629,813	69,817,486
<u>\$472,467,657</u>	<u>\$470,470,992</u>	<u>\$495,764,228</u>	<u>\$592,569,980</u>	<u>\$561,210,294</u>

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

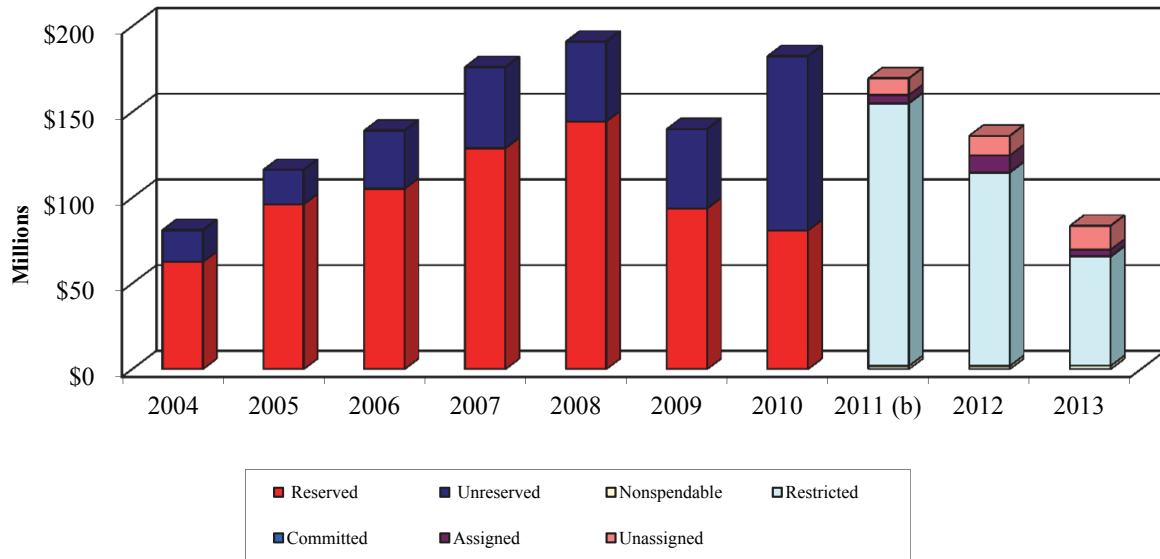
	<b>Fiscal Year Ended June 30,</b>				
	<b>2004(1)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Expenses:</b>					
Governmental Activities:					
General Government	\$2,185,084	\$2,689,034	\$3,101,277	\$3,534,631	\$5,520,665
Community Development	3,722,586	3,179,472	3,612,393	7,211,719	6,932,523
Public Safety	15,832,705	18,007,598	19,174,823	20,392,894	23,982,219
Library	148,312	149,066	136,299	152,824	157,466
Public Works	4,784,045	4,242,238	3,770,569	5,070,777	4,726,065
Parks and Recreation	3,829,457	4,181,382	4,670,081	5,824,783	7,260,986
Streets and Highways	4,378,143	4,168,396	4,527,550	3,894,616	4,843,101
Interest and Fiscal Charges	2,033,331	3,144,190	6,250,427	5,819,231	7,029,436
Total Governmental Activities Expenses	<u>36,913,663</u>	<u>39,761,376</u>	<u>45,243,419</u>	<u>51,901,475</u>	<u>60,452,461</u>
Business-Type Activities:					
Water	6,352,282	6,658,946	10,656,869	10,715,712	12,291,710
Sewer	7,708,958	8,890,124	10,430,995	10,536,235	10,511,796
Solid Waste	6,006,453	6,384,377	6,726,094	7,193,512	7,717,703
Golf	1,192,828	1,281,187	1,324,738	1,326,557	1,170,939
Total Business-Type Activities Expenses	<u>21,260,521</u>	<u>23,214,634</u>	<u>29,138,696</u>	<u>29,772,016</u>	<u>31,692,148</u>
Total Primary Government Expenses	<u>\$58,174,184</u>	<u>\$62,976,010</u>	<u>\$74,382,115</u>	<u>\$81,673,491</u>	<u>\$92,144,609</u>
<b>Program Revenues:</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$3,526,429	\$3,333,396	\$3,548,649	\$5,795,799	\$3,865,283
Community Development	1,673,472	2,639,435	4,556,434	2,849,501	2,104,057
Public Safety	828,850	751,415	883,380	1,018,344	1,173,161
Public Works	873,018	49,776	42,398	15,984	
Parks and Recreation	935,325	1,082,800	1,041,600	922,124	1,590,320
Streets and Highways			164,000	340,938	164,000
Operating Grants and Contributions	3,650,927	4,016,078	3,971,741	4,331,741	7,075,977
Capital Grants and Contributions	14,379,009	9,626,053	16,587,571	28,202,450	30,997,048
Total Government Activities Program Revenues	<u>25,867,030</u>	<u>21,498,953</u>	<u>30,795,773</u>	<u>43,476,881</u>	<u>46,969,846</u>
Business-Type Activities:					
Charges for Services:					
Water	8,008,709	10,610,544	11,919,612	14,900,645	14,825,250
Wastewater	9,063,607	16,807,866	14,639,742	19,304,123	16,137,851
Solid Waste	6,152,162	6,665,600	7,166,076	7,769,529	7,996,902
Golf	1,191,270	1,149,984	1,140,547	1,170,209	1,198,976
Operating Grants and Contributions	33,112				
Capital Grants and Contributions	6,638,142	5,808,805	467,072	4,253,941	4,756,193
Total Business-Type Activities Program Revenue	<u>31,087,002</u>	<u>41,042,799</u>	<u>35,333,049</u>	<u>47,398,447</u>	<u>44,915,172</u>
Total Primary Government Program Revenues	<u>\$56,954,032</u>	<u>\$62,541,752</u>	<u>\$66,128,822</u>	<u>\$90,875,328</u>	<u>\$91,885,018</u>
<b>Net (Expense)/Revenue:</b>					
Governmental Activities	(\$11,046,633)	(\$18,262,423)	(\$14,447,646)	(\$8,424,594)	(\$13,482,615)
Business-Type Activities	9,826,481	17,828,165	6,194,353	17,626,431	13,223,024
Total Primary Government Net Expense	<u>(\$1,220,152)</u>	<u>(\$434,258)</u>	<u>(\$8,253,293)</u>	<u>\$9,201,837</u>	<u>(\$259,591)</u>
<b>General Revenues and Other</b>					
<b>Changes in Net Position:</b>					
Governmental Activities:					
Taxes:					
Property Taxes	\$14,567,005	\$17,691,016	\$20,549,378	\$25,849,273	\$27,228,016
Sales Taxes	7,089,594	6,097,917	6,431,206	6,356,704	9,779,701
Other Taxes	1,623,270	3,602,415	3,812,202	4,112,928	3,940,114
Interest Earnings	235,849	1,471,001	1,961,103	4,369,508	7,243,110
Intergovernmental:					
Motor Vehicle In-Lieu	2,618,118	1,332,594	405,607	406,742	308,149
Grants	272,313	285,507	427,720	520,630	312,945
Other Revenue	3,176,261	4,597,246	1,002,262	2,833,230	3,745,107
Developer Contributions			12,949,245	13,782,813	3,737,123
Gain From Sale of Capital Assets					
Transfers, net					
Extraordinary item	(2,660,438)	33,780	(204,000)	(23,900)	
Total Government Activities	<u>26,921,972</u>	<u>35,111,476</u>	<u>47,334,723</u>	<u>58,207,928</u>	<u>56,294,265</u>
Business-Type Activities:					
Interest Earnings	741,645	1,812,237	2,030,279	3,292,440	4,079,798
Other Revenue		1,039,011	299,036	362,500	374,597
Gain From Sale of Capital Assets					
Developer Contributions					
Transfers, net	2,660,438	(33,780)	204,000	23,900	
Total Business-Type Activities	<u>3,402,083</u>	<u>2,817,468</u>	<u>2,533,315</u>	<u>3,678,840</u>	<u>4,454,395</u>
Total Primary Government	<u>\$30,324,055</u>	<u>\$37,928,944</u>	<u>\$49,868,038</u>	<u>\$61,886,768</u>	<u>\$60,748,660</u>
<b>Change in Net Position:</b>					
Governmental Activities	\$15,875,339	\$16,849,053	\$32,887,077	\$49,783,334	\$42,811,650
Business-Type Activities	13,228,564	20,645,633	8,727,668	21,305,271	17,677,419
Total Primary Government	<u>\$29,103,903</u>	<u>\$37,494,686</u>	<u>\$41,614,745</u>	<u>\$71,088,605</u>	<u>\$60,489,069</u>

(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".

2009	2010	2011	2012	2013(2)
\$5,058,599	\$3,109,047	\$3,174,292	\$3,072,865	\$3,471,459
5,829,037	14,446,062	7,745,806	5,245,747	4,723,211
27,534,943	27,065,592	24,280,052	22,875,613	23,555,968
136,037	113,092	109,752	85,762	156,209
3,901,601	5,862,331	4,940,031	3,765,228	3,828,636
7,941,094	6,652,295	6,482,442	6,456,949	6,827,567
5,112,187	4,927,588	5,882,611	6,248,464	7,258,013
6,035,886	5,964,171	6,346,120	3,380,281	148,895
61,549,384	68,140,178	58,961,106	51,130,909	49,969,958
12,667,365	13,226,177	12,992,447	13,328,494	14,818,353
11,067,524	12,503,682	13,103,679	13,184,836	14,658,322
8,712,715	9,029,774	8,796,614	9,105,662	8,949,815
1,244,412	1,268,361	1,156,149	1,098,871	1,179,120
33,692,016	36,027,994	36,048,889	36,717,863	39,605,610
\$95,241,400	\$104,168,172	\$95,009,995	\$87,848,772	\$89,575,568
\$3,863,991	\$2,939,727	\$2,903,308	\$2,994,366	\$3,851,426
990,726	1,969,679	2,585,271	2,307,275	1,724,184
1,295,958	1,050,347	989,504	1,078,717	1,120,531
	2,003	2,003	62,029	57,103
1,657,534	1,667,858	1,615,658	2,098,940	2,003,973
164,000	164,000	164,000		
4,317,151	4,177,794	6,560,679	5,968,148	10,700,485
25,070,949	8,229,819	20,103,722	10,372,326	10,979,228
37,360,309	20,201,227	34,924,145	24,881,801	30,436,930
13,291,670	13,235,259	13,207,371	13,143,709	13,400,887
15,084,085	16,332,422	19,001,593	17,478,380	17,432,082
7,994,026	8,037,838	8,159,479	8,206,348	8,446,006
1,196,998	1,202,991		1,121,220	1,084,478
			55,131	
4,480,489	338,640	2,305,694	411,377	1,751,102
42,047,268	39,147,150	42,674,137	40,416,165	42,114,555
\$79,407,577	\$59,348,377	\$77,598,282	\$65,297,966	\$72,551,485
(\$24,189,075)	(\$47,940,954)	(\$24,036,961)	(\$26,249,108)	(\$19,533,028)
8,355,252	3,119,156	7,739,216	3,698,302	2,508,945
(\$15,833,823)	(\$44,821,798)	(\$16,297,745)	(\$22,550,806)	(\$17,024,083)
\$27,225,355	\$23,848,385	\$23,066,757	\$16,866,055	\$10,674,783
9,278,231	9,653,398	10,067,580	10,622,542	11,566,467
3,854,252	3,270,746	4,171,694	4,195,411	4,493,507
4,641,537	2,257,961	1,381,906	1,607,554	31,395
244,605	151,915	236,814		
418,794				
1,625,719	1,056,231	314,968	522,320	1,219,181
842,274	48,150	60,109	61,962	64,158
		192,760		
		439,885		
			83,664,129	(43,670,205)
48,130,767	40,286,786	39,932,473	117,539,973	28,049,491
3,891,990	1,812,779	1,155,140	1,320,576	166,835
436,866	292,200	933,153	496,009	499,913
	433,368	10,100		
		(439,885)		
4,328,856	2,538,347	1,658,508	1,816,585	666,748
\$52,459,623	\$42,825,133	\$41,590,981	\$119,356,558	\$28,716,239
\$23,941,692	(\$7,654,168)	\$15,895,512	\$91,290,865	(\$34,987,897)
12,684,108	5,657,503	9,397,724	5,514,887	3,009,848
\$36,625,800	(\$1,996,665)	\$25,293,236	\$96,805,752	(\$31,978,049)

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



	<b>June 30,</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
General Fund:					
Reserved	\$709,085	\$844,083	\$1,214,042	\$1,420,277	\$1,681,076
Unreserved	10,208,941	12,471,649	14,775,570	16,466,493	12,798,045
Nonspendable					
Assigned					
Unassigned					
<b>Total General Fund</b>	<b>\$10,918,026</b>	<b>\$13,315,732</b>	<b>\$15,989,612</b>	<b>\$17,886,770</b>	<b>\$14,479,121</b>
All Other Governmental Funds:					
Reserved	\$61,885,361	\$95,429,682	\$104,085,913	\$127,534,384	\$142,845,030
Unreserved, reported in:					
Special revenue funds	8,325,077	7,510,708	18,239,405	28,916,559	31,681,735
Capital project funds			869,510	1,931,318	2,054,083
Nonspendable					
Restricted					
Committed					
Assigned					
Unassigned					
<b>Total All Other Governmental Funds</b>	<b>\$70,210,438</b>	<b>\$102,940,390</b>	<b>\$123,194,828</b>	<b>\$158,382,261</b>	<b>\$176,580,848</b>

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

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



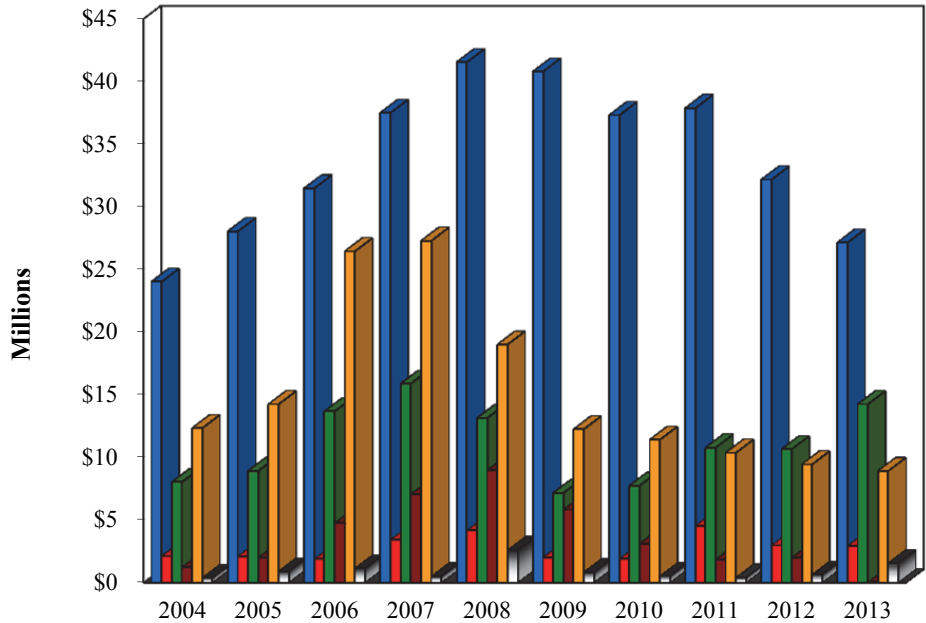
<u>2009</u>	<u>2010</u>	<u>2011 (b)</u>	<u>2012</u>	<u>2013</u>
\$1,822,967	\$1,917,928			
13,346,867	10,137,693			
		\$1,716,914	\$1,773,218	\$1,914,952
		24,329	134,186	38,600
		10,746,187	11,358,781	13,897,866
<u>\$15,169,834</u>	<u>\$12,055,621</u>	<u>\$12,487,430</u>	<u>\$13,266,185</u>	<u>\$15,851,418</u> (a)
\$91,946,949	\$79,080,523			
26,977,907	25,237,443			
5,923,572	66,218,838			
		\$182,800	\$121,865	\$60,930
		153,102,767	112,765,524	63,581,446
		383,968	267,919	347,995
		4,525,889	9,696,257	3,835,995
		(980,085)		(1,168)
<u>\$124,848,428</u>	<u>\$170,536,804</u>	<u>\$157,215,339</u>	<u>\$122,851,565</u>	<u>\$67,825,198</u> (a)

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

	Fiscal Year Ended June 30,				
	2004	2005	2006	2007	2008
<b>Revenues</b>					
Taxes	\$24,051,682	\$28,064,714	\$31,488,644	\$37,519,811	\$41,549,587
Licenses, permits and fees	2,117,767	2,101,007	1,876,789	3,421,479	4,154,266
Fines and forfeitures	272,435	246,088	265,458	189,764	292,224
Use of money and property	1,237,990	1,992,315	4,748,065	7,074,383	8,974,771
Revenue from other agencies	8,032,506	8,930,535	13,689,426	15,910,594	13,160,419
Charges for services	12,347,427	14,260,891	26,472,384	27,309,138	19,036,847
Other	109,428	660,999	877,815	307,132	2,307,519
<b>Total Revenues</b>	<b>48,169,235</b>	<b>56,256,549</b>	<b>79,418,581</b>	<b>91,732,301</b>	<b>89,475,633</b>
<b>Expenditures</b>					
Current:					
General government	2,376,883	2,658,200	2,873,724	3,379,358	4,988,101
Community development	3,400,600	3,256,415	8,083,105	7,239,389	6,142,052
Public safety	15,181,807	17,335,511	18,520,266	19,719,694	23,235,778
Library	134,911	139,410	127,646	141,817	147,961
Public works	3,549,259	3,614,271	3,203,484	4,226,997	4,009,469
Parks and recreation	3,568,477	3,984,346	4,390,584	4,665,686	5,724,593
Streets and highways	2,663,894	2,849,672	2,237,078	2,761,592	2,818,412
Nondepartmental	545,039	527,452	695,662	936,759	1,213,134
Supplemental Educational Revenue					
Augmentation Fund payment					
Capital outlay	16,020,421	20,265,542	50,548,786	27,925,988	22,006,218
Debt service:					
Principal repayment	363,456	415,958	1,132,576	1,060,081	1,168,248
Interest and fiscal charges	2,033,639	3,124,877	5,596,017	5,705,160	7,119,245
<b>Total Expenditures</b>	<b>49,838,386</b>	<b>58,171,654</b>	<b>97,408,928</b>	<b>77,762,521</b>	<b>78,573,211</b>
Excess (deficiency) of revenues over (under) expenditures	(1,669,151)	(1,915,105)	(17,990,347)	13,969,780	10,902,422
<b>Other Financing Sources (Uses)</b>					
Transfers in	10,650,047	6,106,435	11,000,206	20,402,679	7,348,134
Transfers (out)	(12,330,468)	(6,071,571)	(11,204,206)	(21,191,440)	(8,071,719)
Issuance of long-term debt	350,000	31,235,000	50,760,000	22,675,000	
Bond issuance premium		217,653		105,544	
Proceeds from capital lease obligations					1,055,000
Proceeds from sale of property		5,555,245		1,123,028	3,557,101
Payment to escrow agent			(9,637,335)		
Extraordinary item					
<b>Total other financing sources (uses)</b>	<b>(1,330,421)</b>	<b>37,042,762</b>	<b>40,918,665</b>	<b>23,114,811</b>	<b>3,888,516</b>
<b>Net Change in Fund Balances</b>	<b>(\$2,999,572)</b>	<b>\$35,127,657</b>	<b>\$22,928,318</b>	<b>\$37,084,591</b>	<b>\$14,790,938</b>
Debt service as a percentage of noncapital expenditures	5.1%	6.5%	7.4%	9.5%	11.8%

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$40,802,726	\$37,315,264	\$37,885,239	\$32,190,532	\$27,184,087
2,018,165	1,887,780	4,550,326	2,970,397	2,934,737
289,147	227,372	182,835	322,653	296,262
5,833,346	3,126,330	1,851,487	2,007,087	24,727
7,173,063	7,750,146	10,792,463	10,672,408	14,262,235
12,260,805	11,423,374	10,379,307	9,453,285	8,928,001
538,817	295,478	222,860	321,242	1,268,428
<u>68,916,069</u>	<u>62,025,744</u>	<u>65,864,517</u>	<u>57,937,604</u>	<u>54,898,477</u>
4,320,817	3,096,572	2,741,890	2,388,310	2,667,341
6,495,974	7,169,691	18,246,166	4,268,143	2,022,147
24,182,106	23,849,627	23,015,102	21,935,765	22,237,001
131,234	120,917	112,092	87,158	105,483
4,214,766	4,091,100	3,636,835	2,942,711	3,116,806
6,090,427	5,132,634	4,864,431	4,874,253	5,098,332
2,533,710	1,970,408	1,978,593	1,995,725	2,486,394
1,393,965	1,904,961	2,334,370	2,276,198	2,323,236
13,568,055	6,664,258 6,438,353	1,372,053 12,950,145	14,539,693	22,003,541
1,983,377	2,155,866	2,724,044	3,000,250	2,181,486
6,100,146	5,965,342	6,380,457	3,415,000	148,895
<u>71,014,577</u>	<u>68,559,729</u>	<u>80,356,178</u>	<u>61,723,206</u>	<u>64,390,662</u>
<u>(2,098,508)</u>	<u>(6,533,985)</u>	<u>(14,491,661)</u>	<u>(3,785,602)</u>	<u>(9,492,185)</u>
9,459,738	217,832	59,989,059	1,603,423	5,271,444
(9,459,738)	(217,832)	(59,549,174) 969,360	(1,624,923)	(5,271,444)
164,949		192,760	500	721,883
			<u>(29,778,417)</u>	<u>(43,670,205)</u>
<u>164,949</u>		<u>1,602,005</u>	<u>(29,799,417)</u>	<u>(42,948,322)</u>
<u>(\$1,933,559)</u>	<u>(\$6,533,985)</u>	<u>(\$12,889,656)</u>	<u>(\$33,585,019)</u>	<u>(\$52,440,507)</u>
14.3%	12.9%	13.2%	13.5%	5.5%

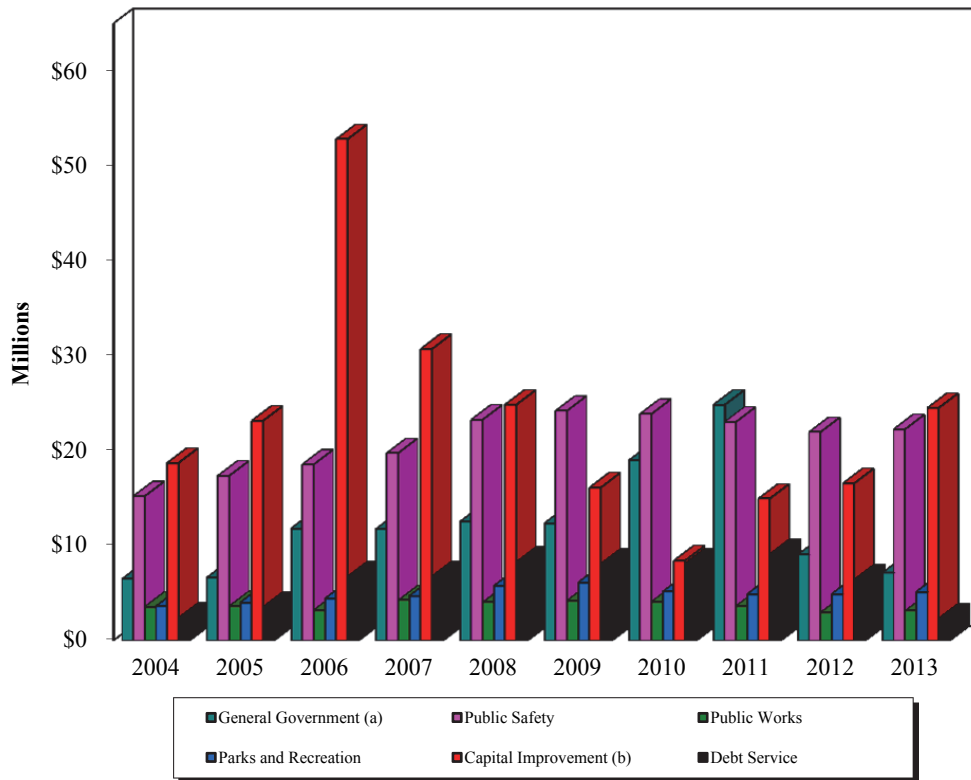
**CITY OF MANTECA  
GENERAL REVENUES BY SOURCE  
ALL GOVERNMENTAL FUND TYPES  
LAST TEN FISCAL YEARS**



<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Revenue From Other Agencies</b>	<b>Use of Money and Property</b>	<b>Charges for Services</b>	<b>Fines, Forfeits and Other Revenue</b>	<b>Total</b>
2004	\$24,051,682	\$2,117,767	\$8,032,506	\$1,237,990	\$12,347,427	\$381,863	\$48,169,235
2005	28,064,714	2,101,007	8,930,535	1,992,315	14,260,891	907,087	56,256,549
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

Source: City Operating Budget and City Annual Financial Report

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

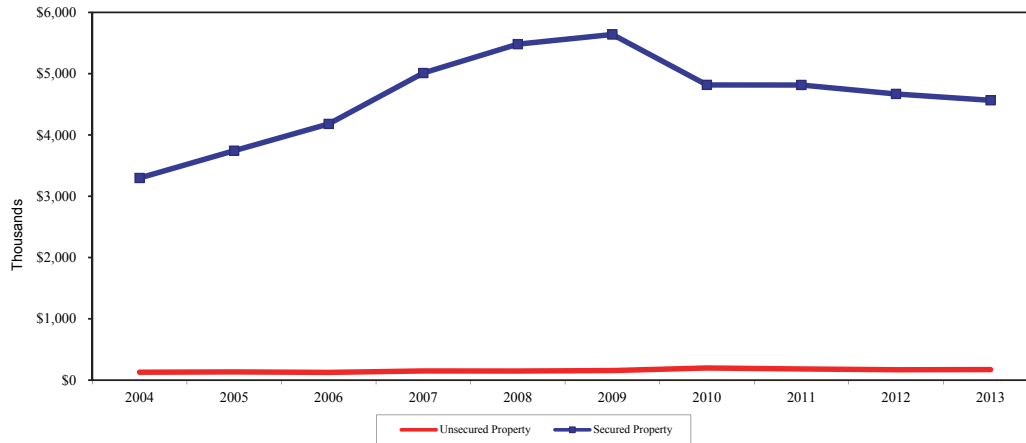


<b>Fiscal Year</b>	<b>General Government (a)</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Parks and Recreation</b>	<b>Capital Improvement (b)</b>	<b>Debt Service</b>	<b>Total</b>
2004	\$6,457,433	\$15,181,807	\$3,549,259	\$3,568,477	\$18,684,315	\$2,397,095	\$49,838,386
2005	6,581,477	17,335,511	3,614,271	3,984,346	23,115,214	3,540,835	58,171,654
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

Source: City Operating Budget and City Annual Financial Report

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

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

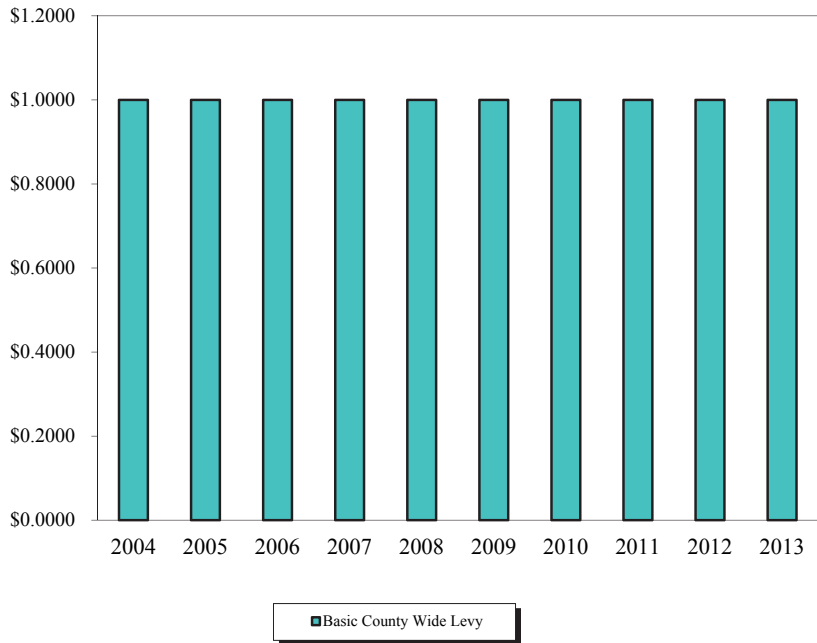


Fiscal Year	Real Property			Total Real Secured Property	(Less) Exemption	Public Utility	Net Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Land Property	Improvements Property	Personal Property								
2004	\$1,041,976	\$2,222,753	\$31,965	\$3,296,694	(\$127,764)	\$517	\$3,169,447	\$128,369	\$3,297,816	\$3,297,816	1%
2005	1,175,617	2,524,656	41,300	3,741,573	(132,372)	582	3,609,783	133,807	3,743,590	3,743,590	1%
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	1,299,952	3,226,791	41,833	4,568,576	(70,806)	1,531	4,499,301	169,664	4,668,965	4,668,965	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%

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**



<u>Fiscal Year</u>	<u>Basic County Wide Levy</u>	<u>Total</u>
2004	\$1.0000	\$1.0000
2005	1.0000	1.0000
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

Source: San Joaquin County Assessors Office

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

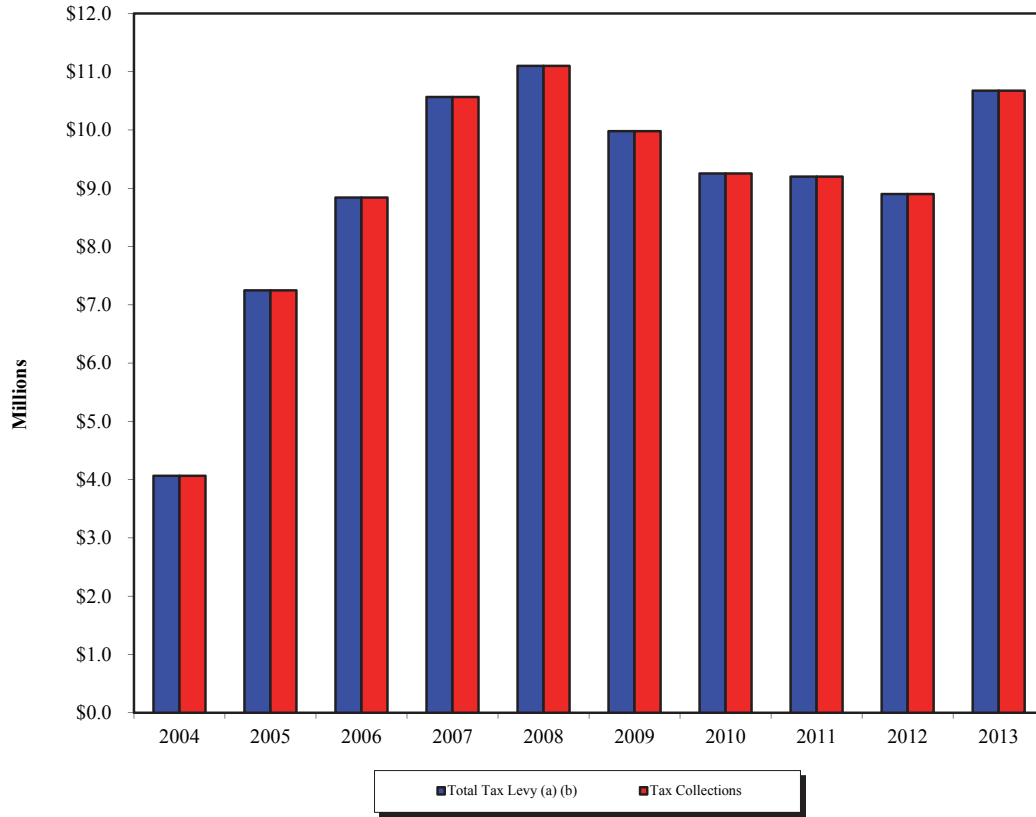
**CITY OF MANTECA**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>2012-2013</u>		<u>2003-04</u>	
	<u>Type of Business</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Type of Business</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Manteca Lifestyle Center LLC	Shopping Center	1.92%		
Pulte Home Corp	Residential Development	1.23%		
Pivotal 650 California St. LLC	Shopping Center	0.83%		
Millard Refrigerated Services Inc	Cold Storage	0.76%		
Paseo Apartments LLC	Apartments	0.65%		
Edward J & Dolores M Cardoza	Shopping Center	0.54%		
Costco Wholesale Corporation	Commercial Store	0.54%		
Metropolitan Life Insurance Company	Warehouse	0.52%		
Prologis	Warehouse	0.49%		
Doctors Hospital of Manteca Inc.	Hospital	0.43%	Hospital	N/A
Ryba Real Estate Inc.	Shopping Center	0.42%		
Wal Mart Realty Company	Commercial Stores	0.33%		
WL Property LLC	Office Building	0.32%		
John J. and Eleanor L. Vierra	Residential Properties	0.30%		
430 North Union Road LLC	Office Building	0.28%		
Stonegate Apartments LLC	Apartments	0.28%	Rental Properties	N/A
Mission Ridge Plaza LP	Shopping Center	0.27%		
Kohl's Department Stores Inc.	Shopping Center	0.26%		
Target Corp.	Shopping Center	0.25%		
Daniel M. Sarich	Industrial	0.24%		
Manteca Spreckels Bts LLC			Real Estate Development	N/A
Metropolitan Life Ins Co Corp.			Insurance	N/A
Edward J. & Dolores Cardoza			Rental Commercial Properties	N/A
St Dominic's Hospital			Hospital	N/A
Pan Pacific Retail Prop Inc.			Real Estate Development	N/A
Western Properties Trust			Real Estate Trust	N/A
Manteca Associates LP			Industrial	N/A
Laurel Glen LLC			Rental Properties	N/A
Total		<u>10.86%</u>		<u>N/A</u>

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



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



<b>Fiscal Year</b>	<b>Total Tax Levy (a) (b)</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>
2004	\$4,066,347	\$4,066,347	100.00%	\$0	\$4,066,347	100.00%
2005	7,248,789	7,248,789	100.00%	0	7,248,789	100.00%
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%

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, 2013**

Property Owner	Primary Land Use	2012-13 Assessed Valuation	% Total of Assessed Valuation
		2012-13 Total Local Secured Assessed Valuation Project Area No. 1	\$581,518,819
1 Doctors Hospital of Manteca Inc.	Hospital	\$18,309,401	3.15
2 Edward J. and Dolores M. Cardoza	Shopping Center	15,884,643	2.73
3 Wal Mart Realty Company	Commercial Store	13,331,474	2.29
4 Laurel Glen LLC	Apartments	10,451,000	1.80
5 B.R. Funsten & Co. Corp.	Warehouse	9,889,651	1.70
6 Stonegate Apartments LLC	Apartments	9,361,651	1.61
7 Raymus Development & Sales Inc.	Recreational	9,107,204	1.57
8 Professional Maint Co. Inc.	Shopping Center	5,818,806	1.00
9 Eckert Engineering Corp.	Warehouse	5,360,552	0.92
10 Khatri Brothers Partnership	Hotel/Motel	5,215,442	0.90
11 Miner San Joaquin Building Corp.	Bank	5,111,447	0.88
12 North Main Storage LLC	Mini-Storage	5,098,515	0.88
13 Lexington Trank Manteca Remainderman LP	Commercial Store	5,000,000	0.86
14 Bjork Pamela Gianni	Commercial	4,695,923	0.81
15 VFT Properties LLC	Apartments	4,110,453	0.71
16 SFP B LP	Commercial	4,106,892	0.71
17 Portfolio Yosemite LLC	Shopping Center	4,036,152	0.69
18 MBLG LLC	Mini-Storage	3,802,427	0.65
19 Hensley Investment Company	Office Building	3,700,000	0.64
20 Extra Space Prop Twenty Five LLC	Mini-Storage	3,520,605	0.61
		<u>\$145,912,238</u>	<u>25.09%</u>

Source: California Municipal Statistics, Inc

**CITY OF MANTECA**  
**MANTECA REDEVELOPMENT PROJECT AREA NO. 2**  
**TOP TWENTY ASSESSED VALUES**  
**June 30, 2013**

		2012-13 Total Local Secured Assessed Valuation Project Area No. 2		
Property Owner	Primary Land Use		2012-13 Assessed Valuation	% of Total Assessed Valuation
			\$977,928,983	
1 Millard Refrigerated Services Inc.	Cold Storage		\$46,205,877	4.72
2 Pivotal 650 California St. LLC	Shopping Center		37,596,465	3.84
3 Prologis	Warehouse		27,050,400	2.77
4 Duke Realty LP	Warehouse		24,000,000	2.45
5 Costco Wholesale Corporation	Commercial Store		23,642,049	2.42
6 Yip Holdings Five LLC	Shopping Center		12,860,000	1.32
7 Mission Ridge Plaza LP	Shopping Center		12,508,357	1.28
8 Kohl's Department Stores Inc.	Shopping Center		11,965,096	1.22
9 Target Corp.	Shopping Center		11,398,075	1.17
10 277 Commerce Ave. LLC	Shopping Center		10,666,501	1.09
11 HD Development of Maryland Inc.	Commercial Store		9,155,077	0.94
12 Daniel M. Sarich	Light Industrial		8,628,121	0.88
13 Manteca Associates LP	Land Use		8,000,000	0.82
14 Brocchini Family Partnership LP	Office Building		7,925,774	0.81
15 Catellus Operating LP	Cold Storage		7,900,000	0.81
16 Realty Income Properties 23	Commercial Store		7,224,000	0.74
17 Cranbrook Realty Invest Fund LP	Warehouse		7,200,000	0.74
18 Chevron USA Inc.	Gas Station/Mini-Mart		5,739,383	0.59
19 John J. and Eleanor L. Vierra	Apartments		5,573,384	0.57
20 DRD Properties Partnership	Hotel/Motel		5,261,477	0.54
			<u>\$290,500,036</u>	<u>29.71%</u>
John J. and Eleanor L. Vierra	Residential Properties			

Source: California Municipal Statistics, Inc

**CITY OF MANTECA  
 MANTECA REDEVELOPMENT MERGED PROJECT AREA  
 TOP TWENTY ASSESSED VALUES  
 June 30, 2013**

<u>Property Owner</u>	<u>Primary Land Use</u>	2012-13 Assessed Valuation	2012-13 Assessed Valuation	% of Total Assessed Valuation
		2012-13 Total Local Secured Assessed Valuation 2005 Merged Project Amended Area	\$17,332,620	
1 Gasspecs Inc.	Service Station	\$2,746,687	15.85	
2 Jose Rene Diaz	Commercial Land	1,199,835	6.92	
3 Karin T. Meyer	Commercial	993,334	5.73	
4 Kelly Mah	Commercial Land	871,578	5.03	
5 Major Singh Brar	Commercial Land	750,000	4.33	
6 Robert L. and Dorothy F. Mack	Residential	938,003	5.41	
7 David L. Peters	Truck Terminals	669,762	3.86	
8 Jasvir Singh	Light Industrial	546,210	3.15	
9 Jagmohan S. and Jaspinder K. Kailey	Residential	470,000	2.71	
10 Kyung Han and MiJwa Yoon	Residential	450,000	2.60	
11 Hiway Farm LLC	Commercial Land	350,000	2.02	
12 Dale A. and April D. Matts	Residential	325,414	1.88	
13 Chattarpal S. Pabla	Multi-Family Residential	315,000	1.82	
14 Bachan Singh	Commercial	300,900	1.74	
15 John N. and Galatia Aretakis	Residential	283,022	1.63	
16 Natalyn J. and Thomas E. Bergman, Jr.	Residential	283,000	1.63	
17 Loan Anh Nguyen	Commercial	281,432	1.62	
18 THR California LP	Residential	279,024	1.61	
19 Nouveau Devarise Alain Tchouanyo	Residential	255,000	1.47	
20 Guadalupe and Eva Anaya	Residential	254,154	1.47	
		<u>\$12,562,355</u>	<u>72.48%</u>	

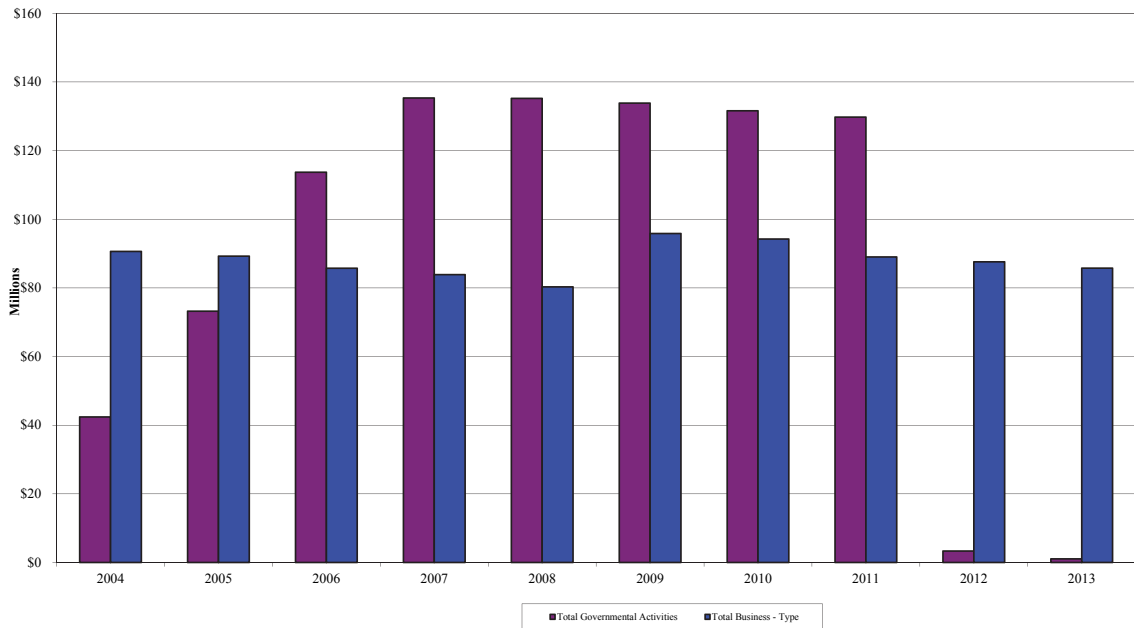
Source: California Municipal Statistics, Inc

**CITY OF MANTECA  
 MANTECA REDEVELOPMENT MERGED PROJECT AREA  
 TOP TWENTY ASSESSED VALUES  
 June 30, 2013**

		2012-13 Total Local Secured Assessed Valuation 2004 Amended Area	
		\$150,143,885	
Property Owner	Primary Land Use	2012-2013 Assessed Valuation	% of Total Assessed Valuation
1 Manteca Lifestyle Center LLC	Shopping Center	\$87,466,346	58.26
2 JC Penney Properties Inc.	Shopping Center	10,628,264	7.08
3 Manteca Lodging LLC	Commercial	8,993,152	5.99
4 Lanting Family LLC	Truck Terminal	6,350,995	4.23
5 BS Family Partnership	Commercial	5,000,000	3.33
6 Westcore Louise LP	Light Industrial	3,275,719	2.18
7 Sunny Valley Smoked Meats	Food Processing	3,000,000	2.00
8 Tesoro Commons LLC	Residential Properties	2,247,000	1.50
9 Atherton Woodward Partners LLC	Commercial Land	1,799,460	1.20
10 Ergonis Land Co. LP	Light Industrial	1,744,470	1.16
11 D'Ambrosio Brothers Invest Co. LP	Industrial Land	1,468,344	0.98
12 West Yosemite Properties LLC	Light Industrial	825,500	0.55
13 John N. and Galatia Aretakis	Agricultural	708,520	0.47
14 Yosemite Square Business Park LLC	Commercial Land	704,666	0.47
15 Gateway Storage of Manteca LLC	Industrial Land	700,000	0.47
16 AT&T Communications of CA Inc.	Communications	690,000	0.46
17 Rajwinder Singh Bahia	Commercial Land	653,588	0.44
18 Harold and Dorothy Hahn Family LP	Light Industrial	641,225	0.43
19 Victor M. and Emma L. Marquez	Residential	482,488	0.32
20 RLD Partners LP	Residential	458,000	0.31
		<u>\$137,837,737</u>	<u>91.80%</u>

Source: California Municipal Statistics, Inc

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



<b>Governmental Activities</b>									
Fiscal Year	Tax Allocation Bonds	Capital Leases	Energy Conservation Assistance Loan	Installment Purchase Obligation	Loan Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2004	\$40,065,000	\$1,113,274	\$180,392	\$1,040,070		\$42,398,736	\$133,020,929	8.73%	\$2,228
2005	71,210,000	980,615	152,519	874,644		73,217,778	162,456,409	10.02%	2,623
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	N/A -- (b)	3,243
2009	131,790,000	1,895,292	32,350	108,758		133,826,400	229,657,290	N/A -- (b)	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	10.29%	3,198
2012	(c)	1,632,972			\$1,700,000 (d)	3,332,972	90,914,622	4.24%	1,302
2013		1,054,948				1,054,948	86,803,299	4.05%	1,220

<b>Business-Type Activities</b>						
Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Energy Conservation Asset Loan	Capital Leases	Lease Revenue Bonds	Total
2004	\$43,325,000	\$43,520,000	\$2,124,698	\$527,495	\$1,125,000	\$90,622,193
2005	43,325,000	42,620,000	1,840,144	483,487	970,000	89,238,631
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

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) Personal Income information not available for fiscal years 2008 and 2009.  
(c) 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  
(d) Due to the dissolution of the Redevelopment Agency the City's previous advance with the Agency became a loan payable to the Successor Agency. See Note 8E to the financial statements

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

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>		<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
	<b>Tax Allocation Bonds</b>	<b>Total</b>		
2004	\$40,065,000	\$40,065,000	1.21%	\$671.11
2005	71,210,000	71,210,000	1.90%	1,149.90
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%	1,852.73
2012	(a)	(a)	(a)	(a)
2013	(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, 2013**

2012-13 Assessed Valuation: \$4,566,186,810

JURISDICTION	Total Debt 6/30/2013	% Applicable (1)	City's Share of Debt 6/30/13
<b>OVERLAPPING TAX AND ASSESSMENT DEBT</b>			
San Joaquin Delta Community College District	\$125,821,425	8.097%	\$10,187,761
Yosemite Community College District	304,913,175	0.039%	118,916
Manteca Unified School District	58,881,814	49.206%	28,973,385
Ripon Unified School District	23,057,384	0.935%	215,587
Manteca Unified School District Community Facilities District No. 1989-2	33,820,000	79.150%	26,768,530
Manteca Unified School District Community Facilities District No. 2000-3	15,195,000	100.000%	15,195,000
California Statewide Communities Development Authority CFD No. 2012-2	6,245,000	100.000%	6,245,000
California Statewide Communities Development Authority 1915 Act Bonds	1,061,445	100.000%	1,061,445
<b>TOTAL OVERLAPPING DEBT</b>	<u>\$568,995,243</u>		<u>\$88,765,624</u>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			
San Joaquin County Certificates of Participation	\$168,325,000	8.950%	\$15,065,088
Manteca Unified School District Certificates of Participation	29,995,000	49.206%	14,759,340
Ripon Unified School District Certificates of Participation	3,595,000	0.935%	33,613
<b>CITY OF MANTECA GENERAL FUND OBLIGATIONS</b>	0	0%	0
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<u>\$29,858,040</u>
<b>TOTAL DIRECT DEBT</b>			<u>\$0</u>
<b>TOTAL OVERLAPPING DEBT</b>			<u>\$118,623,664</u>
<b>COMBINED TOTAL DEBT</b>			<u>\$118,623,664</u>

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated as a 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 2012-13 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.91%
Total Direct Debt	0.00%
Combined Total Debt	5.20%

Ratios to Redevelopment Incremental Valuation (\$1,413,347,133)

Total Overlapping Tax Increment Debt	8.66%
--------------------------------------	-------

AB:(\$475)



**CITY OF MANTECA**  
**COMPUTATION OF LEGAL BONDED DEBT MARGIN**  
**June 30, 2013**

ASSESSED VALUATION:

Assessed Value	\$4,566,186,810
Add back: Exempt real property	<u>180,201,709</u>
Total Assessed Valuation	<u><u>\$4,746,388,519</u></u>

BONDED DEBT LIMIT (15.0% OF ASSESSED VALUE) (a) \$711,958,278

AMOUNT OF DEBT SUBJECT TO LIMIT: 0

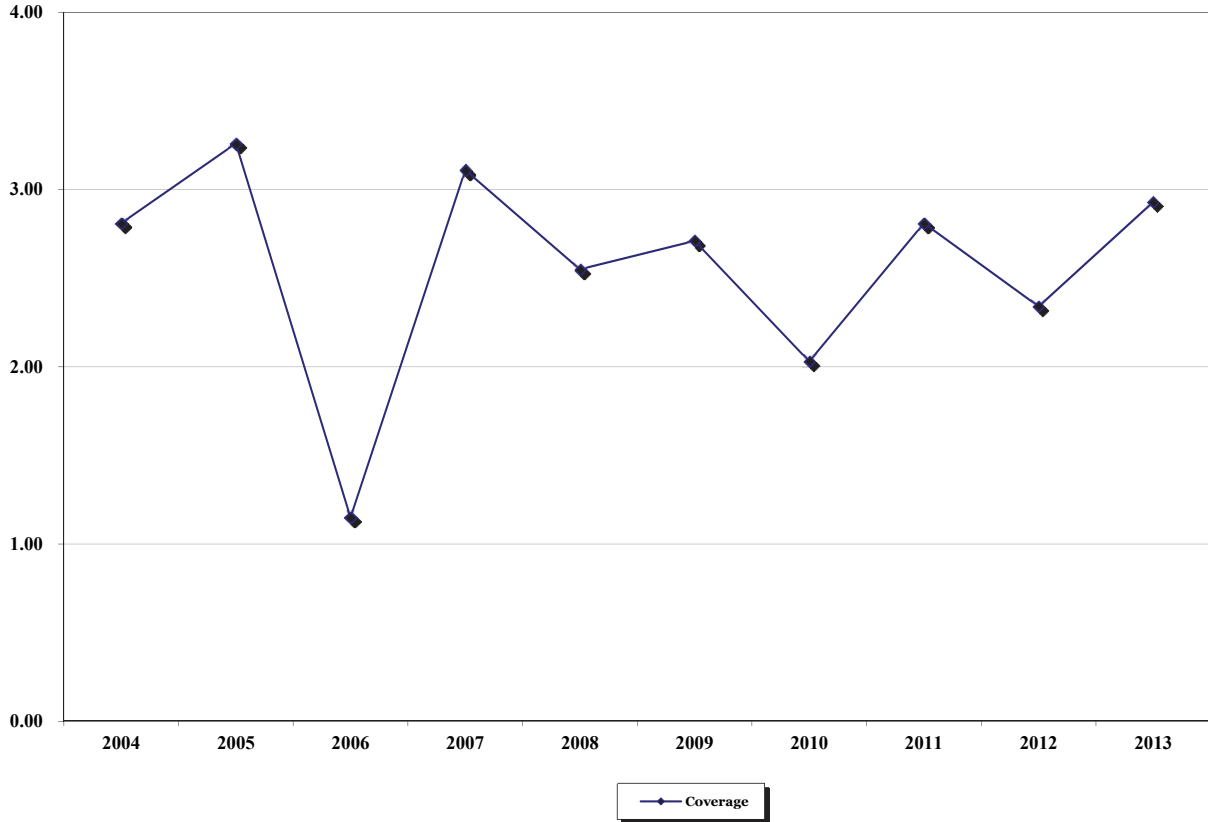
LEGAL BONDED DEBT MARGIN \$711,958,278

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
2004	\$513,837,061	\$0	\$513,837,061	0.00%
2005	571,970,817	0	571,970,817	0.00%
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%

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 NINE FISCAL YEARS**



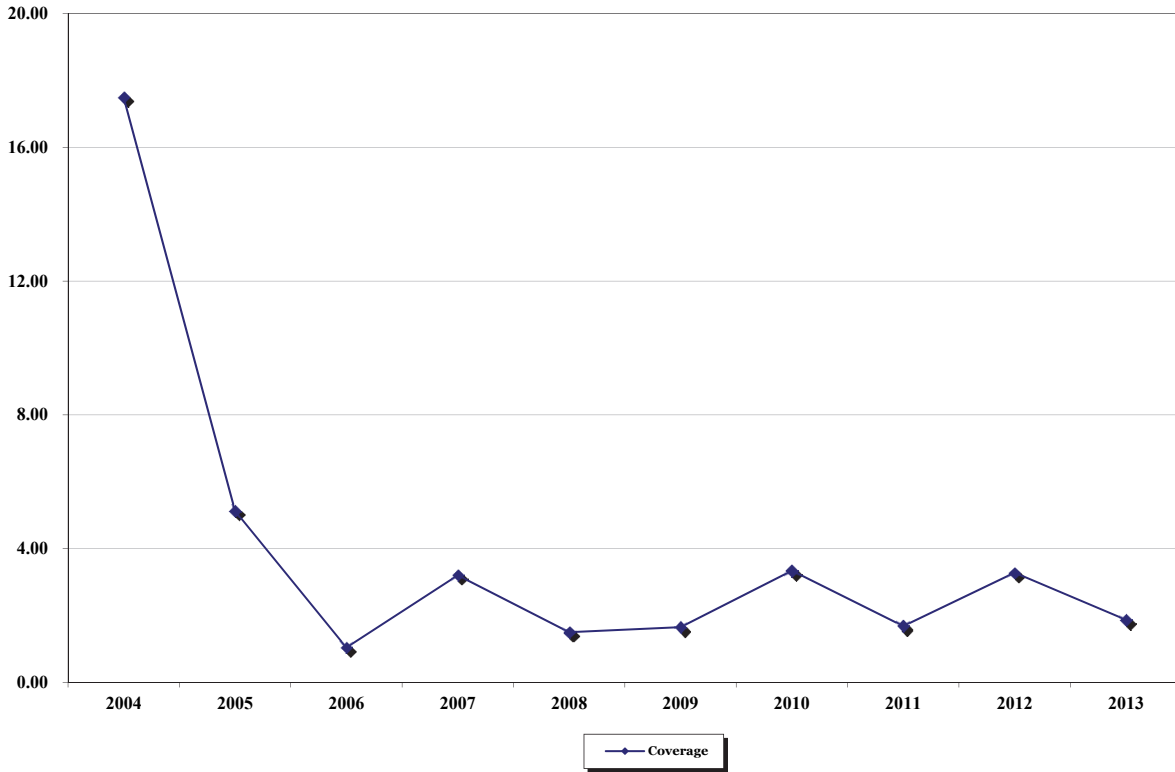
Fiscal Year	Gross Revenue	Operating Expenses	Depreciation Non-Operating Revenues/Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2004	\$10,503,016	(\$4,376,643)	\$1,326,099	\$5,478,936	\$0	\$1,948,696	\$1,954,124	2.81
2005	11,518,311	(4,677,420)	1,516,678	6,378,273	0	1,954,124	1,954,124	3.26
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

Source: City of Manteca Annual Financial Statements

Note: (a) The 2003A Water Revenue Bonds were refunded and defeased by the 2012 Water Revenue Refunding Bonds during the fiscal year. Retirements exclude the refunded bond principal of \$40,875,000.

Source: City of Manteca Annual Financial Statements

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

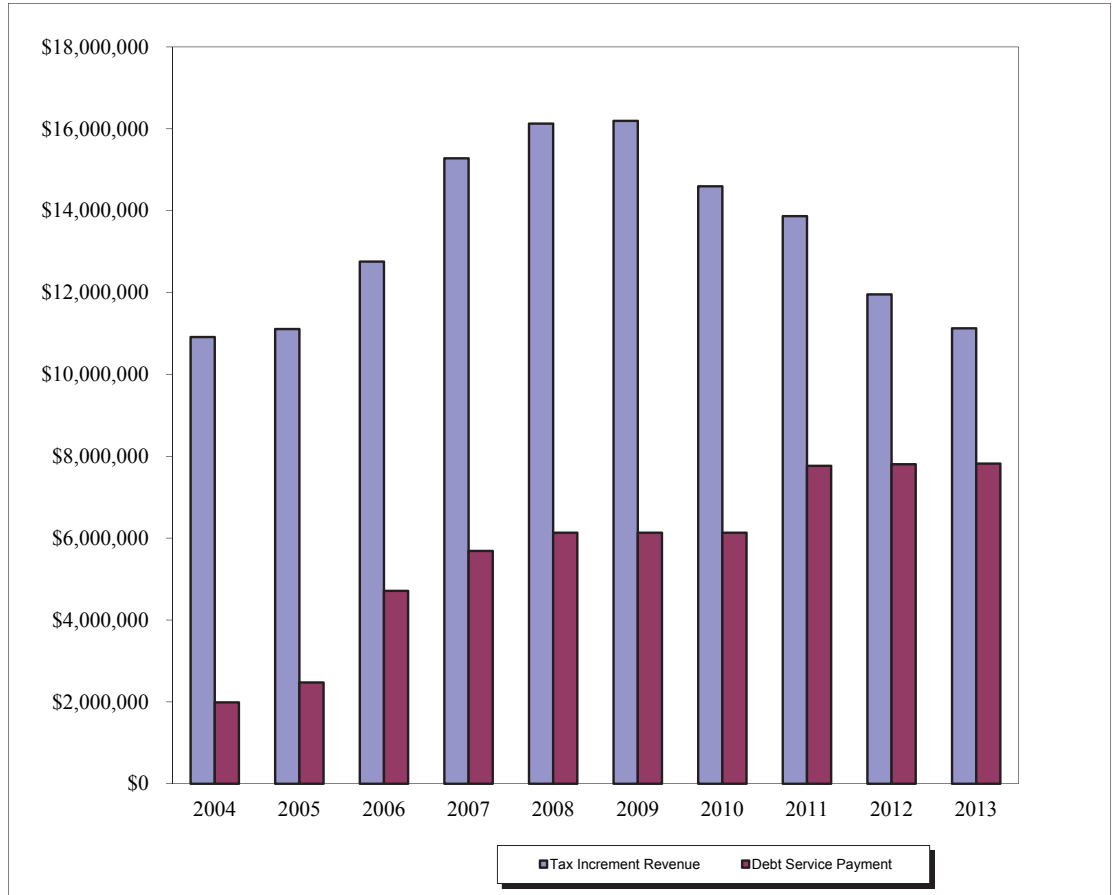


Fiscal Year	Operating Revenue	Operating Expenses	Depreciation Non-Operating Revenues/Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2004	\$11,722,876	(\$6,297,363)	\$1,711,297	\$7,136,810	\$300,000	\$27,838	\$327,838	17.49
2005	16,804,236	(6,640,793)	2,556,130	12,719,573	900,000	2,046,686	2,946,686	5.13
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

Note (a) Principal includes early redemption payment for bonds called during the fiscal year.  
(b) The 2003 A&B Sewer Revenue Bonds were refunded and defeased by the 2012 Sewer Revenue Refunding Bonds during the fiscal year. Retirements exclude the refunded bond principal of \$23,835,000.

Source: City of Manteca Annual Financial Statements

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



Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest (c)	Total	
2004	\$10,913,498	\$85,000	\$1,902,735	\$1,987,735	5.49
2005	11,107,845	90,000	2,383,913	2,473,913	4.49
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

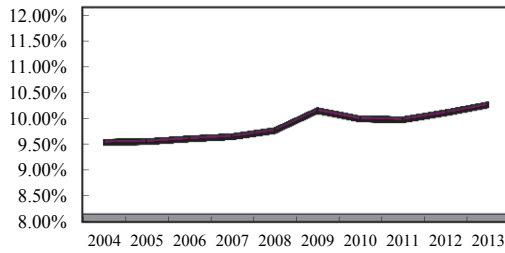
Note: (a) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.

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

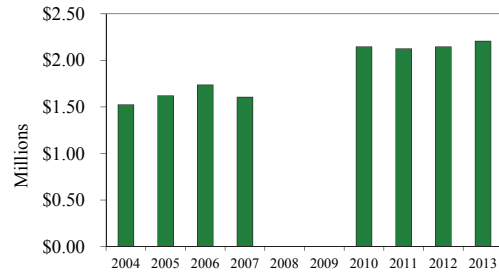
(c) Excludes the letter of credit and remarketing fees on the 2005 Tax Allocation Bonds.

Source: City of Manteca Annual Financial Statements

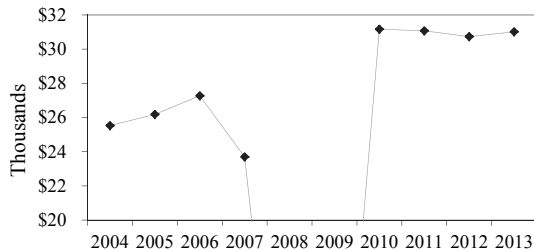
CITY OF MANTECA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS



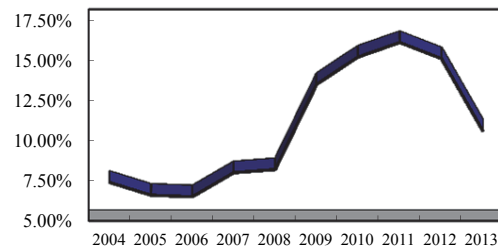
■ City Population as a % of County Population



■ Personal Income (in thousands)



◆ Per Capita Personal Income



■ Unemployment Rate (%)

Fiscal Year	City Population	Total Personal Income (in thousands)	Per Capita Personal Income <sup>a</sup>	Unemployment Rate (%)	San Joaquin County Population	City Population % of County
2004	59,700	\$1,523,962	\$25,527	7.4%	630,600	9.47%
2005	61,927	1,621,311	26,181	6.6%	653,333	9.48%
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	n/a	n/a	8.2%	685,660	9.69%
2009	67,754	n/a	n/a	13.5%	672,388	10.08%
2010	68,847	2,145,686	31,166	15.2%	694,293	9.92%
2011	68,410	2,125,567	31,071	16.1%	690,899	9.90%
2012	69,815	2,145,555	30,732	15.1%	695,750	10.03%
2013	71,164	2,207,009	31,013	10.6%	698,414	10.19%

Source: California State Department of Finance

Bureau of Labor Statistics - Not Seasonally adjusted

Bureau of Economic Analysis

n/a -- data not available

<sup>a</sup> Personal income is a product of the countywide per capita amount and the City's population

**CITY OF MANTECA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND THREE YEARS AGO**

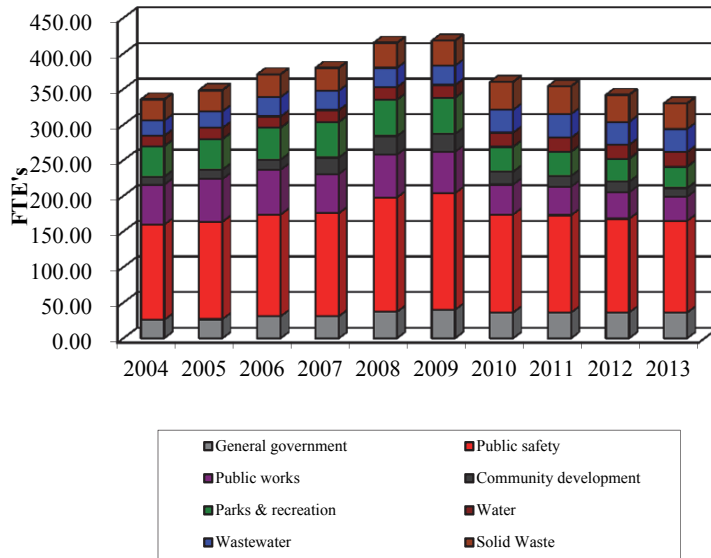
<u>Employer</u>	<u>2012-13</u>			<u>2009-10(a)</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Manteca Unified School District	1,908	1	2.7%	1,400	1	2.0%
Kaiser Permanente Medical Offices & Hospital	623	2	0.9%	590	2	0.9%
Doctors Hospital of Manteca	395	3	0.6%	370	3	0.5%
Gardner Trucking, INC	357	4	0.5%			
City of Manteca	330	5	0.5%			
Wal-Mart	316	6	0.4%	301	4	0.4%
Eckert Cold Storage Co	250	7	0.4%	300	5	0.4%
Karma Inc, (DBA Manteca Care & Rehab)	225	8	0.3%			
COSTCO Wholesale #1031	187	9	0.3%	169	8	0.2%
Target Corp.	170	10	0.2%	151	9	0.2%
Give Every Child a Chance	170	10	0.2%			
BASS PRO Outdoor World	150	11	0.2%	150	10	0.2%
The Home Depot Inc	143	12	0.2%	143	11	0.2%
C. Overaa & Co.				250	6	0.4%
Advance Packaging Distribution Specialist Inc				200	7	0.3%
<b>Total City Day Population</b>	<b><u>71,164</u></b>			<b><u>65,076</u></b>		

Source: City of Manteca Community Development Department

Notes: Data not available for historical trend

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

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



	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Function</b>										
General government	25.75	26.75	30.75	30.75	37.00	40.00	36.00	36.00	36.00	36.00
Public safety	134.00	137.00	143.00	145.00	161.00	164.00	138.00	137.00	132.00	129.00
Public works	56.00	60.00	63.00	55.00	60.00	58.00	42.00	40.00	37.00	34.00
Community development	11.00	13.00	14.00	23.00	26.00	25.00	18.00	15.00	15.00	12.00
Parks & recreation	43.00	43.00	45.00	50.00	51.00	51.00	35.00	34.00	32.00	30.00
Water	15.00	16.00	16.00	17.00	18.00	18.00	20.00	20.00	20.00	21.00
Wastewater	21.00	23.00	27.00	27.00	27.00	27.00	32.00	33.00	32.00	32.00
Solid Waste	29.75	29.75	32.00	32.00	35.00	35.00	39.00	39.00	38.00	36.00
<b>Total</b>	<u>335.50</u>	<u>348.50</u>	<u>370.75</u>	<u>379.75</u>	<u>415.00</u>	<u>418.00</u>	<u>360.00</u>	<u>354.00</u>	<u>342.00</u>	<u>330.00</u>

Source: City of Manteca Budget Document

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

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Population</b>					
Citizens	59,700	61,927	63,703	65,076	66,451
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	16.13 Sq Miles	16.19 Sq. Miles	16.19 Sq. Miles	17.7 Sq Miles	17.52 Sq Miles
Registered Voters	23,788	25,575	25,209	24,843	24,954
Taxable Sales	635,916,900	698,218,600	759,729,900	756,216,800	729,782,700
Building Permits Issued	2,300	2,259	2,302	2,596	1,816
Employees from Budget Document	336	348	370	380	415
<b>Fire Protection</b>					
Number of Stations	3	3	3	3	3
Number of Reserve Personnel	12	21	15	14	20
Number of Sworn Fire Personnel *	30	30	30	36	42
Number of Calls Answered	4,126	4,203	n/a	n/a	4,589
<b>Police Protection</b>					
Number of Stations	1	1	1	1	1
Number of Police Officers	68	68	72	73	80
Number of Volunteers	123	119	114	69	74
Number of Support Personnel	29	28	28	30	33
Number of Calls Answered	37,251	39,282	39,435	38,763	37,122
<b>Parks &amp; Recreation</b>					
Park Sites	41	45	46	46	47
Acres of Parks	273	266	275	275	326
Senior Centers	1	1	1	1	1
Swimming Pools	1	1	1	1	1
Tennis Courts	8	8	8	8	8
Number of Park/Golf Trees	6,873	6,873	6,925	7,320	7,596
Number of Street Trees	5,288	7,000	8,438	8,629	8,801
Acres of Golf Course	122	122	122	122	111
Public Libraries	1	1	1	1	1
Landscape Maintenance Districts	14	14	14	21	21
Benefit Area District				2	2
Community Facility Districts					
<b>Public Works</b>					
Miles of Streets	179	180	184	186	193
Number of Street Lights	3,314	3,314	3,800	4,300	4,800
<b>Water Utility</b>					
Number of Meters	16,687	17,199	17,428	21,950	22,172
Miles of Water Mains	214	212	279	251	254
Average Daily Consumptions (Gal)	11,542,356	10,493,809	11.96 MGD	13.7 MGD	13.82 MGD
<b>Wastewater</b>					
Number of Connections	20,556	21,248	21,383	21,967	22,212
Miles of Sewer Lines	163	169	250	209	184
Number of Treatment Plants	1	1	1	1	1
Average Daily Treatment	6.27 MGD	6.07 MGD	6.50 MGD	6.28 MGD	5.95MGD
Treatment Capacity	8.11 MGD	7.50 MGD	8.11 MGD	8.11 MGD	9.87 MGD
<b>Solid Waste</b>					
Number of Accounts	16,442	17,073	17,310	17,630	17,799
<b>Education</b>					
Elementary Schools	17	19	19	21	20
High Schools	4	4	4	6	7
Alternative Schools					
Adult Education	1	1	4	2	2
Teachers	1,144	1,133	1,132	1,236	1,157
Elementary Classrooms	821	869	869	939	934
High School Classrooms	291	304	330	331	330
Adult Education Classrooms	27	27	37	37	27
Current Enrollment	23,409	23,805	23,393	23,506	23,003

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				
	2009	2010	2011	2012	2013
<b>Population</b>					
Citizens	67,754	68,847	68,410	69,815	71,164
Date of Incorporation	May 28,1918	May 28, 1918	May 28,1918	May 28,1918	May 28,1918
Form of Government	Council/Manager	Council/Manager	Council/Manager	Council/Manager	Council/Manager
Area	17.7 Sq Miles	17.9 Sq Miles	20.1 Sq Miles	20.61 Sq Miles	20.61 Sq Miles
Registered Voters	26,500	26,922	27,562	27,999	30,731
Taxable Sales	679,545,400	684,299,100	733,739,500	770,125,800	820,317,100
Building Permits Issued	1,459	1,843	1,675	1,783	1,891
Employees from Budget Document	418	360	354	342	330
<b>Fire Protection</b>					
Number of Stations	3	3	3	3	3
Number of Reserve Personnel	11	20	20	12	13
Number of Sworn Fire Personnel	43	42	41	39	39
Number of Calls Answered	4,823	4,787	4,800	5,448	5,937
<b>Police Protection</b>					
Number of Stations	1	1	1	1	1
Number of Police Officers	83	59	58	63	63
Number of Volunteers	153	100	211	102	124
Number of Support Personnel	36	26	28	21	23
Number of Calls Answered	37,345	35,902	35,331	32,964	37,161
<b>Parks &amp; Recreation</b>					
Park Sites	47	52	53	53	55
Acres of Parks	335	335	335	329	357
Senior Centers	1	1	1	1	1
Swimming Pools	2	2	2	2	2
Tennis Courts	8	8	8	8	8
Number of Park/Golf Trees	7,600	7,320	7,320	7,320	7,520
Number of Street Trees	8,801	10,680	10,680	10,680	10,980
Acres of Golf Course	111	111	111	111	111
Public Libraries	1	1	1	1	1
Landscape Maintenance Districts	24	23	23	24	27
Benefit Area District	2	4	4	4	4
Community Facility Districts					1
<b>Public Works</b>					
Miles of Streets	197	197	197	222	238
Number of Street Lights	4,800	4,800	4,800	4,681	4,822
<b>Water Utility</b>					
Number of Meters	19,800	19,700	20,071	20,338	20,675
Miles of Water Mains	244	236	257	258	258
Average Daily Consumptions (Gal)	12.62 MGD	12.68 MGD	11.83 MGD	11.83 MGD	13.25 MGD
<b>Wastewater</b>					
Number of Connections	22,461	23,053		23,738	24,178
Miles of Sewer Lines	184	184	184	223	226
Number of Treatment Plants	1	1	1	1	1
Average Daily Treatment	6.2 MGD	6.2 MGD	6.18MGD	5.98MGD	6.25MGD
Treatment Capacity	9.87 MGD	9.87 MGD	9.87MGD	9.87MGD	9.87MGD
<b>Solid Waste</b>					
Number of Accounts	18,262	18,765	19,400	23,397	20,066
<b>Education</b>					
Elementary Schools	23	23	24	20	20
High Schools	4	5	8	5	5
Alternative Schools					3
Adult Education	1	1	1	1	2
Teachers	1,012	989	953	934	978
Elementary Classrooms	900	895	900	903	903
High School Classrooms	390	375	390	464	438
Adult Education Classrooms	47	27	47	10	27
Current Enrollment	22,900	22,796	23,283	23,325	22,061

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

Note: n/a denotes information not available.

**CITY OF MANTECA**  
**CRIME POLICY NOTARY AND SECURITY BONDS OF PRINCIPAL OFFICIALS**  
**June 30, 2013**

	<u>Limit Amount of Policy<sup>1</sup></u>
City Manager	\$1,000,000
Deputy City Manager	1,000,000
City Attorney	1,000,000
City Clerk	1,000,000
City Treasurer	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
Administrative Services Director	1,000,000
Executive Secretary (Notary)	1,000,000
City Clerk (Notary)	1,000,000

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

Source: City Administration Department

## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on Financial Statements***

We have audited the accompanying financial statements of each major fund of the Manteca Financing Authority (Authority), a component unit of the City of Manteca, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Authority, a component unit of the City, as of June 30, 2013, 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.

## ***Emphasis of Matters***

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2013 that affected the nomenclature of the financial statements:

*Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* See Note 1 to the financial statements for relevant disclosures.

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

## ***Other Matters***

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

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 March 27, 2014, 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.

*Mane & Associates*

Pleasant Hill, California  
March 27, 2014

**MANTECA FINANCING AUTHORITY**

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

The Statement of Net Position and the Statement Revenues and Changes in Net Position purpose 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, 2013

	2003 Sewer Revenue Bonds	2003 Water Revenue Bonds	2009 Sewer Revenue Bonds	Total
ASSETS				
Current Assets:				
Investments held by trustee (Note 2)			\$1,900,000	\$1,900,000
Interest receivable			88,230	88,230
Total Current Assets			1,988,230	1,988,230
Receivable from the City of Manteca (Note 3)			17,100,000	17,100,000
Total Assets			19,088,230	19,088,230
LIABILITIES				
Current Liabilities:				
Accrued interest payable			88,230	88,230
Total Current Liabilities			88,230	88,230
Non-Current Liabilities:				
Lease revenue bonds payable (Note 4)				
Due in more than one year			19,000,000	19,000,000
Total Liabilities			19,088,230	19,088,230
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, 2013

	2003 Sewer <u>Revenue Bonds</u>	2003 Water <u>Revenue Bonds</u>	2009 Sewer <u>Revenue Bonds</u>	<u>Total</u>
OPERATING REVENUE				
Interest on base rental payments	<u>\$445,680</u>	<u>\$864,925</u>	<u>\$1,050,318</u>	<u>\$2,360,923</u>
Operating Revenue	<u>445,680</u>	<u>864,925</u>	<u>1,050,318</u>	<u>2,360,923</u>
OPERATING EXPENSES				
Interest and fiscal fees	<u>525,233</u>	<u>942,849</u>	<u>1,058,762</u>	<u>2,526,844</u>
Total Operating Expenses	<u>525,233</u>	<u>942,849</u>	<u>1,058,762</u>	<u>2,526,844</u>
Operating Loss	<u>(79,553)</u>	<u>(77,924)</u>	<u>(8,444)</u>	<u>(165,921)</u>
NONOPERATING INCOME				
Interest on investments	<u>87,997</u>	<u>77,924</u>	<u></u>	<u>165,921</u>
Net Nonoperating Income	<u>87,997</u>	<u>77,924</u>	<u></u>	<u>165,921</u>
Income (Loss) Before Transfers	8,444		(8,444)	
Transfers in			8,444	8,444
Transfers (out)	<u>(8,444)</u>			<u>(8,444)</u>
Net Transfers	<u>(8,444)</u>		<u>8,444</u>	
Change in net position				
Net position at beginning of year				
Net position at end of year	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>

See accompanying notes to financial statements

MANTECA FINANCING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

	2003 Sewer Revenue Bonds	2003 Water Revenue Bonds	2009 Sewer Revenue Bonds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from the City	\$28,441,124	\$41,972,462	\$1,050,088	\$71,463,674
Payments to bond trustees	<u>(630,280)</u>	<u>(1,898,823)</u>	<u>(1,058,762)</u>	<u>(3,587,865)</u>
Cash Flows from Operating Activities	<u>27,810,844</u>	<u>40,073,639</u>	<u>(8,674)</u>	<u>67,875,809</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in			1,908,444	1,908,444
Transfers (out)	(1,908,444)			(1,908,444)
Payment to bond escrow agent	(24,919,638)	(41,789,125)		(66,708,763)
Return of remaining funds to the City	(1,888,247)	(2,791,000)		(4,679,247)
Long-term debt payment - principal	<u>(3,020,000)</u>	<u>(750,000)</u>		<u>(3,770,000)</u>
Cash Flows from Noncapital Financing Activities	<u>(31,736,329)</u>	<u>(45,330,125)</u>	<u>1,908,444</u>	<u>(75,158,010)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment interest received	87,997	77,924		165,921
Cash Flows from Investing Activities	<u>87,997</u>	<u>77,924</u>		<u>165,921</u>
Net Cash Flows	(3,837,488)	(5,178,562)	1,899,770	(7,116,280)
Cash and investments at beginning of period	<u>3,837,488</u>	<u>5,178,562</u>	<u>230</u>	<u>9,016,280</u>
Cash and investments at end of period	<u><u>                    </u></u>	<u><u>                    </u></u>	<u><u>\$1,900,000</u></u>	<u><u>\$1,900,000</u></u>
<b>Reconciliation of operating loss to net cash flows from operating activities:</b>				
Operating loss	(\$79,553)	(\$77,924)	(\$8,444)	(\$165,921)
<b>Adjustments to reconcile operating to net cash flows from operating activities:</b>				
Additional rental remittances from the City	4,872,885	3,705,125		8,578,010
<b>Change in assets and liabilities:</b>				
Receivable from City of Manteca	23,017,512	36,446,438	(230)	59,463,720
Interest receivable	105,047	955,974		1,061,021
Accrued interest payable	<u>(105,047)</u>	<u>(955,974)</u>		<u>(1,061,021)</u>
Cash Flows from Operating Activities	<u><u>\$27,810,844</u></u>	<u><u>\$40,073,639</u></u>	<u><u>(8,674)</u></u>	<u><u>\$67,875,809</u></u>

See accompanying notes to financial statements



**MANTECA FINANCING AUTHORITY**  
**NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Organization and Purpose***

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

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

**B. *Basis of Presentation***

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

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

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

**C. *Basis of Accounting***

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

The financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

**D. *Major Funds***

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

**MANTECA FINANCING AUTHORITY**  
**NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

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

**2003 SEWER REVENUE BONDS** – To account for Bond transactions.

**2003 WATER REVENUE BONDS** – To account for Bond transactions.

**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 these debt agreements. 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.

**MANTECA FINANCING AUTHORITY**  
**NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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
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

**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
<b>Held by Trustees:</b>	
Money Market Funds (U.S. Securities)	<u>\$1,900,000</u>

**C. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual rating as of June 30, 2013 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, 2013, have an average maturity of 47 days.

**MANTECA FINANCING AUTHORITY**  
**NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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
2014		\$970,767	\$970,767
2015		970,767	970,767
2016		970,767	970,767
2017		970,767	970,767
2018		970,767	970,767
2019-2023		5,205,819	5,205,819
2024-2028	\$2,730,000	4,955,509	7,685,509
2029-2033	5,050,000	3,865,599	8,915,599
2034-2037	11,220,000	1,409,423	12,629,423
	<u>\$19,000,000</u>	<u>\$20,290,185</u>	39,290,185
 <u>Less:</u>			
		Investments held by trustee	1,900,000
		Amount representing interest	<u>20,290,185</u>
			<u>\$17,100,000</u>
Receivable from the City of Manteca at June 30, 2013			<u>\$17,100,000</u>

**MANTECA FINANCING AUTHORITY**  
**NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 4 – LONG TERM DEBT**

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

Year	Principal	Interest	Total
2014		\$1,058,763	\$1,058,763
2015		1,058,763	1,058,763
2016		1,058,763	1,058,763
2017		1,058,763	1,058,763
2018		1,058,763	1,058,763
2019-2023		5,293,815	5,293,815
2024-2028	\$2,730,000	5,043,505	7,773,505
2029-2033	5,050,000	3,953,595	9,003,595
2034-2037	11,220,000	1,497,419	12,717,419
Total	<u>\$19,000,000</u>	<u>\$21,082,149</u>	<u>\$40,082,149</u>

**A. Sewer Revenue Bonds**

On December 11, 2003 the Authority issued 2003 Sewer Revenue Bonds Series 2003A in the amount of \$18,155,000 and Series 2003B in the amount of \$25,665,000 to refund and redeem the remaining outstanding balance of the 1989 Refunding Revenue Bonds and to finance the City's expansion and upgrade of its wastewater control facility. The 2003 Revenue Bonds were secured by installment payments payable by the City of Manteca under the Installment Sales Agreement dated December 1, 2003. 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. Interest payments were due on June 1, and December 1 of each year through 2033. The Series 2003B bonds were subject to extraordinary mandatory prepayment by the City on any interest payment date from net connection fee revenues, as defined in the Installment Sale Agreement. During the fiscal year ended June 30, 2013 the City repaid \$3,020,000 on the Series 2003B bonds that included a scheduled principal payment of \$820,000 and a prepayment of \$2,200,000.

The 2003A and 2003B bonds were fully defeased on December 11, 2012 with the issuance of the City's 2012 Sewer Revenue Refunding Bonds. With the refunding the City contributed \$24,919,638 to the Authority from the proceeds of the 2012 bonds, and the Authority returned \$1,888,247 to the City. In addition, the Authority's 2003 bonds transferred \$1,908,444 remaining in its bond reserve account to the Authority's 2009 Bond reserve account. The defeased balance of the 2003A and 2003B bonds as of June 30, 2013 was \$23,835,000.

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 on a 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.

**MANTECA FINANCING AUTHORITY**  
**NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 4 – LONG TERM DEBT (Continued)**

***B. Water Revenue Bonds***

On July 2, 2003 the Authority issued 2003 Water Revenue Bond Series 2003A in the amount of \$43,325,000 to finance the City's share of the cost of a \$149 million surface water plant. The 2003 Revenue Bonds were secured by installment payments payable by the City of Manteca under the Installment Sales Agreement dated July 1, 2003. The installment payments were special limited obligations of the City and are secured by a pledge of and lien on the net revenues of the City's water system. Interest payments were due on January 1, and July 1 of each year through 2033.

The 2003 bonds were fully defeased on December 11, 2012 with the issuance of the City's 2012 Water Revenue Refunding Bonds. With the refunding, the City contributed \$41,107,536 to the Authority from the proceeds of the 2012 Bonds, and the Authority contributed \$2,791,000 to the reserve account of the City's 2012 Bonds. The Authority placed the proceeds from the City's contribution in an irrevocable escrow account for the defeasance of the 2003 Bonds. The defeased balance of the Authority's 2003 Bonds as of June 30, 2013 was \$40,875,000.