

FUNDS USED BY TYPE

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 related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund. Major revenue sources are property taxes, sales taxes, franchise fees, motor vehicle in-lieu fees, and various charges for services provided. Services funded include police, fire, community development, engineering, library, parks maintenance and administration.

SPECIAL REVENUE FUNDS

These funds account for the proceeds from specific revenue sources that are legally restricted to expenditures for specified purposes. The following lists the City's special revenue funds and their purpose.

◆ Home Fund

Established to account for funds provided by the U.S. Department of Housing and Urban Development (HUD) through the Federal Home Investment Partnerships Program (HOME). HOME funds can be used for acquisition, conversion, new construction and rehabilitation in providing single- and/or multiple-family housing. San Joaquin County administers these funds.

◆ Community Development Block Grant

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

◆ Public Safety Grants

These funds account for grants received from the U.S. Department of Justice and FEMA (or related federal agencies) for various Public Safety hiring programs. Grants typically run for three years at the

end of which the City is responsible for making a concerted effort to continue funding the positions through other means. To date, the City's General Fund and Public Safety Sales Tax Fund has taken over funding at the expiration of the hiring grants.

Also accounted for in the Public Safety Grants funds are various Local Law Enforcement Block Grants and other smaller grants. These grants have provided a funding source for additional equipment used in law enforcement and crime prevention.

◆ Supplemental Law Enforcement Grants

This fund accounts for funding received from specific state appropriations for local public safety services under the Citizens Option for Public Safety (COPS) Program. These funds, along with those identified above were used to replace the Police Department's Computer-Aided Dispatch and Records Management Software with year 2000 compliant systems as well as to purchase Mobile Computer Terminals which were installed in the Department's patrol vehicles. The department has also been able to purchase technologically advanced equipment to increase the department's efficiency and effectiveness.

◆ Park Grants

Established to account for grant funding the City's Parks Division applies for and receives from various State, Federal and Local agencies. The City last received a grant in Fiscal Year 2008 from the California Integrated Waste Management Board to purchase surfacing for the Shasta Park playground.

Appendix

- ◆ Federal Transit
This fund was established in 2003-04 fiscal year to account for transit funding from the Federal Transit Administration (Section 5307). Based on the results of the 2000 Census, the City of Manteca was designated as a new small urbanized area and will be eligible to receive funding to be used in analyzing and maintaining a transit program.
- ◆ Recreation Programs
Established to account for the operations of the City's recreation program. Financing is provided primarily by fees collected from those who participate in recreational activities.
- ◆ Low and Moderate Income Housing Assets Fund
On February 27, 2012 through the adoption of Resolution No. R2012-13, the Council elected to retain the housing assets and functions previously performed by the Redevelopment Agency and to become the Successor Housing Authority. All assets transferred to the City in this role are accounted for in this fund.
- ◆ Street Improvement Funds
These are the City's Traffic Signal Installation and Highway Interchange funds. Projects undertaken within these funds include the installation of traffic signals within the City and road improvements directly related to the effects of highway traffic on the City. Funding for these projects is provided by specific fees imposed on new development. These development impact fees are gradually being replaced by the PFIP – Transportation development impact fee accounted for in fund 590.
- ◆ Development Mitigation
Established to account for the collection and use of the City's development agreement fees established by the City Council and included in various development agreements. Types of fees collected include those for Public Facilities, Development Services, and Recreation Amenities.
- ◆ Major Equipment Purchase
Established to account for financing of major equipment utilized by City departments. Financing is provided by specific fees imposed on new development.
- ◆ Assessment Districts
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 and Community Facilities Districts formed pursuant to the Mello-Roos Community Facilities Act of 1982.
- ◆ Public Safety Sales Tax
In November 2006, Manteca approved Measure M – Public Safety Tax. This fund has been established to track the 1/2-cent sales tax the City receives to fund additional Public Safety Police and Fire personnel. A Council-approved public committee oversees the expenditure plan to ensure the City adheres to the ordinance.
- ◆ Public Safety Endowment Fund
Established to account for the collection and use of the City's development agreement fees established by the City Council and included in various development agreements. This fund is specific to Public Safety expenditures.

◆ Development Services Fund

Established to account for the collection and use of the City's development services and building related fees and associated development services activities.

CAPITAL IMPROVEMENT FUNDS

Capital Improvement Funds are utilized to account for resources used for the acquisition and construction of capital facilities by the City, except for those financed by the enterprise funds. The expenditure of these revenue sources is legally and/or contractually restricted to the fund's or revenue source's stated purpose. The following lists the City's capital improvement funds and their purpose.

◆ State Gasoline Tax (Gas Tax)

Established to account for the construction and maintenance of the street system within Manteca and financed by the City's share of the state gasoline taxes.

◆ Regional Transportation Impact Fee

Established in fiscal year 2005/06 to account for fees collected from development projects that have an impact upon the Regional Transportation Network. Funds will be used exclusively to construct projects identified in the RTIF Capital Project list. Funds collected locally are part of a regional effort and will be used within the region and City to mitigate traffic congestion.

◆ Measure K

Established to account for the construction and maintenance of the street system within Manteca and financed with a 1/2-cent sales tax approved by voters in 1990 and levied for that purpose by San Joaquin County. The tax was authorized to be levied and collected for a 20-year period.

In November 2006 voters decided to extend the tax for an additional 30 years,

◆ Local Transportation Fund (Streets)

These are the City's Local Transportation Fund (LTF) and Subsidized Street Projects funds which account for the construction and maintenance of the City's street system. These projects are funded using the City's portion of the 1/4 cent of the 6 cents retail sales tax collected statewide for transportation and using state and federal grants.

◆ Park Acquisition and Improvement Fee

Established to account for the construction of and improvements to all City-owned parks. Financing is provided by a special parks improvement fee imposed on new development.

◆ 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 a government building facilities fee imposed on new development. This fund also accounts for the collection of the Fire Sprinkler fee which is dedicated to the planning, development and construction of additional fire stations and to the purchase of related equipment.

◆ Redevelopment Bonds Projects

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

◆ Public Facilities Implementation Plan (PFIP) - Drainage and Transportation

Established to account for the financing and construction of the City's storm drain and transportation systems using

development fees collected under the PFIP program.

◆ Flood Protection Improvement

Established to account for levee improvement costs needed to provide Urban Level of Flood Protection (ULOP) to the Reclamation District 17 area.

ENTERPRISE FUNDS

These funds account for the 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 following lists the City's enterprise funds and their purpose.

◆ Golf Fund

This fund accounts for the operations at the City's municipal golf course. All activities necessary to provide this service are accounted for in this fund, including course maintenance, equipment purchases, capital improvements and related financing.

◆ Sewer Funds

These funds account for the provision of sewer service to residents of the City and some County residents. All activities necessary to provide such services are accounted for in these funds.

The Sewer Maintenance and Operations fund accounts for the day-to-day operations, including sewer collection and flow to the Wastewater Treatment Plant, treatment at the Plant, billing, collections and system maintenance. These activities are funded through the monthly service fees collected from sewer service customers.

The Sewer Fee Improvement and PFIP-Sewer funds account for the capital improvements necessary to maintain and expand the system, including sewer main construction and expansion and Plant expansion. These activities are funded through fees imposed on new development.

◆ Solid Waste Fund

The Solid Waste Fund accounts for the collection of refuse and recyclables throughout the City. All activities necessary to provide these services are accounted for in this fund, including operations, billing, collections, equipment purchases, capital improvements, and related financing activities.

◆ Solid Waste Cost Recovery

This fund accounts for the service initiation cost recovery charge for all new residential dwelling units and newly constructed commercial units. All revenue derived from this charge will be used for the acquisition and delivery of containers, equipment and solid waste collection trucks.

◆ Water Funds

These funds account for the provision of water service to residents of the City. All activities necessary to provide such services are accounted for in these funds.

The Water Maintenance and Operations fund accounts for the day-to-day operations, including water pumping and deliveries, billing, collections and system maintenance. These activities are funded through the monthly service fees collected from water service customers.

The Water Fee Improvement and PFIP- Water funds account for the capital improvements necessary to maintain and expand the system, including water main construction and rehabilitation and well construction and rehabilitation. These activities are funded through fees imposed on new development.

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for special activities and services performed by a designated department within the City to other departments also within the City. Such activities are financed on a cost-reimbursement basis from the user department(s) to the provider department(s).

- ◆ Vehicle Fund
Established to account for the acquisition of new or replacement vehicles for General Fund and non-Enterprise Fund fleet purchases.

- ◆ Information Technology Fund
Established to account for the acquisition, maintenance, and replacement of information technology equipment and software. This funds also accounts for all personnel expenditures related to information technology and GIS applications.

- ◆ Equipment Fund
Established to account for the acquisition of new or replacement minor capital equipment.

- ◆ Self-Insurance Retention Funds
Established to account for the City's workers' compensation and liability insurance programs. These activities are funded by the user departments (funds) through the payment of "insurance premiums" to the Self-Insurance Funds.

- ◆ Payroll Tax Benefit Allocation
Established to fund and account for the City's liability for the payment of earned, but not yet taken, paid time off (compensated absences). User departments (funds) provide funding through their personnel salaries and benefits expenditures.

MANTECA REDEVELOPMENT AGENCY/ SUCCESSOR AGENCY TO THE MANTECA REDEVELOPMENT AGENCY

The Manteca Redevelopment Agency was created in 1985 under the provisions of the Redevelopment Law (California Health and Safety Code) to clear and rehabilitate areas determined to be in a declining condition. The Agency established two project areas which included approximately 50% of the City of Manteca.

On June 29, 2011 the Governor of California signed AB X 26 called for the dissolution of all redevelopment agencies. Successor agencies were designated as the successor entities to the former redevelopment agencies. Except for the provisions of the Redevelopment Law that were appealed, restricted or revised pursuant to AB X1 26, all authority, rights, powers, duties and obligations vested with the former redevelopment agencies under the Redevelopment Law are vested in the successor agencies.

On September 20, 2011 the City Council adopted Resolution No. R2011-173 making the election to have the City of Manteca serve as the Successor Agency to the Manteca Redevelopment Agency. Further, on February 27, 2012 through the adoption of Resolution No. R2012-13, the Council elected to retain the housing assets and functions previously performed by the Redevelopment Agency and to become the Successor Housing Authority.

GLOSSARY OF TERMS

ACTIVITY - A specific and distinguishable line of work performed by one or more organizational components of a government for the purpose of accomplishing a function for which the government is responsible (e.g. The Police Department is an activity within the public safety function).

ADOPTED BUDGET – The City Council approved annual budget establishing the legal authority for the expenditure of funds as set forth in the budget resolution adopted by Council.

ALLOCATION - The portion of an appropriation which is designated for expenditure by specific organization units and/or for specific purposes.

ANNUAL OPERATING BUDGET - The City's spending plan of current expenditures and the proposed means of financing them. The annual operating budget is the primary controlling document for most of the City's spending, financing, and/or acquisition activities.

APPROPRIATION - The legal authorization granted by a legislative body (the City Council) to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in both amount and time.

ASSESSED VALUATION - The valuation set upon real estate and certain personal property by the County Assessor as a basis for levying property taxes.

ASSESSMENT DISTRICT – Not a separate government entity, but rather a defined area of land that will benefit from the acquisition, construction, or maintenance of a public improvement.

AUDIT – A systematic collection of sufficient and competent evidential matter needed to

attest to the fairness of management's assertions in the financial statements, or to evaluate whether management has efficiently and effectively carried out its responsibility.

BOND - A written promise to pay a specified sum of money (the face value or principal amount) together with interest calculated at a specified interest rate on a specified date(s) in the future (the maturity date(s)).

BUDGET DOCUMENT – The instrument used by the budget-making authority (the City Manager) to present a comprehensive financial program to the appropriating body (the City Council).

BUDGET MESSAGE - A written general discussion of the proposed budget usually prepared by the City Manager and addressed to the legislative body (the City Council). The budget message usually contains (1) an explanation of the principal budget items, (2) an outline of the City's experience in the prior year and its financial status at the time the message is prepared, and (3) expectations regarding the City's activities in the up-coming year along with recommendations of financial policy to carry out those expectations.

CAPITAL IMPROVEMENT PROGRAM - A plan for purchasing, leasing, and/or constructing the equipment or property needed to complete the City's long-term improvement projects. The plan details expenditures by year for each project. The plan also specifies the resources estimated to be available to pay for the project expenditures.

CAPITAL OUTLAYS - Expenditures which become an acquisition that is an addition to fixed assets.

CASH BASIS OF ACCOUNTING - A basis of accounting under which revenues are

recognized when cash is received and expenditures incurred when cash is paid.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) – A federal grant that aims to develop viable urban communities by providing decent housing, a suitable living environment, and expanded opportunities for persons of low and moderate income. The City of Manteca receives an annual CDBG entitlement from the U.S. Department of Housing and Urban Development.

DEBT SERVICE REQUIREMENT - The amount of money required to pay the interest currently due on outstanding debt, and/or the principal portion due on debt maturing in the up-coming year. The City's debt service requirement may also include required annual contributions to sinking funds set up to accumulate monies for the retirement of term bonds.

ENCUMBRANCE - Commitments related to unperformed contracts for goods or services. Encumbrances represent the estimated amount of expenditures ultimately to result if the unperformed contracts are completed. Encumbrances are used for budgetary purposes only and are not expenditures under generally accepted accounting principles (GAAP).

ENTERPRISE FUNDS – Also known as Proprietary Funds, this fund type is used to account for operations that are: (a) financed and operated in a manner similar to private sector enterprises and it is the intent of the City that the costs (including depreciation) for providing goods or services to the general public be financed or recovered primarily through the user charges; or (b) the City or an outside grantor agency has determined that a periodic determination of revenues earned, expenses, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has established the

following enterprise funds: water, sewer and solid waste.

EXPENDITURE - A decrease in the City's available financial resources due to the purchase of goods or services, the completion of a contract related to a prior encumbrance, or payments currently due on outstanding debt.

FIDUCIARY FUNDS - Used to report assets held in a trustee or agency capacity for others.

FISCAL YEAR - The twelve (12) month period to which the annual operating budget applies and at the end of which the City determines its financial position and the results of its operations. The fiscal year for the City of Manteca is July 1 - June 30.

FIXED ASSETS - Long-lived tangible assets obtained or controlled by the City. These assets may be referred to in the private sector as property, plant and equipment. The majority of the City's fixed assets are obtained as a result of completing its capital improvement projects.

FULL ACCRUAL BASIS OF ACCOUNTING - The method of accounting where revenues are recognized when earned, expenditures are recognized when incurred and fixed assets are depreciated over their estimated useful life. All enterprise and internal service funds are accounted for using this method of accounting. (see Modified Accrual Basis of Accounting)

FUND - A separate fiscal and accounting entity which is self-balancing and free standing for the purpose of maintaining records for a series of financial resources which are segregated for a particular purpose. The set of accounts in a fund include cash and other financial resources, all related liabilities and the residual equities or balances, and changes therein.

FUND BALANCE - For each separate fund, this is the excess of assets over liabilities. A

negative fund balance is sometimes called a deficit.

GANN APPROPRIATIONS LIMIT – This term refers to Article XIII B of the California State Constitution that places limits on the amount of proceeds from taxes that state and local governmental agencies can receive and spend each year.

GAS TAX – Administered by the State Board of Equalization (SBOE), this is a per gallon tax on fuel used to propel a motor vehicle or aircraft. Use of the revenue is for research, planning, construction, improvement, maintenance, and operation of public streets and highways or public mass transit.

GENERAL FUND - The fund used to account for all financial resources traditionally associated with government which are not required to be accounted for separately.

GENERAL OBLIGATION BONDS - Bonds backed by the full faith and credit of a governmental unit. These bonds usually contain a pledge of the general taxing authority for their repayment.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) - The uniform minimum standards of and guidelines for financial accounting and reporting as established by the American Institute of Certified Public Accountants (AICPA). GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. They govern the form and content of the basic financial statements of an entity by including not only broad guidelines of general applications, but also detailed practices and procedures. GAAP provides a standard by which to measure and compare financial presentations.

GOVERNMENTAL FUNDS - Funds used to account for tax-supported activities.

GRANT – Contribution or gift or cash or other assets from another governmental entity to be used or expended for a specific purpose, activity, or facility.

INTER-FUND TRANSFERS – Monies moved from one fund to another. The money is transferred to finance the operations of another fund or to reimburse the fund for expenses.

INTERNAL SERVICE FUND – Funds established to account for the financing of goods or services provided by one department for other departments within the City on a cost reimbursement basis.

MODIFIED ACCRUAL BASIS OF ACCOUNTING - The method of accounting where revenues are recognized when they become both "measurable" and "available" to finance expenditures for the current period. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. All governmental funds and expendable trust funds are accounted for using this method of accounting. (see Full Accrual Basis of Accounting)

OPERATING BUDGET – Annual appropriation of funds for on-going program costs, including salaries and benefits, services and supplies, debt service and capital outlay.

OPERATING EXPENSES – Expenditures for materials, supplies, and services which are ordinarily consumed within a fiscal year and which are not included in program inventories.

OPERATING TRANSFERS - Legally authorized transfers from a fund receiving revenue to the

fund through which the resources are to be expended. An example would be the transfer of funds from the general fund or an enterprise fund to an internal service fund to finance the services provided by the internal service fund. (see the Fiscal Overview section of this document for further definitions of the types of funds)

ORDINANCE - A formal legislative enactment by the governing board of a municipality (the City Council). If it is not in conflict with any higher form of law, such as, a State statute, a Federal law or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Ordinarily, the City's statutes or charter will specify or imply those legislative actions which must be by ordinance and those which may be by resolution.

PERFORMANCE MEASURES – Performance measures are an important component of decision making, and at a minimum they should be based on program goals and objectives, measure program results or accomplishments, provide for comparisons over time, measure efficiency and effectiveness, and be reliable, verifiable, and understandable.

PROPERTY TAX – Property tax is imposed on real property (land and permanently attached improvements such as building) and tangible personal property located within the City.

PRELIMINARY BUDGET - The budget in its initial preparation stage prior to being reviewed and formulated by the budget-making authority. In the preliminary stage, a budget consists of various estimates forecasting current costs into the future and new or modified spending proposals for the future.

PROPOSED BUDGET - The budget as formulated and proposed by the budget-making authority (the City Manager). It is submitted to the legislative body (the City Council) for review and approval.

RESERVE -An account used to earmark a portion of the fund balance. This may be done for various reasons. The most common are to indicate that that portion of the fund balance is not available for general expenditures or the amount has been legally segregated for specific future use.

RESOLUTION - A special or temporary order of a legislative body (City Council). This action requires less legal formality than an ordinance. (See ordinance)

RESTRICTED ASSETS - Monies or other resources whose use is restricted by legal or contractual requirements. In governmental accounting, special treatment is given to restricted assets arising out of revenue bond indentures in enterprise funds.

RETAINED EARNINGS - An equity account reflecting the accumulated earnings of an enterprise or internal service fund. For budgeting purposes, the working capital definition of fund balance is used.

REVENUE - Amounts received or receivable from taxes, fees, permits, licenses, interest, and inter-governmental sources during the fiscal year.

SINKING FUND - A group of accounts established to account for the accumulation of resources for, and the payment of, long-term bond principal and interest. Bonds issued in such a fund contain an agreement requiring the governmental unit to periodically set aside a sum which, when compounded with interest, will be sufficient to redeem the debt at the stated

maturity date. Bonds of this type are commonly known as term bonds.

SPECIAL REVENUE FUND – A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

SUBVENTIONS - Webster's defines subvention as providing assistance or support or a subsidy for the government. Revenues levied by the State and then transferred (in their entirety or a portion) are subventions from the State of California. An example would be the Motor Vehicle In-Lieu fees.

SUPPLEMENTAL APPROPRIATION - An additional appropriation made by the legislative body (City Council) after the budget year has begun.

SUPPORT SERVICES - The expenditure class for charges paid by one City department or agency to another for services rendered or materials supplied.

TAXES - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against persons or property for current or permanent benefits, such as special assessment districts. Neither does the term include charges for services rendered only to those paying such charges, such as sewer service charges.

TRANSIENT OCCUPANCY TAX (TOT) – A tax imposed on travelers who stay in temporary lodging facilities within the City. Also referred to as a Hotel/Motel Tax.

USER CHARGES - The payment of a fee for direct receipt of a public service by the party benefiting from the service (e.g. fees paid for periodic refuse pick-up).

WORKING CAPITAL - Broadly defined as the excess of current assets over current liabilities. A practical definition for governmental units would be the excess of cash, investments and accounts receivable over accounts payable.