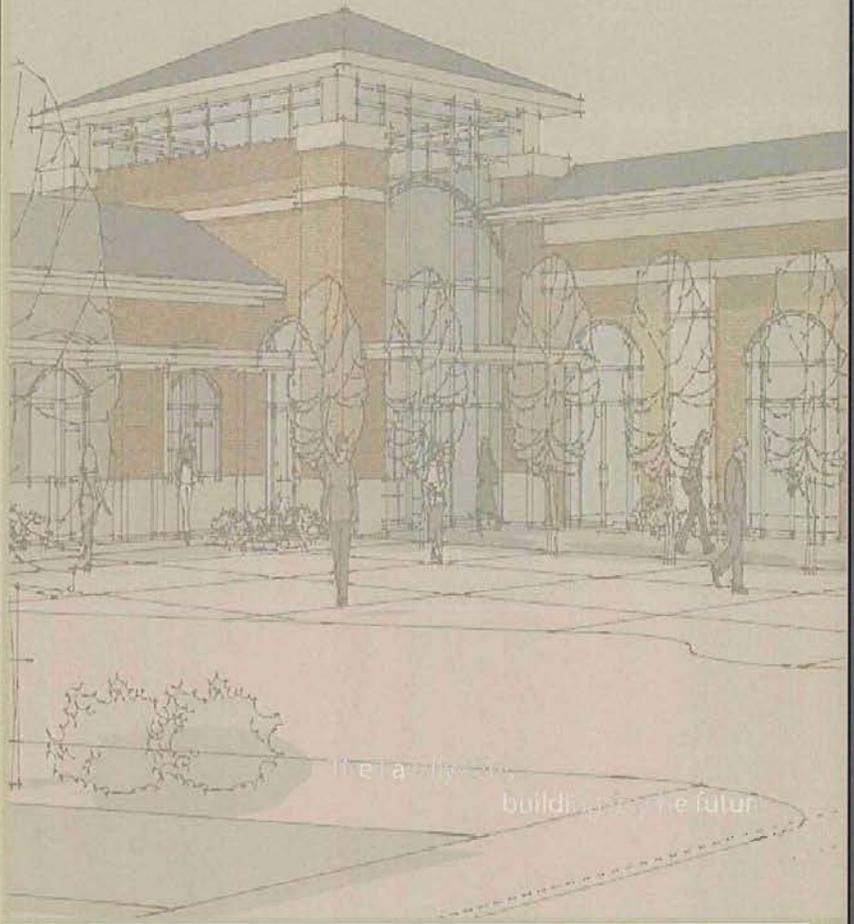
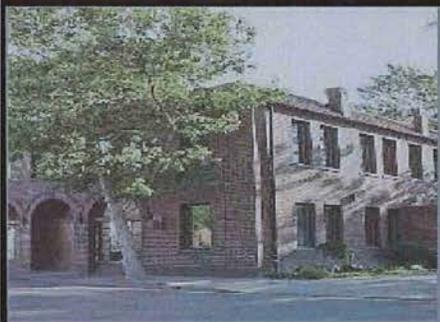


# City of Manteca

California



***Comprehensive Annual Financial Report***  
**Fiscal Year Ended June 30, 2014**

Prepared by the Finance Department

City of Manteca,  
California

*Comprehensive Annual  
Financial Report*

For the Fiscal Year Ended  
June 30, 2014

Prepared by  
Finance Department

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**CITY OF MANTECA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2014**

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# CITY OF MANTECA

FINANCE DEPARTMENT

February 25, 2015

Honorable Mayor  
Members of the City Council  
And Citizens of Manteca

## Comprehensive Annual Financial Report

The City of Manteca's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Manteca. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of Manteca. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

## Reporting 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.

On June 28, 2011 the State of California adopted ABX1 26, later amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved Redevelopment Agencies as of January 31, 2012.

Under the provision of ABX1 26 a city that authorized the creation of a redevelopment agency may elect to serve as the successor agency. On September 20, 2011, the City made the election to become the Successor Agency to the Manteca Redevelopment Agency and on February 1, 2012, the Redevelopment Agency's non-housing related assets were distributed to and the liabilities were assumed by the Successor Agency. The activities of the Successor Agency are subject to the review and approval of a seven member Oversight Board of which the City has two members.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency. The activities and net position information for the Private-Purpose Trust Fund can be found in the Fiduciary Fund Financial Statements section.

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Additionally, under the provision of ABX1 26 and pursuant to Health and Safety Code Section 34176(b), the City could 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 subject to State approval of the transfer. The activities of the Housing Successor are reported in the Successor Agency Housing Special Revenue Fund as the City has control of the assets, which may be used in accordance with the low and moderate income housing provisions of the California Redevelopment Law.

## **Government Profile**

The City of Manteca is located seventy-six (76) miles due east of San Francisco in San Joaquin County adjacent to Interstate 5, Highway 99 and Highway 120. The city has an area of approximately 20.61 square miles of level terrain and 72,880 residents as of January 1, 2014. 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. Six years later recovery has continued steadily and signs of a strong resurgence 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 5.6% higher than revenues for the same period last year. In 2013-14 the Building Safety division issued 391 permits for new residential construction compared to 314 permits in 2012-13 and 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 project opened in summer 2014. This specialized facility is LEED certified and has 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, assessed valuations as of January 1, 2013 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 Atherton Drive Water Storage Tank and Booster Pump Station began construction in summer 2013 and was completed in June 2014. In July 2014, the City received approval from the California Department of Public Health to operate the new tank. With the completion this project, of 3.5 million gallons of water can now be stored 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. Plans for a new Community Center to be leased to the Veterans of Foreign Wars (VFW) Jimmie Connors Post 6311 have been approved and a ground breaking ceremony was held in December 2014.

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, the Family Entertainment Zone (FEZ) and the development of a hotel/water park and conference center

## **Financial Information**

### ***Budgetary Control***

The City prepares a budget for each fiscal year on or before June 30. The City maintains budgetary controls to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, and capital projects funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the at the fund level. The City also applies and maintains encumbrance accounting as a technique of accomplishing budgetary control. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

### ***Cash Management***

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

Total cash and investments as of June 30, 2014 amounted to \$269,653,701 encompassing governmental and business type activities, including restricted cash and investments. During fiscal year 2013-14 investments consisted primarily of U.S. Treasuries (20%), Federal Agencies (12%), corporate notes (13%) and the Local Agency Investment Fund (LAIF) managed by the State Treasurer (6%). \$69,234,983 or (26%) 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, 2013. This was the twenty-fifth year the City has received this prestigious award.

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

### ***Acknowledgments***

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

Comprehensive Annual Financial Report  
City of Manteca  
Transmittal Letter - Continued

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

Respectfully submitted,

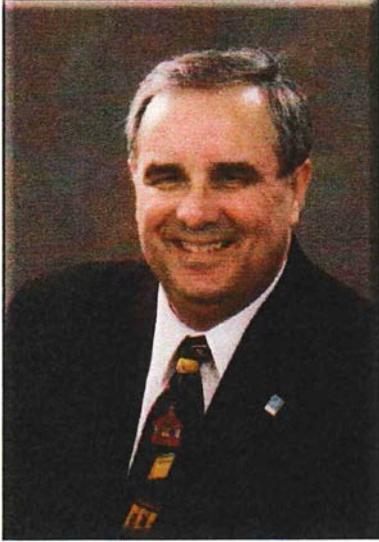


Suzanne Mallory  
Director of Finance

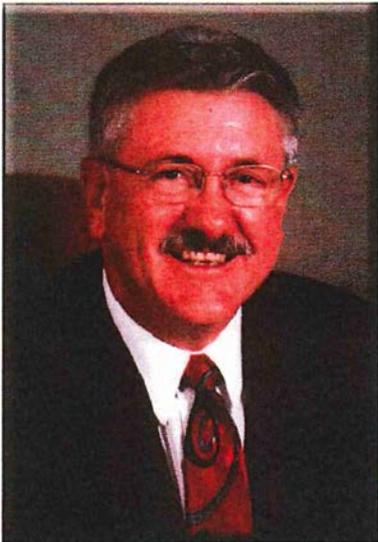
# CITY OF MANTECA CITY COUNCIL



**Debby Moorhead**  
Councilwoman



**John Harris**  
Councilman



**Willie Weatherford**  
Mayor



**Steve DeBrum**  
Councilman



**Vincent Hernandez**  
Councilman

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2014**

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## **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**

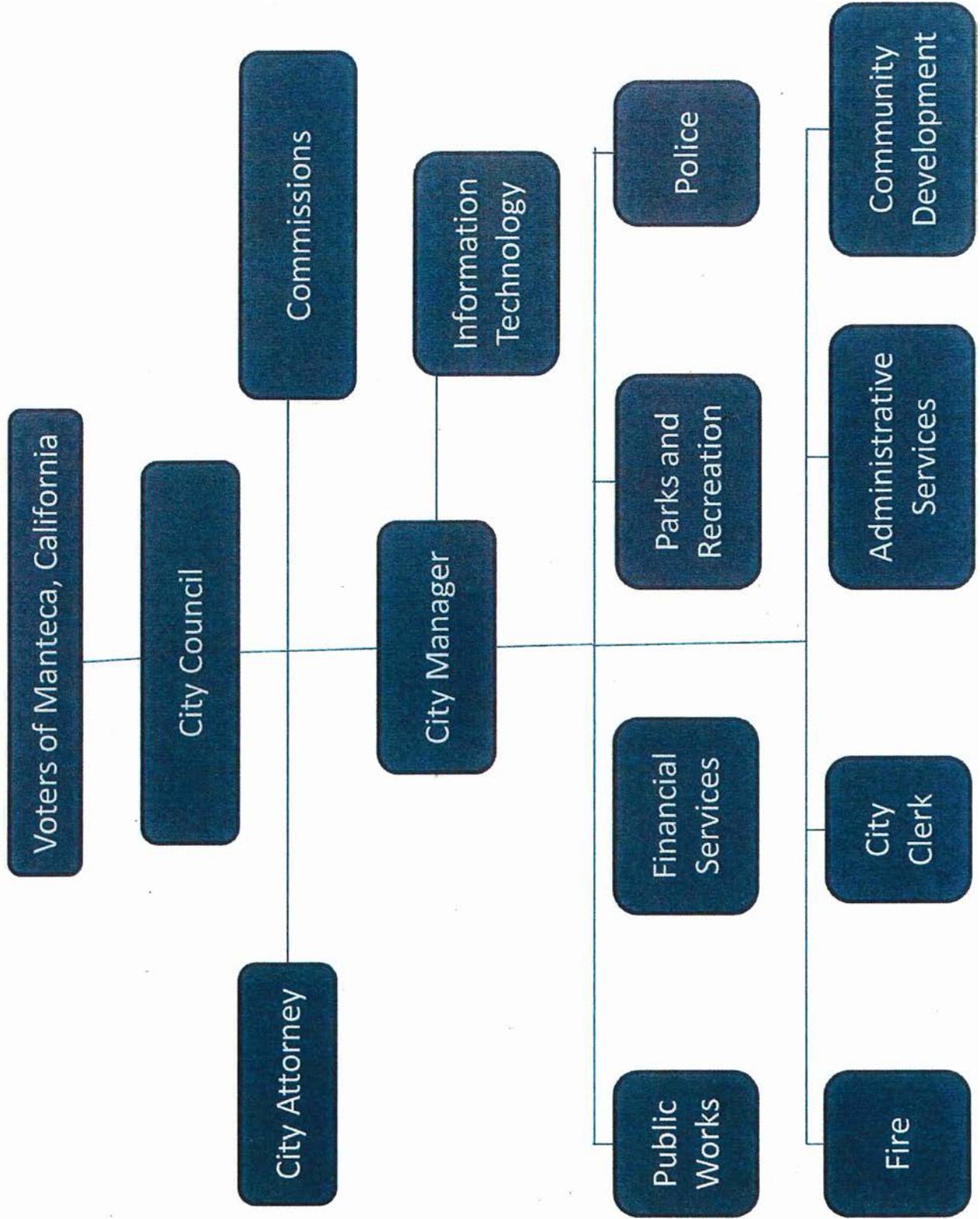
**Nicolas Obligacion, Chief of Police**

**Kevin Fant, Parks and Recreation Director**



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Government Finance Officers Association

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Presented to

**City of Manteca  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

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## INDEPENDENT AUDITOR'S REPORT

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

### *Report on Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manteca as of and for the year ended June 30, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

As discussed in Note 16, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Manteca Redevelopment Agency was dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective January 31, 2012. 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, 2014.

In fiscal 2011 and 2012, the former Redevelopment Agency transferred \$58,959,477 of assets to the City. ABx1 26 and AB 1484 contain provisions that such transfers are subject to a review by the State Controller's Office. According to Health and Safety Code 34167.5, if such an asset transfer did occur during that period and the government agency that received the assets is not contractually committed to a third party for the expenditure or encumbrance of those assets, to the extent not prohibited by state and federal law, the Controller shall order the available assets to be returned to the former Redevelopment Agency or, on or after February 1, 2012, to the Successor Agency. As of June 30, 2012, assets totaling \$44,129,682, comprised of current assets of \$43,670,205 and capital assets of \$459,477, were held by the City. During fiscal year 2013, the City returned the current assets of \$43,670,205 to the Successor Agency and only the capital assets of \$459,477 were held by the City. The City received the results of the State Controller's asset transfer review in February 2015 that indicates the City is to return the capital assets in the amount of \$459,477 to the Successor Agency. Concurrent with the finalization of the asset transfer review, the City has been working with the California Department of Finance (DOF) on the Successor Agency's Long Range Property Management Plan (LRPMP). Initial conversations with the DOF indicate that the capital assets identified in the asset transfer review will be identified as City-owned land upon final approval of the LRPMP. Based on these discussions, the City anticipates that the assets identified will be approved to be retained by the City. City management has indicated that they will abide by the final determination as set by the DOF. Therefore, the amount, if any, of assets to be returned is not determinable at this time.

The City's position on these matters is not a position of settled law and there is considerable legal uncertainty regarding these matters. It is possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorably or unfavorably to the City. No provision for liabilities resulting from the outcome of these uncertain 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 February 25, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Maye & Associates*

Pleasant Hill, California  
February 25, 2015

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This discussion and analysis provides an overview of the City of Manteca's financial performance for the fiscal year ended June 30, 2014. 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 2013-14 fiscal year by \$583 million (*Net Position*). Of this amount \$74.3 million (*Unrestricted Net Position*) may be used to meet ongoing obligations to citizens and creditors; \$104.2 million is restricted for capital projects, debt service and legally segregated taxes, grants, and fees; and \$404.5 million is invested in capital assets.
- As of June 30, 2014, the governmental funds reported combined fund balances of \$101.4 million, of which \$99.5 million is available to meet the City's current and future needs (*Restricted, Committed, Assigned, and Unassigned balances*).
- As of June 30, 2014 the fund balance for the General Fund was \$19.7 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 \$17.7 million
- Governmental capital assets increased by \$8.9 million prior to depreciation in comparison to prior year assets representing additions of capital street improvements, land, equipment, and construction in progress. The increase is reflected in the net investment in capital assets.
- The City's total long-term liabilities decreased by \$2.5 million compared to the prior year. This decrease is primarily attributable to the payment of principal on long-term debt.

### **OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

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

## **The Basic Financial Statements**

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

### ***Government-wide Financial Statements***

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

*Statement of Net Position* –Presents information on all City assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the balances 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 each of these component units 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 23 governmental funds of which 5 are considered major funds for presentation purposes. Each major fund is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances. The financial information for the remaining non-major governmental funds is combined into a single, aggregated presentation.

- Proprietary Funds - The City maintains two different types of proprietary funds; Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as "business-type activities" in the Government-wide Financial Statements. Internal Service Funds account for the financial activity of the City's equipment/information systems pool, vehicle pool, self-insurance, and payroll tax benefits. Financial statements for proprietary funds are prepared on the full accrual basis and include all their assets and liabilities, current and long-term.

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

- Fiduciary Funds – These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the Government-wide Financial Statements because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is similar to that used for Proprietary Funds. With the dissolution of the Redevelopment Agency per ABX1 26 and AB 1484, the activities of the Successor Agency to the Manteca Redevelopment Agency are reported as a Private Purpose Trust Fund in the Fiduciary Fund section.

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

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

## Combining Statements

This section of the report includes additional detailed information about non-major governmental 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 \$583 million at the close of the Fiscal Year Ended June 30, 2014. This is a difference of \$21.8 million from June 30, 2013.

The following table reflects the Summary of Net Position for the Fiscal Year Ended June 30, 2014 with comparative data for the Fiscal Year Ended June 30, 2013.

**Summary of Net Position at June 30, 2014 and 2013**  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current Assets	\$127,144	\$108,682	\$96,377	\$92,520	\$223,521	\$201,202
Non-Current Assets	23,021	23,137			23,021	23,137
Capital Assets	277,109	277,856	192,594	190,812	469,703	468,668
Total Assets	427,274	409,675	288,971	283,332	716,245	693,007
Current Liabilities	15,728	13,411	17,129	15,480	32,857	28,891
Non-Current Liabilities	16,103	16,395	84,303	86,511	100,406	102,906
Total Liabilities	31,831	29,806	101,432	101,991	133,263	131,797
Net Investment in Capital						
Assets	271,755	272,862	132,769	128,003	404,524	400,865
Restricted	104,193	90,528			104,193	90,528
Unrestricted	19,495	16,479	54,770	53,338	74,625	69,817
Total Net Position	<b>\$395,443</b>	<b>\$379,869</b>	<b>\$187,539</b>	<b>\$181,341</b>	<b>\$582,982</b>	<b>\$561,210</b>

The City's Government-wide Net Position as of June 30, 2014, comprised the following:

- Cash and investments comprised of \$176.2 million in the city treasury and \$39.4 million of restricted cash held by fiscal agents. This represents an increase of \$12.6 million in restricted cash and investments. The increase is primarily attributable to \$12 million of unspent bond proceeds that were transferred from the Successor Agency to the Manteca Redevelopment Agency to the City to be used for approved infrastructure projects.
- Government receivables were comprised of \$7.2 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 \$469.7 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position, totaling \$104.2 million, is restricted for capital projects (\$53.3 million), redevelopment projects (\$37.5 million), and \$13.4 million may be spent on other projects as specified by funding source restrictions.
- Unrestricted Net Position totals \$74.3 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 expenses through June 30, 2014 is further reflected in the Statement of Changes in Net Position.

**Statement of Changes in Net Position**  
**Fiscal Year Ended June 30, 2014**  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
<i>Program revenues:</i>						
Charges for services	\$9,678	\$8,757	\$41,881	\$40,363	\$51,559	\$49,120
Operating grants and contributions	7,863	10,701			7,863	10,701
Capital grants and contributions	20,231	10,979	1,447	1,751	21,678	12,730
Total program revenues	<u>37,772</u>	<u>30,437</u>	<u>43,328</u>	<u>42,114</u>	<u>81,100</u>	<u>72,551</u>
<i>General revenues:</i>						
<i>Taxes:</i>						
Property taxes	11,052	10,675			11,052	10,675
Sales taxes	12,362	11,566			12,362	11,566
Other taxes	4,793	4,494			4,793	4,494
Interest income	897	31	618	167	1,515	198
Gain on sale of capital assets						
Development Agreements, Unrestricted	40	64			40	64
Other Revenue	775	1,219	532	500	1,307	1,719
Transfers	(165)	166	165	(166)		
Total general revenues	<u>29,754</u>	<u>28,215</u>	<u>1,316</u>	<u>501</u>	<u>31,070</u>	<u>28,716</u>
Total revenues	<u>67,526</u>	<u>58,652</u>	<u>44,644</u>	<u>42,615</u>	<u>112,170</u>	<u>101,267</u>
<b>Expenses</b>						
General government	3,662	3,471			3,662	3,471
Community Development	4,812	4,723			4,812	4,723
Public Safety	23,663	23,556			23,663	23,556
Library	99	156			99	156
Public Works	4,167	3,829			4,167	3,829
Parks and Recreation	7,083	6,828			7,083	6,828
Streets and Highways	8,360	7,258			8,360	7,258
Interest and fiscal charges	106	149			106	149
Water			13,936	14,818	13,936	14,818
Sewer			13,721	14,658	13,721	14,658
Solid Waste			9,591	8,950	9,591	8,950
Golf			1,198	1,179	1,198	1,179
Total expenses	<u>51,952</u>	<u>49,970</u>	<u>38,446</u>	<u>39,605</u>	<u>90,398</u>	<u>89,576</u>
Change in net position	15,574	8,682	6,198	3,010	21,772	11,691
Extraordinary item						
Net assets transferred to Successor Agency		(43,670)				(43,670)
Net Position, Beginning of Year	<u>379,869</u>	<u>414,857</u>	<u>181,341</u>	<u>178,331</u>	<u>561,210</u>	<u>593,189</u>
Net Position, End of Year	<u>\$395,443</u>	<u>\$379,869</u>	<u>\$187,539</u>	<u>\$181,341</u>	<u>\$582,982</u>	<u>\$561,210</u>

## Revenues

Total governmental activity revenues increased by \$8.9 million or 15%. This increase is primarily attributable to the transfer of \$12 million in unspent bond proceeds from the Successor Agency to the Manteca Redevelopment Agency to the City of Manteca. This increase was mitigated by a \$2.8 million decrease in operating grants and contributions. 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. The transit station was opened in August 2013.

## Expenses

Expenses for the City totaled \$90.4 million and \$89.6 million for the years ended June 30, 2014 and 2013, respectively. Governmental activities incurred \$52 million of expenses while business-type activities incurred \$38.4 million. Of the Governmental Activities, the largest expenses were in Public Safety (\$23.7 million), Streets and Highways (\$8.4 million), and Parks and Recreation (\$7.1 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, 2014**  
(in thousands of dollars)

Program	Net Revenue/(Expense)	
	From Services	
	2014	2013
General Government	(\$180)	\$380
Community Development	10,239	(2,683)
Public Safety	(21,319)	(21,575)
Library	(99)	(156)
Public Works	1,520	3,914
Parks and Recreation	(3,900)	(4,482)
Streets and Highways	(335)	5,218
Interest and Fiscal Charges	(106)	(149)
<b>Total Net Revenue/(Expense)</b>	<b>(\$14,180)</b>	<b>(\$19,533)</b>

Net revenues/expenses for governmental activities increased by \$5.4 million. The increase in net revenues for Community Development of \$12.9 million is largely attributable to the \$12 million transfer of unspent bond proceeds from the Successor Agency to the Manteca Redevelopment Agency to the City for approved infrastructure projects. Net revenues/expenses to Streets and Highways increased by \$5.6 million as a result of the decline of \$4.5 million in grants and contributions combined with a \$1.1 increase in expenditures. The decrease in net revenues associated with Public Works is attributable to a reduction in capital expenditures associated with the completion of the City's transit station.

**Business-Type Activities**

**Changes in Business-Type Activities by Program**  
**Fiscal Year Ended June 30, 2014**  
(in thousands of dollars)

Net Revenue (Expense) from Business-type Activities	Business-type Activities	
	2014	2013
Water	\$1,150	(\$643)
Sewer	4,989	3,556
Solid Waste	(1,100)	(309)
Golf	(157)	(95)
<b>Total Business-type Activities</b>	<b>\$4,882</b>	<b>\$2,509</b>

Net revenues of Business-type Activities increased \$2.4 million primarily as a result of decreased interest expenses for both the Water and Sewer programs as the City completed bond refundings in the prior fiscal year.

## **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 in fiscal year 2011 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2014, the City's governmental funds reported combined fund balances of \$101.4 million, which is an increase of \$17.7 million or 21% compared with the prior year. This increase is largely attributable to the \$12 million transfer of unspent bond proceeds from the Successor Agency to the Manteca Redevelopment Agency to the City and an increase to the General Fund's fund balance of \$3.8 million. Governmental fund revenues were \$64.7 million this year. The General Fund accounted for 47% of this total. Expenditures were \$46.8 million this year. Of this total, \$26.4 million was in the General Fund, \$6.1 million was in major funds and \$14.3 million was in non-major funds.

### **General Fund**

General Fund revenues increased by \$.7 million or 2.2% as compared to fiscal year end 2013. Sales tax increased by 5.6% and property taxes increased by 3.5%. The increase to property tax includes revenues distributed to Affected Taxing Entities (ATE) that prior to the dissolution of redevelopment would have been distributed to the former Manteca Redevelopment Agency. General Fund expenditures increased by 2.6% over prior year expenditures of \$25.8 million.

At June 30, 2014, the General Fund balance was comprised of \$1.9 million in nonspendable balances and \$17.7 million in unassigned balances. Fund balances have been classified in accordance with GASB 54. While amounts have been categorized as unassigned, they may be informally earmarked by the City Council for specific purposes.

### **Public Safety Sales Tax Fund**

In November 2006, the voters of the City of Manteca passed the ½ cent Gang and Drug Prevention, 9-1-1 Emergency and Public Safety Improvement Transactions and Use Tax. Revenues generated by this tax are designated solely for public safety services. In Fiscal Year 2013-14 this fund provided for 27 police and fire personnel. Revenues in the Public Safety Sales Tax Fund increased by \$.4 million or 10% over prior year receipts. The net change to fund balance was (\$163,060).

### **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, 2014, the net position of the Low and Moderate Income Housing Assets Special Revenue Funds was comprised of \$68,011 in cash and investments and \$2,629,549 in restricted cash.

### **Public Facilities Implementation Plan**

The fund balance in this fund shows an increase of \$0.5 million. Development fees are collected in the areas designated in the Public Facilities Implementation Plan to finance the construction of future transportation and storm drainage infrastructure. Capital Improvements totaling \$.4 million were constructed in fiscal year 2014. The Public Facilities Implementation Plan was updated in fiscal year 2013 to appropriately plan for future growth in accordance with the updated General Plan. New fees for sewer, water, and storm drain were adopted on March 5, 2013. Due to complexities, additional time was requested to prepare the transportation element. The program and fee previously adopted for transportation will remain in effect until such time as the update is complete.

### **Redevelopment Bonds Projects Fund**

At the time of the dissolution of the former Manteca Redevelopment Agency, the Agency had approximately \$43.7 million in unspent bond proceeds. By law, these bond proceeds were transferred to the Successor Agency to the Manteca Redevelopment Agency. In September and December 2013 the City and the Successor Agency, with the approval of the State Department of Finance, entered into Bond Fund Agreements. These agreements provide the mechanism by which bond proceeds can be transferred from the Successor Agency to the City for uses as designated in the bond indentures and tax certificates. This fund accounts for the bond proceeds that have been authorized for the design and construction of these designated projects. In fiscal year 2013-14, \$12 million in proceeds were transferred to the City.

### **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 \$187.5 million at June 30, 2014. Proprietary operating revenues were \$42.4 million and operating expenses were \$35.1 million in fiscal 2014.

### ***Water Fund***

The net position of the Water Fund is \$68.1 million. Approximately \$29.7 million of the Fund's Net Position was unrestricted at the fiscal year end with \$38.4 million invested in capital assets net of related debt.

This total was comprised \$14.4 million in operating revenues for the current year and \$12.4 million in operating expenses. Charges for services increased by 6.7%, while operating expenses increased by 5% from fiscal year 2013.

### ***Sewer***

The net position of the Sewer Fund is \$112.3 million for the current year. Operating revenues for fiscal year 2014 were \$18.2 million which were in line with fiscal year 2013. Operating expenses increased by \$.7 million or 6.6% from fiscal year 2013. A total of \$89.5 million of the fund's net position is invested in capital assets, with \$22.8 million designated as unrestricted.

### ***Solid Waste***

Operating revenues of \$8.8 million remained consistent with those of fiscal year 2013 as there are no scheduled rate increases for this fund. Operating expenses were \$9.6 million, an increase of \$.6 million from fiscal year 2013. A total of \$3.5 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, 2014. This is consistent with operating revenue for fiscal year 2013. However, charges for services showed a decrease of 4%. Operating expenses were \$1.2 million, an increase of 6.4%. This increase is primarily attributable to increases in personnel expenses and contractual services. The net result was a decrease in Net Position of \$111,686. The General Fund continues to contribute to the Golf Fund to compensate for the reduced rate for youth and senior programs. In fiscal year 2014 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 \$27.97 million. The difference in appropriations between the original budget and the final amended budget was \$143,811. The appropriations consisted of \$65,726 for budget carry forward totals for prior and current year commitments and \$78,085 for new appropriations.

As the economy continues to recover, General Fund revenues exceeded their budgeted forecasts. As previously noted, Property Taxes for the City surpassed projections by \$1.7 million, which was related to revenues associated with the dissolution of the former Manteca Redevelopment Agency. Revenues from other agencies fell below projections by (\$187,981) as revenues anticipated to be received by the City for the administration of the Successor Agency were unavailable.

At the end of the fiscal year, the total actual expenditures of the General Fund were \$1.5 million under the total amended budget. \$0.7 million of this variance was attributable to public safety employee expenditures related to delays in hiring new personnel. The remaining variance resulted from General Fund operating departments prudently operating under budget. One division (Facilities Maintenance) exceeded budget by \$2,221.

## CAPITAL ASSETS

At the end of fiscal 2014 the City had \$470 million, net of depreciation, invested in a broad range of capital assets used in governmental and business type activities. Capital asset activity is reported in detail in Note 7 of the Notes to the Basic Financial Statements and a summary is shown below.

**Capital Assets**  
**Fiscal Year Ended June 30, 2014**  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Non-depreciable assets						
Land	\$33,813	\$32,158	\$7,820	\$7,820	\$41,633	\$39,978
Construction in progress	9,735	47,049	6,972	3,699	16,707	50,748
Total	<u>43,548</u>	<u>79,207</u>	<u>14,792</u>	<u>11,519</u>	<u>58,340</u>	<u>90,726</u>
Depreciable assets						
Buildings and improvements	33,342	12,847	7,582	7,582	40,924	20,429
Machinery and equipment	15,048	14,667	17,095	16,627	32,143	31,294
Storm Drain	46,317	45,444			46,317	45,444
Streets	170,628	152,036			170,628	152,036
Parks	59,922	55,703			59,922	55,703
Sewer lines and improvements			50,060	48,586	50,060	48,586
Sewer plant expansion			91,095	90,185	91,095	90,185
Water wells and pipelines			102,207	99,560	102,207	99,560
Infrastructure			165	49	165	49
Less accumulated depreciation	<u>(91,696)</u>	<u>(82,048)</u>	<u>(90,402)</u>	<u>(83,297)</u>	<u>(182,098)</u>	<u>(165,345)</u>
Total	<u>233,561</u>	<u>198,649</u>	<u>177,802</u>	<u>179,292</u>	<u>411,363</u>	<u>377,941</u>
Total capital assets	<u><b>\$277,109</b></u>	<u><b>\$277,856</b></u>	<u><b>\$192,594</b></u>	<u><b>\$190,811</b></u>	<u><b>\$469,703</b></u>	<u><b>\$468,667</b></u>

## DEBT SERVICE ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 8 in the Notes to the Basic Financial Statements. At the end of the year, the City had total long-term debt outstanding of \$0.5 million in debt associated with Governmental Activities and \$83.5 million in debt associated with Business-Type Activities.

### **Outstanding Debt** **Fiscal Year Ended June 30, 2014** (in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Capital Lease	\$521	\$1,055		\$35	\$521	\$1,090
Revenue Bonds			\$83,501	85,713	83,501	85,713
Total	<b>\$521</b>	<b>\$1,055</b>	<b>\$83,501</b>	<b>\$85,748</b>	<b>\$84,022</b>	<b>\$86,803</b>

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

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

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**CITY OF MANTECA**

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

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

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

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

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

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

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

CITY OF MANTECA  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 3)	\$95,635,162	\$80,523,074	\$176,158,236
Restricted cash and investments (Note 3)	15,679,502	23,675,249	39,354,751
Accounts receivable, net	2,666,814	3,838,534	6,505,348
Taxes receivable	732,269		732,269
Interest receivable	241,963	212,529	454,492
Internal balances (Note 4D)	11,872,657	(11,872,657)	
Prepaid items and deposits	316,234		316,234
Long-term notes receivable (Note 5)	22,940,484		22,940,484
Employee notes receivable (Note 6)	80,159		80,159
Capital assets, not being depreciated (Note 7)	43,548,348	14,791,915	58,340,263
Capital assets, being depreciated (net) (Note 7)	233,560,529	177,802,249	411,362,778
	<u>427,274,121</u>	<u>288,970,893</u>	<u>716,245,014</u>
Total Assets			
<b>LIABILITIES</b>			
Accounts payable	2,518,584	2,691,048	5,209,632
Contracts payable	5,841,297	10,081,111	15,922,408
Refundable deposits	1,647,613	1,207,583	2,855,196
Accrued liabilities	1,649,823	989,004	2,638,827
Unearned revenue	2,621,728		2,621,728
Compensated absences (Note 1G):			
Due within one year	230,037		230,037
Due in more than one year	4,371,540		4,371,540
Estimated claims liability (Note 13):			
Due within one year	908,701		908,701
Due in more than one year	2,143,542		2,143,542
Long-term debt (Note 8):			
Due within one year	310,581	2,160,000	2,470,581
Due in more than one year	210,356	81,340,968	81,551,324
OPEB liability (Note 11):			
Due in more than one year	9,377,301	2,962,630	12,339,931
	<u>31,831,103</u>	<u>101,432,344</u>	<u>133,263,447</u>
Total Liabilities			
<b>NET POSITION (Note 9):</b>			
Net investment in capital assets	271,754,541	132,768,445	404,522,986
<b>Restricted for:</b>			
Capital projects	53,247,248		53,247,248
Redevelopment projects	37,540,019		37,540,019
Special revenue projects:			
Development mitigation	3,535,747		3,535,747
Landscaping and lighting	1,191,610		1,191,610
Public safety	7,578,532		7,578,532
Other special revenue projects	1,100,140		1,100,140
	<u>104,193,296</u>		<u>104,193,296</u>
Total Restricted Net Position			
Unrestricted	19,495,181	54,770,104	74,265,285
	<u>19,495,181</u>	<u>54,770,104</u>	<u>74,265,285</u>
Total Net Position	<u>\$395,443,018</u>	<u>\$187,538,549</u>	<u>\$582,981,567</u>

See accompanying notes to basic financial statements

CITY OF MANTECA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

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	\$3,662,065	\$3,482,110			(\$179,955)		(\$179,955)
Community development	4,811,707	2,263,202	\$778,532	\$12,009,030	10,239,057		10,239,057
Public safety	23,663,325	1,380,990	633,910	329,405	(21,319,020)		(21,319,020)
Library	99,369				(99,369)		(99,369)
Public works	4,166,837	177,929	579,416	4,929,366	1,519,874		1,519,874
Parks and recreation	7,083,257	2,373,422	10,000	800,354	(3,899,481)		(3,899,481)
Streets and highways	8,359,402		5,861,098	2,162,995	(335,309)		(335,309)
Interest and fiscal charges	105,935				(105,935)		(105,935)
<b>Total Governmental Activities</b>	<b>51,951,897</b>	<b>9,677,653</b>	<b>7,862,956</b>	<b>20,231,150</b>	<b>(14,180,138)</b>		<b>(14,180,138)</b>
<b>Business-type Activities:</b>							
Water	13,936,206	14,300,665		785,560		\$1,150,019	1,150,019
Sewer	13,720,540	18,095,530		614,068		4,989,058	4,989,058
Solid waste	9,591,309	8,443,817		47,500		(1,099,992)	(1,099,992)
Golf	1,197,545	1,040,365				(157,180)	(157,180)
<b>Total Business-type Activities</b>	<b>38,445,600</b>	<b>41,880,377</b>		<b>1,447,128</b>		<b>4,881,905</b>	<b>4,881,905</b>
<b>Total</b>	<b>\$90,397,497</b>	<b>\$51,558,030</b>	<b>\$7,862,956</b>	<b>\$21,678,278</b>	<b>(14,180,138)</b>	<b>4,881,905</b>	<b>(9,298,233)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes					11,051,871		11,051,871
Sales taxes					12,361,731		12,361,731
Other taxes					4,792,936		4,792,936
Interest income					897,034	617,958	1,514,992
Development agreements, unrestricted					40,000		40,000
Other revenue					775,632	532,344	1,307,976
Transfers (Note 4A)					(165,150)	165,150	
<b>Total general revenues and transfers</b>					<b>29,754,054</b>	<b>1,315,452</b>	<b>31,069,506</b>
<b>Change in Net Position</b>					<b>15,573,916</b>	<b>6,197,357</b>	<b>21,771,273</b>
<b>Net Position-Beginning</b>					<b>379,869,102</b>	<b>181,341,192</b>	<b>561,210,294</b>
<b>Net Position-Ending</b>					<b>\$395,443,018</b>	<b>\$187,538,549</b>	<b>\$582,981,567</b>

See accompanying notes to basic financial statements

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<b>FUND FINANCIAL STATEMENTS</b>
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<b>MAJOR GOVERNMENTAL FUNDS</b>
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The funds described below were determined to be Major Funds by the City in fiscal 2014. Individual non-major funds may be found in the Supplemental Section.

***GENERAL FUND***

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

***PUBLIC SAFETY SALES TAX***

Established to account for all proceeds collected from the levying of the Gang and Drug Prevention, 9-1-1 Emergency and Public Safety Improvement Transactions and Use Tax. Taxes received are designated solely for the public safety services set forth in the Program Guidelines and Public Safety Expenditure Plan. The Public Safety Expenditure Plan may be amended from time to time by a majority vote of the City Council, so long as the funds are utilized for public safety, police and fire protection services.

***LOW AND MODERATE INCOME HOUSING ASSETS FUND***

Established to account for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

***PUBLIC FACILITIES IMPLEMENTATION PLAN FUND***

This fund was initially established to account for the costs incurred for the development of a Public Facilities Implementation Plan. Now that the Plan is functional, this fund accounts for the developer impact fees collected and expended in the construction of the drainage and transportation elements of the Plan. The sewer and water developer impact fees collected and expended in connection with the Plan are accounted for in their respective Enterprise Funds.

***REDEVELOPMENT BONDS PROJECTS FUND***

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

CITY OF MANTECA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2014

	General	Public Safety Sales Tax	Low and Moderate Income Housing Assets	Public Facilities Implementation Plan
<b>ASSETS</b>				
Cash and investments (Note 3)	\$18,396,706	\$2,880,261	\$68,011	\$14,618,322
Restricted cash and investments (Note 3)			2,629,549	674,208
Accounts receivables (net of allowance for estimated uncollectible accounts)	549,238			290
Taxes receivable	538,967	193,032		
Interest receivable	75,307	7,324		38,420
Due from other funds (Note 4B)	112,623			
Advances to other funds (Note 4C)	1,618,951			10,900,118
Prepaid items	307,297			
Long-term notes receivable (Note 5)			23,396,417	
<b>Total Assets</b>	<b>\$21,599,089</b>	<b>\$3,080,617</b>	<b>\$26,093,977</b>	<b>\$26,231,358</b>
<b>LIABILITIES</b>				
Accounts payable	\$1,380,399	\$50		\$22,944
Contracts payable	732			929,793
Refundable deposits	531,562			671,743
Accrued liabilities	1,501			
Due to other funds (Note 4B)				
Advances from other funds (Note 4C)				439,886
Unearned revenue				
<b>Total Liabilities</b>	<b>1,914,194</b>	<b>50</b>		<b>2,064,366</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - notes receivable			\$23,396,417	
<b>FUND BALANCES</b>				
Fund balance (Note 9):				
Nonspendable	1,926,248			
Restricted		3,080,567	2,697,560	24,166,992
Committed				
Assigned	22,092			
Unassigned	17,736,555			
<b>Total Fund Balances</b>	<b>19,684,895</b>	<b>3,080,567</b>	<b>2,697,560</b>	<b>24,166,992</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$21,599,089</b>	<b>\$3,080,617</b>	<b>\$26,093,977</b>	<b>\$26,231,358</b>

See accompanying notes to basic financial statements

<u>Redevelopment Bonds Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$12,009,055	\$41,506,507 317,728	\$77,469,807 15,630,540
	2,048,949	2,598,477
	270	732,269
	76,838	197,889
	887,846	1,000,469
		12,519,069
		307,297
		23,396,417
<u>\$12,009,055</u>	<u>\$44,838,138</u>	<u>\$133,852,234</u>
\$92,303	\$702,589 28,411 444,308	\$2,198,285 958,936 1,647,613 1,501
14,777	985,692 206,526	1,000,469 646,412
	2,621,728	2,621,728
<u>107,080</u>	<u>4,989,254</u>	<u>9,074,944</u>
		23,396,417
11,901,975	35,041,263 443,166 4,364,455	1,926,248 76,888,357 443,166 4,386,547 17,736,555
<u>11,901,975</u>	<u>39,848,884</u>	<u>101,380,873</u>
<u>\$12,009,055</u>	<u>\$44,838,138</u>	<u>\$133,852,234</u>

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CITY OF MANTECA  
 Reconciliation of the  
 GOVERNMENTAL FUNDS-- BALANCE SHEET  
 with the  
 GOVERNMENTAL ACTIVITIES NET POSITION  
 JUNE 30, 2014

Total fund balances reported on the Governmental Funds Balance Sheet \$101,380,873

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.

275,884,580

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	18,165,355
Restricted cash and investments	48,962
Accounts receivable	68,337
Interest receivable	44,074
Prepaid items	8,937
Employee notes receivable	80,159
Capital assets, not being depreciated	409,035
Capital assets (net of accumulated depreciation)	815,262
Contracts and accounts payable	(320,299)
Accrued liabilities	(1,648,322)
Compensated absences	(4,601,577)
Estimated claims liability	(3,052,243)
Net OPEB liability	(109,471)

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.

23,396,417

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	(520,937)
Net OPEB liability	(9,267,830)
Contracts payable	(4,882,361)
Allowance for conditional grants	(455,933)
	(14,127,061)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$395,443,018

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, 2014

	General	Public Safety Sales Tax	Low and Moderate Income Housing Assets	Public Facilities Implementation Plan
<b>REVENUES</b>				
Property taxes	\$11,051,871			
Sales taxes	7,360,545	\$5,001,186		
Other taxes	5,340,039			
Licenses and permits	733,743			
Fines and forfeitures	337,288			
Use of money and property	145,173	32,117	(\$24,515)	\$349,962
Revenue from other agencies	314,519			
Charges for current services	4,665,106			899,502
Other revenue	553,513	275	83,323	
<b>Total Revenues</b>	<b>30,501,797</b>	<b>5,033,578</b>	<b>58,808</b>	<b>1,249,464</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,570,080			
Community development			110,384	
Public safety	16,276,911	5,121,500		
Library	89,939			
Public works	1,760,721			269,547
Parks and recreation	3,071,042			
Streets and highways				
Nondepartmental	2,602,469			
Capital outlay	19,494			420,261
Debt service:				
Principal	24,101			
Interest and fiscal charges	639			67,165
<b>Total Expenditures</b>	<b>26,415,396</b>	<b>5,121,500</b>	<b>110,384</b>	<b>756,973</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,086,401</b>	<b>(87,922)</b>	<b>(51,576)</b>	<b>492,491</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of property	12,506			
Transfers in (Note 4A)	124,720			
Transfers (out) (Note 4A)	(390,150)	(75,138)		
<b>Total Other Financing Sources (Uses)</b>	<b>(252,924)</b>	<b>(75,138)</b>		
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,833,477</b>	<b>(163,060)</b>	<b>(51,576)</b>	<b>492,491</b>
<b>BEGINNING FUND BALANCES</b>	<b>15,851,418</b>	<b>3,243,627</b>	<b>2,749,136</b>	<b>23,674,501</b>
<b>ENDING FUND BALANCES</b>	<b>\$19,684,895</b>	<b>\$3,080,567</b>	<b>\$2,697,560</b>	<b>\$24,166,992</b>

See accompanying notes to basic financial statements

Redevelopment Bonds Projects	Other Governmental Funds	Total Governmental Funds
		\$11,051,871
		12,361,731
		5,340,039
	\$2,997,783	3,731,526
		337,288
\$25	272,255	775,017
12,009,030	8,001,219	20,324,768
	4,190,460	9,755,068
	373,508	1,010,619
<u>12,009,055</u>	<u>15,835,225</u>	<u>64,687,927</u>
	15,132	2,585,212
	1,965,682	2,076,066
	1,262,604	22,661,015
	15,000	104,939
	1,044,384	3,074,652
	2,232,344	5,303,386
	1,903,753	1,903,753
		2,602,469
107,080	5,416,542	5,963,377
	426,121	450,222
	38,131	105,935
<u>107,080</u>	<u>14,319,693</u>	<u>46,831,026</u>
<u>11,901,975</u>	<u>1,515,532</u>	<u>17,856,901</u>
		12,506
	1,890,793	2,015,513
	(1,715,375)	(2,180,663)
	175,418	(152,644)
11,901,975	1,690,950	17,704,257
	38,157,934	83,676,616
<u>\$11,901,975</u>	<u>\$39,848,884</u>	<u>\$101,380,873</u>

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CITY OF MANTECA  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS  
 with the  
 CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

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 \$17,704,257

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay and other capitalized expenditures are therefore added back to fund balance.	5,774,375
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$309,803 which has already been allocated to serviced funds).	(9,782,487)
Retirements are deducted from the fund balance	(502,171)
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.	3,364,774

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	450,222
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ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Unavailable revenue	(202,635)
Contracts and accounts payable	(894,416)
Allowance for conditional grants	93,900
Net OPEB liability	(633,394)

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	201,491
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$15,573,916
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See accompanying notes to basic financial statements

CITY OF MANTECA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$9,351,000	\$9,351,000	\$11,051,871	\$1,700,871
Sales taxes	7,091,000	7,091,000	7,360,545	269,545
Other taxes	5,031,000	5,031,000	5,340,039	309,039
Licenses and permits	668,800	668,800	733,743	64,943
Fines and forfeitures	288,500	288,500	337,288	48,788
Use of money and property	185,000	185,000	145,173	(39,827)
Revenue from other agencies	502,500	502,500	314,519	(187,981)
Charges for current services	4,290,175	4,290,175	4,665,106	374,931
Other revenue	470,000	470,000	553,513	83,513
<b>Total Revenues</b>	<b>27,877,975</b>	<b>27,877,975</b>	<b>30,501,797</b>	<b>2,623,822</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>General government</b>				
Legislative	645,920	645,920	614,216	31,704
City Attorney	164,260	164,260	139,241	25,019
Administration	756,480	790,030	614,675	175,355
Human resources	429,785	429,785	417,890	11,895
Financial services	862,615	862,615	784,058	78,557
<b>Total general government</b>	<b>2,859,060</b>	<b>2,892,610</b>	<b>2,570,080</b>	<b>322,530</b>
<b>Public safety</b>				
Police	11,128,290	11,160,308	10,634,484	525,824
Fire	5,500,185	5,500,185	5,319,489	180,696
Animal control	346,903	354,403	322,938	31,465
<b>Total public safety</b>	<b>16,975,378</b>	<b>17,014,896</b>	<b>16,276,911</b>	<b>737,985</b>
<b>Library</b>	<b>91,750</b>	<b>91,750</b>	<b>89,939</b>	<b>1,811</b>
<b>Public works</b>				
Engineering	531,585	551,585	488,362	63,223
Street maintenance	25,655	25,655	10,448	15,207
Storm drain maintenance and operation	221,220	236,740	155,635	81,105
Vehicle maintenance	574,985	574,985	530,040	44,945
Building maintenance	574,015	574,015	576,236	(2,221)
<b>Total public works</b>	<b>1,927,460</b>	<b>1,962,980</b>	<b>1,760,721</b>	<b>202,259</b>
<b>Parks and recreation</b>				
Park facility maintenance	2,933,830	2,921,268	2,857,583	63,685
Senior center	236,640	236,640	213,459	23,181
<b>Total parks and recreation</b>	<b>3,170,470</b>	<b>3,157,908</b>	<b>3,071,042</b>	<b>86,866</b>
<b>Nondepartmental charges</b>	<b>2,771,677</b>	<b>2,772,127</b>	<b>2,602,469</b>	<b>169,658</b>

(Continued)

CITY OF MANTECA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Capital outlay		47,335	19,494	27,841
Debt service:				
Principal	24,105	24,105	24,101	4
Interest and fiscal charges	640	640	639	1
Total Expenditures	<u>27,820,540</u>	<u>27,964,351</u>	<u>26,415,396</u>	<u>1,548,955</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>57,435</u>	<u>(86,376)</u>	<u>4,086,401</u>	<u>4,172,777</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property			12,506	12,506
Transfers in	330,875	330,875	124,720	(206,155)
Transfers (out)	<u>(225,000)</u>	<u>(225,000)</u>	<u>(390,150)</u>	<u>(165,150)</u>
Total Other Financing Sources (Uses)	<u>105,875</u>	<u>105,875</u>	<u>(252,924)</u>	<u>(358,799)</u>
NET CHANGE IN FUND BALANCE	<u>\$163,310</u>	<u>\$19,499</u>	3,833,477	<u>\$3,813,978</u>
BEGINNING FUND BALANCE			<u>15,851,418</u>	
ENDING FUND BALANCE			<u>\$19,684,895</u>	

See accompanying notes to basic financial statements

CITY OF MANTECA  
PUBLIC SAFETY SALES TAX FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Sales taxes	\$4,595,000	\$4,595,000	\$5,001,186	\$406,186
Use of money and property	55,410	55,410	32,117	(23,293)
Other revenue			275	275
Total Revenues	<u>4,650,410</u>	<u>4,650,410</u>	<u>5,033,578</u>	<u>383,168</u>
EXPENDITURES:				
Current:				
Public safety	<u>5,058,955</u>	<u>5,133,955</u>	<u>5,121,500</u>	<u>12,455</u>
Total Expenditures	<u>5,058,955</u>	<u>5,133,955</u>	<u>5,121,500</u>	<u>12,455</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(408,545)</u>	<u>(483,545)</u>	<u>(87,922)</u>	<u>395,623</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)		<u>(75,138)</u>	<u>(75,138)</u>	
Total Other Financing Sources (Uses)		<u>(75,138)</u>	<u>(75,138)</u>	
NET CHANGE IN FUND BALANCE	<u>(\$408,545)</u>	<u>(\$558,683)</u>	(163,060)	<u>\$395,623</u>
BEGINNING FUND BALANCE			<u>3,243,627</u>	
ENDING FUND BALANCE			<u>\$3,080,567</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, 2014

	<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			(\$24,515)	(\$24,515)
Other revenue			83,323	83,323
Total Revenues			<u>58,808</u>	<u>58,808</u>
EXPENDITURES:				
Current:				
Community development		\$111,130	110,384	746
Total Expenditures		<u>111,130</u>	<u>110,384</u>	<u>746</u>
NET CHANGE IN FUND BALANCE		<u>(\$111,130)</u>	(51,576)	<u>\$59,554</u>
BEGINNING FUND BALANCE (AS RESTATED)			<u>2,749,136</u>	
ENDING FUND BALANCE			<u>\$2,697,560</u>	

See accompanying notes to basic financial statements

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<b>MAJOR PROPRIETARY FUNDS</b>
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Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges. The City has determined all of its enterprise funds to be major funds in fiscal 2014, 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, 2014

	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)	\$40,641,924	\$35,673,147	\$3,845,398	\$362,605	\$80,523,074	\$18,165,355
Accounts receivables (net of allowance for estimated uncollectible accounts)	1,101,696	1,776,620	941,774	18,444	3,838,534	68,337
Interest receivable	109,220	93,415	9,894		212,529	44,074
Prepaid items						8,937
<b>Total current assets</b>	<b>41,852,840</b>	<b>37,543,182</b>	<b>4,797,066</b>	<b>381,049</b>	<b>84,574,137</b>	<b>18,286,703</b>
Non-current assets						
Restricted cash and investments (Note 3)	4,946,308	18,728,941			23,675,249	48,962
Advances to other funds (Note 4C)	281,082	647,487			928,569	
Employee notes receivable (Note 6)						80,159
Capital assets not being depreciated (Note 7)	6,424,262	7,340,317	4,933	1,022,403	14,791,915	409,035
Capital assets (net of accumulated depreciation) (Note 7)	67,470,259	106,447,549	3,007,475	876,966	177,802,249	815,262
<b>Total non-current assets</b>	<b>79,121,911</b>	<b>133,164,294</b>	<b>3,012,408</b>	<b>1,899,369</b>	<b>217,197,982</b>	<b>1,353,418</b>
<b>Total Assets</b>	<b>120,974,751</b>	<b>170,707,476</b>	<b>7,809,474</b>	<b>2,280,418</b>	<b>301,772,119</b>	<b>19,640,121</b>
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	1,850,973	572,723	231,663	35,689	2,691,048	320,299
Contracts payable	3,467,827	6,613,284			10,081,111	
Accrued liabilities						1,648,322
Refundable deposits	753,875	445,296	8,412		1,207,583	
Interest payable	832,212	156,792			989,004	
Unearned revenue						
Compensated absences (Note 1G)						230,037
Estimated claims liability (Note 13)						908,701
Revenue bonds (Note 8)	1,125,000	1,035,000			2,160,000	
Capital lease obligations (Note 8)						
<b>Total current liabilities</b>	<b>8,029,887</b>	<b>8,823,095</b>	<b>240,075</b>	<b>35,689</b>	<b>17,128,746</b>	<b>3,107,359</b>
Long-term liabilities						
Advances from other funds (Note 4C)	4,739,588	6,649,213		1,412,425	12,801,226	
Compensated absences (Note 1G)						4,371,540
Estimated claims liability (Note 13)						2,143,542
Revenue bonds (Note 8)	39,319,293	42,021,675			81,340,968	
OPEB liability (Note 11)	772,548	908,110	1,111,204	170,768	2,962,630	109,471
<b>Total long-term liabilities</b>	<b>44,831,429</b>	<b>49,578,998</b>	<b>1,111,204</b>	<b>1,583,193</b>	<b>97,104,824</b>	<b>6,624,553</b>
<b>Total Liabilities</b>	<b>52,861,316</b>	<b>58,402,093</b>	<b>1,351,279</b>	<b>1,618,882</b>	<b>114,233,570</b>	<b>9,731,912</b>
<b>NET POSITION (Note 9):</b>						
Net investment in capital assets	38,396,536	89,460,132	3,012,408	1,899,369	132,768,445	1,273,259
Unrestricted	29,716,899	22,845,251	3,445,787	(1,237,833)	54,770,104	8,634,950
<b>Total Net Position</b>	<b>\$68,113,435</b>	<b>\$112,305,383</b>	<b>\$6,458,195</b>	<b>\$661,536</b>	<b>\$187,538,549</b>	<b>\$9,908,209</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, 2014

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Total	
<b>OPERATING REVENUES</b>						
Charges for services	\$14,300,665	\$18,095,530	\$8,443,817	\$1,040,365	\$41,880,377	\$2,130,010
Insurance premium contribution from other funds						2,073,800
Miscellaneous	85,637	82,752	318,461	45,494	532,344	196,944
<b>Total Operating Revenues</b>	<b>14,386,302</b>	<b>18,178,282</b>	<b>8,762,278</b>	<b>1,085,859</b>	<b>42,412,721</b>	<b>4,400,754</b>
<b>OPERATING EXPENSES</b>						
Personnel services	3,010,407	3,488,697	4,225,715	662,967	11,387,786	1,195,701
Contractual services	224,750	827,223	2,109,047	100,125	3,261,145	186,058
Supplies	4,144,571	1,009,224	809,385	100,587	6,063,767	174,356
Utilities	422,582	1,144,787	12,325	72,452	1,652,146	44,903
Repairs and maintenance	51,876	476,162	50,760	71,416	650,214	505,953
Vehicle maintenance and operations	18,803	24,887	354,970		398,660	521
Interdepartmental	952,160	1,415,055	1,004,105	22,555	3,393,875	12,580
Insurance	212,750	328,700	226,200	12,350	780,000	1,686,426
Claims						347,392
Depreciation	3,351,987	3,002,134	801,933	153,105	7,309,159	309,803
Miscellaneous	34,589	118,105	9,969	1,988	164,651	66,577
<b>Total Operating Expenses</b>	<b>12,424,475</b>	<b>11,834,974</b>	<b>9,604,409</b>	<b>1,197,545</b>	<b>35,061,403</b>	<b>4,530,270</b>
<b>Operating Income (Loss)</b>	<b>1,961,827</b>	<b>6,343,308</b>	<b>(842,131)</b>	<b>(111,686)</b>	<b>7,351,318</b>	<b>(129,516)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest income	361,181	205,481	51,296		617,958	112,042
Gain (loss) from retirement of capital assets		24,100	13,100		37,200	32,008
Interest (expense)	(1,511,731)	(1,909,666)			(3,421,397)	(1,540)
Intergovernmental grants			47,500		47,500	188,497
Lease (expenses)						
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(1,150,550)</b>	<b>(1,680,085)</b>	<b>111,896</b>		<b>(2,718,739)</b>	<b>331,007</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>811,277</b>	<b>4,663,223</b>	<b>(730,235)</b>	<b>(111,686)</b>	<b>4,632,579</b>	<b>201,491</b>
Contributions	785,560	614,068			1,399,628	
Transfers in (Note 4A)		165,150			165,150	
<b>Net Contributions and Transfers</b>	<b>785,560</b>	<b>779,218</b>			<b>1,564,778</b>	
<b>Change in net position</b>	<b>1,596,837</b>	<b>5,442,441</b>	<b>(730,235)</b>	<b>(111,686)</b>	<b>6,197,357</b>	<b>201,491</b>
<b>BEGINNING 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>
<b>ENDING NET POSITION</b>	<b>\$68,113,435</b>	<b>\$112,305,383</b>	<b>\$6,458,195</b>	<b>\$661,536</b>	<b>\$187,538,549</b>	<b>\$9,908,209</b>

See accompanying notes to basic financial statements

CITY OF MANTECA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water	Sewer	Solid Waste	Golf	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$15,014,993	\$19,060,333	\$8,842,638	\$1,096,805	\$44,014,769	\$4,459,374
Payments to suppliers	(4,796,470)	(3,442,339)	(3,577,673)	(342,265)	(12,158,747)	(2,474,774)
Payments to employees	(2,948,269)	(3,417,234)	(4,140,395)	(651,812)	(11,157,710)	(1,167,407)
Internal activity - payments to other funds	(952,160)	(1,415,055)	(1,004,105)	(22,555)	(3,393,875)	(12,580)
Receipts on employee notes receivable						7,188
Claims paid						(347,392)
<b>Cash Flows from Operating Activities</b>	<b>6,318,094</b>	<b>10,785,705</b>	<b>120,465</b>	<b>80,173</b>	<b>17,304,437</b>	<b>464,409</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interfund receipts	22,910	(643,876)		(28,000)	(648,966)	
Transfers in from other funds		165,150			165,150	
<b>Cash Flows from Noncapital Financing Activities</b>	<b>22,910</b>	<b>(478,726)</b>		<b>(28,000)</b>	<b>(483,816)</b>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets, net	(6,206,006)	(1,140,207)	(506,566)	(47,449)	(7,900,228)	(711,487)
Proceeds from sale of capital assets	434	231,604	13,100	300	245,438	35,374
Capital grants			47,500		47,500	188,497
Long-term debt payment - principal	(919,326)	(1,050,447)			(1,969,773)	
Long-term debt payment - interest	(1,767,622)	(1,998,550)			(3,766,172)	(1,540)
Lease payments						(83,789)
<b>Cash Flows from Capital and Related Financing Activities</b>	<b>(8,892,520)</b>	<b>(3,957,600)</b>	<b>(445,966)</b>	<b>(47,149)</b>	<b>(13,343,235)</b>	<b>(572,945)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest	394,230	198,562	60,617		653,409	114,327
<b>Cash Flows from Investing Activities</b>	<b>394,230</b>	<b>198,562</b>	<b>60,617</b>		<b>653,409</b>	<b>114,327</b>
<b>Net Cash Flows</b>	<b>(2,157,286)</b>	<b>6,547,941</b>	<b>(264,884)</b>	<b>5,024</b>	<b>4,130,795</b>	<b>5,791</b>
Cash and investments at beginning of period	47,745,518	47,854,147	4,110,282	357,581	100,067,528	18,208,526
Cash and investments at end of period	<u>\$45,588,232</u>	<u>\$54,402,088</u>	<u>\$3,845,398</u>	<u>\$362,605</u>	<u>\$104,198,323</u>	<u>\$18,214,317</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows</b>						
from Operating Activities:						
Operating income (loss)	\$1,961,827	\$6,343,308	(\$842,131)	(\$111,686)	\$7,351,318	(\$129,516)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:						
Depreciation	3,351,987	3,002,134	801,933	153,105	7,309,159	309,803
Change in assets and liabilities:						
Accounts receivables (net of allowance for estimated uncollectible accounts)	358,529	446,510	71,948	10,946	887,933	58,620
Related party notes receivable						7,188
Prepaid items						(2,783)
Accounts payable and other accrued expenses	436,412	707,098	3,395	16,653	1,163,558	134,843
Contracts payable	147,201	224,947			372,148	
Unearned revenue		(9,755)			(9,755)	
Accrued liabilities						57,763
Compensated absences						20,996
OPEB liability	62,138	71,463	85,320	11,155	230,076	7,495
<b>Cash Flows from Operating Activities</b>	<b>\$6,318,094</b>	<b>\$10,785,705</b>	<b>\$120,465</b>	<b>\$80,173</b>	<b>\$17,304,437</b>	<b>\$464,409</b>
<b>NONCASH TRANSACTIONS:</b>						
Contributions of capital assets, net	\$785,560	\$614,068			\$1,399,628	
Retirement of capital assets, net	(\$434)	(\$207,504)		(\$300)	(\$208,238)	(\$3,366)
Amortization of bond premium	\$193,516	\$84,094			\$277,610	

See accompanying notes to basic financial statements

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

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

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

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

***SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY***

The Fund is used to account for the activities of the Successor Agency to the former Manteca Redevelopment Agency.

**AGENCY FUNDS** 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, 2014

	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)	\$420,502	\$11,810,529	\$5,351
Restricted cash and investments (Note 3)		41,825,023	
Retiree Health Savings Plan cash and investments (Note 3):			
American United Life Annuity	79,309		
Accounts receivable		6	
Capital assets, not being depreciated (Note 16C)		5,901,124	
Capital assets, being depreciated (net) (Note 16C)		2,746,454	
	499,811	62,283,136	\$5,351
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Accumulated decrease in fair value of hedging derivative (Note 16D)		9,219,839	
		9,219,839	
<b>LIABILITIES</b>			
Accounts payable		290,827	
Refundable deposits		5,000	
Due to stakeholders			\$5,351
Interest payable		862,438	
Derivative instrument (Note 16D)		9,219,839	
Long-term obligations (Note 16D):			
Due in one year		2,875,000	
Due in more than one year		116,750,000	
		130,003,104	\$5,351
	499,811	130,003,104	\$5,351
<b>NET POSITION (DEFICIT)</b>			
Held in trust for OPEB benefits and other purposes	\$499,811	(\$58,500,129)	

See accompanying notes to basic financial statements

CITY OF MANTECA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Retiree Health Savings Plan Trust Fund</u>	<u>Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund</u>
ADDITIONS		
Property taxes		\$6,666,009
Contributions	\$917,889	
Net investment income		267,379
	<u>917,889</u>	<u>267,379</u>
Total additions	<u>917,889</u>	<u>6,933,388</u>
DEDUCTIONS		
Premiums paid	843,224	
Community development		141,169
Capital projects funding transferred to the City of Manteca		12,009,030
Depreciation		125,093
Interest and fiscal charges		6,285,278
	<u>843,224</u>	<u>18,560,570</u>
Total deductions	<u>843,224</u>	<u>18,560,570</u>
NET CHANGE IN NET POSITION	74,665	(11,627,182)
NET POSITION HELD IN TRUST FOR OPEB BENEFITS AND OTHER PURPOSES		
Beginning of year	<u>425,146</u>	<u>(46,872,947)</u>
End of year	<u>\$499,811</u>	<u>(\$58,500,129)</u>

See accompanying notes to basic financial statements

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**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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 2014.

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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

**Government-wide Statements:** The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its blended component units). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**C. Major Funds**

Major funds are defined as funds that have either assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

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

**PUBLIC SAFETY SALES TAX** – Established to account for all proceeds collected from the levying of the Gang and Drug Prevention, 9-1-1 Emergency and Public Safety Improvement Transactions and Use Tax. Taxes received are designated solely for the public safety services set forth in the Program Guidelines and Public Safety Expenditure Plan. The Public Safety Expenditure Plan may be amended from time to time by a majority vote of the City Council, so long as the funds are utilized for public safety, police and fire protection services.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

**LOW AND MODERATE INCOME HOUSING ASSETS FUND** – Established to account for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

**PUBLIC FACILITIES IMPLEMENTATION PLAN FUND** - Established to account for the costs incurred for the development of a Public Facilities Implementation Plan. Now that the Plan is functional, this fund accounts for the developer impact fees collected and expended in the construction of the drainage and transportation elements of the Plan. The sewer and water developer impact fees collected and expended in connection with the Plan are accounted for in their respective Enterprise Funds.

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

The City reported all its enterprise funds as major funds in the accompanying financial statements:

**WATER FUND** - Accounts for the provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, billing and collection.

**SEWER FUND** - Accounts for the provision of sewer services to residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, billing and collection.

**SOLID WASTE FUND** - Accounts for the provision of solid waste collection services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, billing and collection.

**GOLF FUND** - Accounts for the operations of the City's municipal golf course. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, billing and collection.

The City also reports the following fund types:

**Internal Service Funds.** The funds account for vehicle, equipment, payroll tax benefits and insurance; all of which are provided to other departments on a cost-reimbursement basis.

**Fiduciary Funds.** Fiduciary Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The Retiree Health Savings Plan Trust Fund accounts for the accumulation of resources to be used for retiree medical benefit payments at appropriate amounts and times in the future. The Successor Agency to the Manteca Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. The Agency Fund holds funds for the City of Lathrop for their share of the expansion of the Wastewater Control Facility. The financial activities of the funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

CITY OF MANTECA  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2014

**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, 2014**

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

*E. Revenue Recognition for Water, Sewer and Solid Waste*

Revenues are recognized based on cycle billings rendered to customers. Revenues for services provided but not billed at the end of a fiscal period are not material and are not accrued.

*F. Property Tax*

San Joaquin County assesses properties and it bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the county, which retains all penalties collected.

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

*G. Compensated Absences*

The liability for compensated absences includes the vested portions of vacation, sick leave and compensated time off, administrative leave and furlough for Safety. For governmental funds, a liability for these amounts is recorded only if they have matured, for example, as a result of employee resignations and retirements. The remaining amounts are reported as a liability in the Statement of Net Position. Proprietary funds’ liability for compensated absences is recorded in each proprietary fund. The liability for compensated absences is determined annually.

Changes in compensated absences were as follows:

Beginning Balance	\$4,580,581
Additions	2,472,257
Payments	<u>(2,451,261)</u>
Ending Balance	<u>\$4,601,577</u>
Current Portion	<u>\$230,037</u>

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

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

In addition to assets, the statement of financial position or balance sheet 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.

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.

**J. *New Fund and Fund Reclassifications***

The City established the Redevelopment Bonds Projects Capital Project Fund to account for the financing and construction activities funded with the tax-exempt proceeds from the issuance of the former Manteca Redevelopment Agency's long-term debt.

The Community Facilities District Fund was reclassified from a capital projects fund to a special revenue fund during the current fiscal year.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

**A. *Budgeting Procedures***

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through the adoption of a resolution.
4. All budget adjustments are approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the department level for the General Fund and at the Fund level for all other funds.
5. Budgets are adopted for all funds except the Street Improvements Special Revenue Fund.
6. Formal budgetary integration is employed as a management control device during the year in all funds.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**B. *Encumbrances***

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Encumbrances outstanding at year end are reported as a restriction, commitment or assignment of fund balances since they do not constitute expenditures or liabilities and are reappropriated in the following year. Unexpended appropriations lapse at year end and must be reappropriated in the following year.

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

The General Fund incurred Building Maintenance departmental expenditures in excess of appropriations in the amount of \$2,221. Sufficient resources were available within the fund to finance this excess.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**NOTE 3 - CASH AND INVESTMENTS**

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except Cash with Fiscal Agents so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. Investments are carried at fair value.

**A. Policies**

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the City's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the City's name and places the City ahead of general creditors of the institution pledging the collateral.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

**B. Classification**

Cash and investments as of June 30, 2014 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	\$176,158,236
Restricted cash and investments	39,354,751
Total City cash and investments of primary government	215,512,987
Cash and investments in Fiduciary Funds	12,236,382
Restricted cash and investments in Fiduciary Funds	41,904,332
Total cash and investments	\$269,653,701

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$3,575
Deposits with financial institutions	30,603,688
Investments	239,046,438
Total cash and investments	\$269,653,701

Cash and investments are used in preparing Proprietary Fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Bills, Bonds, Notes Federal Agency or United States Government- Sponsored Enterprise Obligations	5 years	None	100%	No Limit
Mortgage Pass Through Federal Agency Securities	5 years	None	20%	No Limit
California State and Local Agency Obligations	5 years	A	(1)	No Limit
Other State Obligations	5 years	A	(1)	No Limit
Bankers' Acceptances	180 days	Highest Category	40%	15% (2)
Commercial Paper	270 days	Highest Category	25%	10% (2)
Negotiable Certificates of Deposit	5 years	A	30%	15% (2)
Repurchase Agreements	90 days	None	100%	15% (2)
Local Agency Investment Fund	n/a	None	\$50 million/account	\$50 million/account
Time Deposits	5 years	None	25%	15% (2)
Medium-Term Corporation Notes	5 years	A	30%	15% (2)
Money Market Funds	n/a	Highest Category	100%	15% (2)
Local Government Investment Pools	n/a	None	50%	No Limit

- (1) Total investments in California State and Local Agency Obligations and Other State Obligations may not exceed 30 percent of the City's total portfolio.
- (2) 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, 2014**

**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, 2014**

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

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

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	More than 36 Months	Total
<i>Held by City:</i>					
U.S. Government Agency Obligations					
Callable	\$7,686,635				\$7,686,635
Non-Callable	20,232,030	\$4,210,881			24,442,911
U.S. Treasury Notes		17,507,049	\$35,686,651		53,193,700
Corporate Notes					
Callable	20,625,485				20,625,485
Non-Callable		7,238,492	7,523,980		14,762,472
Negotiable Certificates of Deposit	3,502,590	16,291,143			19,793,733
California Local Agency Investment Fund	16,828,328				16,828,328
California Asset Management Program	12,009,055				12,009,055
Money Market Mutual Funds (U.S. Securities)	469,136				469,136
<i>Held by Trustees:</i>					
U.S. Government Agency Obligations			4,652,746		4,652,746
Non-Negotiable Certificates of Deposit	2,468,986	954,015	479,405		3,902,406
Guaranteed Investment Contracts	2,487,549			\$2,533,121	5,020,670
California Local Agency Investment Fund	5,186				5,186
Money Market Mutual Funds (U.S. Securities)	55,653,975				55,653,975
Total Investments	<u>\$141,968,955</u>	<u>\$46,201,580</u>	<u>\$48,342,782</u>	<u>\$2,533,121</u>	<u>\$239,046,438</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, 2014, these investments have an average maturity of 232 days.

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Pool's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. At June 30, 2014, the fair value approximated is the City's cost, and these investments had an average maturity of 41 days.

Money market funds are available for withdrawal on demand and at June 30, 2014, and have an average maturity of 39 to 45 days.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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, 2014 for each investment type as provided by Standard and Poor's investment rating system.

Investment Type	AA+/AA/AA-	A+/A/A-	AAAm	Total
<b>Held by City:</b>				
U.S. Government Agency Obligations				
Callable	\$7,686,635			\$7,686,635
Non-Callable	24,442,911			24,442,911
Corporate Notes				
Callable	12,889,262	\$7,736,223		20,625,485
Non-Callable	6,848,873	7,913,599		14,762,472
Money Market Mutual Funds (U.S. Securities)			\$469,136	469,136
<b>Held by Trustees:</b>				
U.S. Government Agency Obligations	4,652,746			4,652,746
Money Market Mutual Funds (U.S. Securities)			55,653,975	55,653,975
<b>Totals</b>	<b><u>\$56,520,427</u></b>	<b><u>\$15,649,822</u></b>	<b><u>\$56,123,111</u></b>	<b>128,293,360</b>
<b>Not rated:</b>				
Guaranteed Investment Contracts				5,020,670
California Local Agency Investment Fund				16,833,514
California Asset Management Program				12,009,055
Certificates of Deposit				23,696,139
<b>Exempt from credit rating disclosure:</b>				
U.S. Treasury Notes				53,193,700
<b>Total Investments</b>				<b><u>\$239,046,438</u></b>

**H. Concentration Risk**

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

Reporting Unit	Issuer	Investment Type	Reported Amount
<b>Entity Wide:</b>			
	Federal Home Loan Mortgage Corporation	United States Government Agency Obligations	\$13,616,091
	Federal National Mortgage Association	United States Government Agency Obligations	16,857,193
<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, 2014**

**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, 2014 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	\$124,720 A
Sewer Enterprise Fund	General Fund	165,150 B
Non-Major Governmental Funds	General Fund	225,000 C
	Public Safety Sales Tax Special Revenue Fund	75,138 D
	Non-Major Governmental Funds	<u>1,590,655 E, F</u>
		<u>\$2,180,663</u>

A To fund Housing/Economic Development salaries

B Transfer 50% of the business license tax collections to lower the PFIP Sewer Fee, in accordance with the 2013 Public Facilities Implementation Plan Update

C To fund recreation activities

D To fund the return of funds to Community Oriented Policing Services Office

E To return prior year advance of funds

F To fund Fire Station #4 Project

**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, 2014, interfund balances were as follows:

<u>Due From Funds</u>	<u>Due To Funds</u>	<u>Amount</u>
Redevelopment Bonds Projects Fund	General Fund	\$14,777
Non-Major Governmental Funds	General Fund	97,846
Non-Major Governmental Funds	Non-Major Governmental Funds	<u>887,846</u>
	Total Current Interfund Balances	<u>\$1,000,469</u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

*C. Long-Term Interfund Advances*

At June 30, 2014 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	4,351,707
	Sewer Enterprise Fund	6,548,411
Water Enterprise Fund	Public Facilities Implementation Plan Fund	180,280
	Sewer Enterprise Fund	100,802
Sewer Enterprise Fund	Public Facilities Implementation Plan Fund	259,606
	Water Enterprise Fund	387,881
	Total Advances	<u>\$13,447,638</u>

*Golf Advances*

Advances above in the amount of \$1,412,425 have been made from the General Fund to assist with the continued operations of the City's Municipal Golf Course. The advances 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. The advance is expected to be forgiven in fiscal year 2015.

*Public Facilities Implementation Plan*

Advances above in the amount of \$11,828,687 have been made between the Public Facilities Improvement Plan, Water and Sewer Funds in coordination with the City's adopted Public Facilities Implementation Plan. The long-term interfund advances to and from these funds were made in accordance to this Plan and are expected to be repaid out of future developer fees over the next fifteen years.

During the fiscal year 2011 the Public Facilities Implementation Plan Fund made an additional advance to the Sewer Enterprise Fund in the amount of \$5,000,000 which is included in the balance above. The advance bears interest at an annual rate of 2%.

*Development Services*

During fiscal year 2013, the General Fund advanced \$1,700,000 to the Development Services Special Revenue Fund to fund the repayment of the Development Services' note payable to the Successor Agency. The General Fund forgave a portion of the advance during fiscal year 2013 in the amount of \$1,493,474, leaving a balance of \$206,526. The advance does not bear interest and is payable in twenty equal annual installments of \$10,326, however the payment due in fiscal year 2014 was not made because the advance is expected to be forgiven in fiscal year 2015.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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, 2014 are set forth below:

**A. Summary of Notes Receivable and Deferred Revenue**

The City has deferred the recognition of revenues from the proceeds of the Notes. At June 30, 2014, these Notes totaled:

HOPE Shelter	\$1,206,038
Habitat for Humanity	10,000
Down Payment Assistance Program	1,689,345
Residential Rehabilitation	123,011
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	743,183
Senior Rehabilitation Loans	40,166
Manteca Atherton Associates - Juniper Apartments	12,750,000
Total notes receivable	<u>23,396,417</u>
Less: Allowance for conditional grants	<u>455,933</u>
Net long-term notes receivable	<u><u>\$22,940,484</u></u>

Unavailable revenue at June 30, 2014 consisted of the outstanding balances of the above notes.

**B. HOPE Shelter**

In fiscal year 1998, the Agency loaned \$14,842 to the Helping Others Provide Encouragement (HOPE) Shelter for the replacement of windows at a facility for rent to very-low-income tenants and \$150,000 was loaned for the rehabilitation of a different property leased by HOPE. If the facility is used for the stated purpose for fifteen years, the Agency will forgive the Loans and the due date or potential forgiveness date was June 1, 2013. The loans were forgiven during fiscal year 2014.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

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

As of June 30, 2014, HOPE had drawn down \$1,206,038 of the available loans and the remaining balance to be drawn down was \$37,402.

**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, 2014, loans related to this Program in the amount of \$1,689,345 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, 2014, loans receivable under this program totaled \$123,011.

**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, 2014 was \$60,000.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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, 2014, 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, 2014, \$750,000 has been drawn down from the loan and \$743,183 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, 2014, loans receivable under this program totaled \$40,166.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

**L. *Manteca Atherton Associates – Juniper Apartments***

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

The Agency disbursed the loan to an escrow account from which the developer drew the funds as eligible costs were incurred. The balance of the loan receivable as of June 30, 2014 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, 2014, 77 employees had notes totaling \$80,159 due to the City.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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, 2014 were as follows:

<i>Governmental activities</i>	Balance at June 30, 2013	Additions	Retirements	Transfers	Balance at June 30, 2014
Capital assets not being depreciated:					
Land and improvements	\$32,158,039	\$507,889		\$1,147,222	\$33,813,150
Construction in progress	47,048,680	1,911,411	(\$502,171)	(38,722,722)	9,735,198
Total capital assets not being depreciated	<u>79,206,719</u>	<u>2,419,300</u>	<u>(502,171)</u>	<u>(37,575,500)</u>	<u>43,548,348</u>
Capital assets being depreciated:					
Buildings and improvements	12,847,099	2,762,981		17,731,982	33,342,062
Machinery and equipment	14,666,989	829,172	(447,922)		15,048,239
Storm drain	45,444,465	710,405		161,611	46,316,481
Streets	152,036,043	2,040,268		16,551,947	170,628,258
Parks	55,703,267	1,088,510		3,129,960	59,921,737
Total capital assets being depreciated	<u>280,697,863</u>	<u>7,431,336</u>	<u>(447,922)</u>	<u>37,575,500</u>	<u>325,256,777</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,674,422)	(994,989)			(7,669,411)
Machinery and equipment	(11,453,238)	(898,259)	444,556		(11,906,941)
Storm drain	(8,366,144)	(913,320)			(9,279,464)
Streets	(43,238,009)	(5,352,079)			(48,590,088)
Parks	(12,316,701)	(1,933,643)			(14,250,344)
Total accumulated depreciation	<u>(82,048,514)</u>	<u>(10,092,290)</u>	<u>444,556</u>		<u>(91,696,248)</u>
Net capital assets being depreciated	<u>198,649,349</u>	<u>(2,660,954)</u>	<u>(3,366)</u>	<u>37,575,500</u>	<u>233,560,529</u>
Governmental activity capital assets, net	<u>\$277,856,068</u>	<u>(\$241,654)</u>	<u>(\$505,537)</u>		<u>\$277,108,877</u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

<i>Business-type activities</i>	Balance at June 30, 2013	Additions	Retirements	Transfers	Balance at June 30, 2014
Capital assets not being depreciated:					
Land and improvements	\$7,819,649				\$7,819,649
Construction in progress	3,699,807	\$5,978,864	(\$208,238)	(\$2,498,167)	6,972,266
Total capital assets not being depreciated	<u>11,519,456</u>	<u>5,978,864</u>	<u>(208,238)</u>	<u>(2,498,167)</u>	<u>14,791,915</u>
Capital assets being depreciated:					
Sewer lines and improvements	48,586,132	1,151,113		322,525	50,059,770
Water wells, pipelines and water rights	99,560,210	1,473,798		1,173,298	102,207,306
Buildings and improvements	7,582,385				7,582,385
Machinery and equipment	16,627,243	671,541	(204,098)		17,094,686
Infrastructure	48,696			116,728	165,424
Sewer plant expansion	90,185,006	24,540		885,616	91,095,162
	<u>262,589,672</u>	<u>3,320,992</u>	<u>(204,098)</u>	<u>2,498,167</u>	<u>268,204,733</u>
Less accumulated depreciation for:					
Sewer lines and improvements	(14,606,080)	(954,620)			(15,560,700)
Water wells, pipelines and water rights	(33,494,437)	(3,072,674)			(36,567,111)
Buildings and improvements	(3,812,405)	(256,978)			(4,069,383)
Machinery and equipment	(9,886,298)	(1,477,753)	204,098		(11,159,953)
Infrastructure	(16,844)	(5,528)			(22,372)
Sewer plant expansion	(21,481,359)	(1,541,606)			(23,022,965)
	<u>(83,297,423)</u>	<u>(7,309,159)</u>	<u>204,098</u>		<u>(90,402,484)</u>
Net capital assets being depreciated	<u>179,292,249</u>	<u>(3,988,167)</u>		<u>2,498,167</u>	<u>177,802,249</u>
Total Business-type activity capital assets, net	<u>\$190,811,705</u>	<u>\$1,990,697</u>	<u>(\$208,238)</u>		<u>\$192,594,164</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, 2014**

**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	\$1,069,415
Community development	51,927
Public safety	542,462
Public works	982,411
Parks and recreation	2,084,992
Streets and highways	5,051,280
Internal service funds	309,803
<b>Total Governmental Activities</b>	<b>\$10,092,290</b>
<b>Business-Type Activities</b>	
Water	\$3,351,987
Sewer	3,002,134
Solid waste	801,933
Golf	153,105
<b>Total Business-Type Activities</b>	<b>\$7,309,159</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, 2013	Retirements	Balance June 30, 2014	Current Portion
<b>Governmental Activity Debt:</b>					
<b>Capital Leases -</b>					
Viron Project, 5.3%	\$947,049	\$52,444	\$52,444		
Fire Engine, 4.60%	1,055,000	255,160	168,166	\$86,994	\$86,994
Telephone System, 4.025% (Internal Service)	460,462	83,789	83,789		
Boom Truck, 4.48%	164,949	57,834	36,018	21,816	21,816
New World Accounting Software, 4.25%	969,360	605,721	193,594	412,127	201,771
<b>Total Governmental Activity Debt</b>	<b>\$3,596,820</b>	<b>\$1,054,948</b>	<b>\$534,011</b>	<b>\$520,937</b>	<b>\$310,581</b>
<b>Business-type Activity Debt:</b>					
<b>Sewer Revenue Bonds</b>					
Series 2009 Bonds, 4.875-5.75%	\$19,000,000	\$19,000,000		\$19,000,000	
Series 2012 Refunding Bonds, 2.00 - 4.00%	22,690,000	22,690,000	\$1,030,000	21,660,000	\$1,035,000
Net premium		2,480,769	84,094	2,396,675	
<b>Water Revenue Bonds</b>					
Series 2012 Refunding Bonds, 2.00 - 5.00%	35,840,000	35,840,000	905,000	34,935,000	1,125,000
Net premium		5,702,809	193,516	5,509,293	
Capital Lease, 5.3%	627,951	34,773	34,773		
<b>Total Business - Type Activity Debt</b>	<b>\$78,157,951</b>	<b>\$85,748,351</b>	<b>\$2,247,383</b>	<b>\$83,500,968</b>	<b>\$2,160,000</b>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

**B. Sewer Revenue Bonds**

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

On December 11, 2012, the City issued Sewer Revenue Refunding Bonds, Series 2012 in the original principal amount of \$22,690,000 at interest rates that range from 2.00-4.00% to provide for a refunding of the Manteca Financing Authority's outstanding 2003A and 2003B Sewer Revenue Bonds. During the current fiscal year, the 2003A and 2003B bonds were called and fully retired. Principal payments are due annually on December 1, with interest payments payable semi-annually on December 1 and June 1 through December 1, 2033. Repayment of these bonds is from a pledge of revenue from the Sewer Enterprise Fund.

The City has pledged future sewer revenues, net of specified operating expenses, to repay the 2009 and 2012 Sewer Revenue Bonds through 2036. Projected net customer revenues are expected to provide coverage over debt service of at least 125% over the life of the bonds. The Sewer Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$68,426,026. The Sewer Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$2,921,791 and \$9,581,565, respectively.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

**C. *Water Revenue Bonds***

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

The City has pledged future water customer revenues, net of specified operating expenses, to repay the Water Revenue Bonds through 2033. Annual principal and interest payments on the bonds are expected to require less than 125% of net water revenues. The Water Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$52,215,000. The Water Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$3,688,571 and \$5,627,641, 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. As of June 30, 2014, the balance of the lease was paid in full.

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. As of June 30, 2014, the balance of the lease was paid in full.

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, 2014**

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

**E. Debt Service Requirements**

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

For the Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$310,581	\$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			2,510,000	3,217,791
2020-2024			15,655,000	14,071,080
2025-2029			16,550,000	10,255,246
2030-2034			21,560,000	5,663,366
2035-2037			10,035,000	887,079
Total	<u>\$520,937</u>	<u>\$28,816</u>	75,595,000	<u>\$47,767,401</u>
Plus: Bond Premiums			<u>7,905,968</u>	
Gross Long Term Debt			<u>\$83,500,968</u>	

**F. Bond Issuance Costs, Original Issue Discounts and Premiums and Deferred Charge on Refunding**

For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any differences between proprietary refunded debt and the debt issued to refund it is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter.

**NOTE 9 – NET POSITION AND FUND BALANCES**

**A. Net Position**

Net Position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position 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.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

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

**B. Fund Balance**

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

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

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

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

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

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

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

Detailed classifications of the City’s Fund Balances, as of June 30, 2014, are below:

Fund Balance Classifications	General Fund	Special Revenue		Capital Projects		Other Governmental Funds	Total
		Public Safety Sales Tax	Low/Moderate Income Housing Assets	Public Facilities Implementation Plan	Redevelopment Bonds Projects		
<b>Nonspendable:</b>							
Items not in spendable form:							
Prepaid Expenses	\$307,297						\$307,297
Advances	1,618,951						1,618,951
<b>Total Nonspendable Fund Balances</b>	<b>1,926,248</b>						<b>1,926,248</b>
<b>Restricted for:</b>							
Low and Moderate Income Housing			\$2,697,560				2,697,560
Transportation						\$17,346,109	17,346,109
Development Services						4,580,726	4,580,726
Public Safety		\$3,080,567				4,497,965	7,578,532
Parks						2,972,200	2,972,200
Major Equipment Purchases						561,390	561,390
Landscaping and Lighting						1,191,610	1,191,610
City and Public Facilities Projects				\$24,166,992	\$11,901,975	3,891,263	39,960,230
<b>Total Restricted Fund Balances</b>		<b>3,080,567</b>	<b>2,697,560</b>	<b>24,166,992</b>	<b>11,901,975</b>	<b>35,041,263</b>	<b>76,888,357</b>
<b>Committed to:</b>							
Capital Projects							
Recreation Programs						443,166	443,166
<b>Total Committed Fund Balances</b>						<b>443,166</b>	<b>443,166</b>
<b>Assigned to:</b>							
Capital Projects						4,364,455	4,364,455
Other projects	22,092						22,092
<b>Total Assigned Fund Balances</b>	<b>22,092</b>					<b>4,364,455</b>	<b>4,386,547</b>
<b>Unassigned:</b>							
General Fund	17,736,555						17,736,555
Other Governmental Fund Deficits							
<b>Total Unassigned Fund Balances</b>	<b>17,736,555</b>						<b>17,736,555</b>
<b>Total Fund Balances</b>	<b>\$19,684,895</b>	<b>\$3,080,567</b>	<b>\$2,697,560</b>	<b>\$24,166,992</b>	<b>\$11,901,975</b>	<b>\$39,848,884</b>	<b>\$101,380,873</b>

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

At June 30, 2014, the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund had a deficit net position of \$58,500,129, this deficit will be eliminated by future revenues.



**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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, 2012	\$3,310,673	100%	\$0
June 30, 2013	3,202,631	100%	0
June 30, 2014	3,419,402	100%	0
<i>Miscellaneous Plan</i>			
June 30, 2012	\$3,047,114	100%	\$0
June 30, 2013	3,105,238	100%	0
June 30, 2014	3,314,173	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:*

Valuation Date	Actuarial		Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
	Entry Age Accrued Liability	Value of Assets				
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%
2012	111,958,938	69,504,916	42,454,022	62.1%	10,521,416	403.5%

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

*Miscellaneous Plan:*

Valuation Date	Actuarial		Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
	Entry Age Accrued Liability	Value of Assets				
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%
2012	115,709,633	86,678,671	29,030,962	74.9%	14,242,706	203.8%

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, 2014, four employees and four retirees were participating in these plans and the City's required contribution of \$206,737 was made.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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, 2014 there were 155 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:

	<u>Manteca Police Officers Association</u>	<u>Fire</u>	<u>Manteca Police Employees Association</u>	<u>Technical Support Services</u>	<u>General Services</u>	<u>Management</u>
Benefit Types Provided	Medical only	Medical only	Medical only	Medical only	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime	Lifetime	Lifetime	Lifetime	Lifetime
Required Service: Basic Supplemental	Retirement under CALPERS					
Minimum Age	50	50	50	50	50	50
Dependent Coverage	Yes	Yes	Yes	Yes	Yes	Yes
City Contribution 100%	100%	100%	100%	100%	100%	100%
City Contribution Cap per Month (Basic) retirement on or prior to 12/31/2011	\$630 for single \$1,170 for two party \$1,440 for family	\$631 for single \$1,165 for two \$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, but hired on or before 12/31/2011	\$275	\$275, except disabled firefighters receive \$675	\$275	\$275	\$275	\$275
City Contribution Cap per Month (Basic) hired after 12/31/2011	\$119	\$119	\$119	\$119	\$119	\$119

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

*Funding Policy and Actuarial Assumptions*

The City’s policy is to fund these benefits by accumulating assets in the Trust Fund discussed above pursuant to City Council Resolution 2011-206 (Resolution). The annual required contribution (ARC) was determined as part of a June 30, 2014 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.0% investment rate of return, and (b) 3.25% projected annual salary increase, and (c) 5% to 7.8% health inflation increase. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the City and the plan members to that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City’s OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period on a closed basis, with 27 years remaining.

*Funding Progress and Funded Status*

In accordance with the City’s budget, the contributions to the Plan for fiscal year 2014 are based on pay-as-you-go financing. Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. 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, 2014, the City contributed \$1,055,035 to the Plan, representing both pay-as-you-go premiums and contributions to the Trust. The City has calculated and recorded the Net OPEB Obligation, representing the difference between the ARC and contributions, as presented below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$1,626,000	\$1,010,602	62%	\$11,332,988
6/30/2013	1,240,000	1,104,022	89%	11,468,966
6/30/2014	1,926,000	1,055,035	55%	12,339,931

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

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

Annual required contribution (ARC)	\$1,973,000
Interest on net OPEB obligation	438,000
Adjustment to annual required contribution	<u>(485,000)</u>
Annual OPEB cost	<u>1,926,000</u>
Contributions made:	
Contributions made to OPEB Trust	(917,889)
City portion of current year premiums paid	<u>(137,146)</u>
Total contributions	<u>(1,055,035)</u>
Change in net OPEB obligation	870,965
Net OPEB Obligation at June 30, 2013	<u>11,468,966</u>
<b>Net OPEB Obligation at June 30, 2014</b>	<u><u>\$12,339,931</u></u>

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%
6/30/2014	0	24,857,000	(24,857,000)	0.00%	25,752,000	-97%

**NOTE 12 - DEFERRED COMPENSATION PLAN**

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

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**NOTE 13 - RISK MANAGEMENT**

**A. Coverage**

City employees are covered under a medical and prescriptions policy with coverage limited to \$2,000,000 in the aggregate. The City provides group dental and vision coverage to employees through programs which are administered by a service agent. The City pays all dental and vision claims.

On June 1, 2002 the City joined the Municipal Pooling Authority's workers' compensation program. The City joined the Authority's general liability program on January 1, 1998. The Authority provides coverage against the following types of loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies as follows:

Type of Coverage (Deductible)	Coverage Limits
Liability (\$100,000)	\$29,000,000
All Risk Fire and Property:	
Property (\$25,000)	1,000,000,000
Flood*	25,000,000
Boiler and Machinery (\$5,000)	100,000,000
Vehicle Physical Damage (\$3,000 police; \$2,000 others)	250,000
Cyber Liability (\$50,000)	2,000,000
Public Entity Pollution Liability (\$100,000)	25,000,000
Government Crime (\$10,000)	1,000,000
Workers' Compensation (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, 2014**

**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, 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 fiscal 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	1,571,267	1,480,976	3,052,243
Net change in:			
Liability for current fiscal year claims		69,311	69,311
Liability for prior years' claims and claims incurred but not reported (IBNR)	55,356	784,034	839,390
Claims paid	(55,356)	(853,345)	(908,701)
Balance June 30, 2014	<u>\$1,571,267</u>	<u>\$1,480,976</u>	<u>\$3,052,243</u>
Claims liability, due within one year	<u>\$55,356</u>	<u>\$853,345</u>	<u>\$908,701</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, 2014**

**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, 2014, the City had outstanding reimbursement commitments totaling \$13,286,603.

**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, 2014 were as follows: General Fund \$22,092 and Non-Major Governmental Funds \$167,329.

**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 2014, payments made to the developer under the agreement were \$364,358 and payments to date totaled \$1,044,599.

**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 2014, payments made to the Corporation under the agreement totaled \$341,068 and \$1,581,859 has been paid since the start of the agreement.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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, 2014, 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, 2014, 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 received the results of the State Controller's asset transfer review in February 2015 that indicates the City is to return the capital assets in the amount of \$459,477 to the Successor Agency. Concurrent with the finalization of the asset transfer review, the City has been working with the California Department of Finance (DOF) on the Agency's Long Range Property Management Plan (LRPMP). Initial conversations with the DOF indicate that the capital assets identified in the asset transfer review will be identified as City-owned land upon final approval of the LRPMP. Based on these discussions, the City anticipates that the assets identified will be approved to retained by the City. The City will abide by the final determination as set by the DOF. Therefore, the amount, if any, of assets to be returned is not determinable at this time.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and the remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on February 1, 2012, certain housing assets were transferred to the City's Low and Moderate Income Housing Asset Special Revenue Fund.

The activities of the Housing Successor are reported in the Low and Moderate Income Housing Assets Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established in April 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

AB1484 required the Successor Agency to complete two due diligence reviews – one for the low and moderate income housing assets of the Successor Agency (Housing DDR), and a second for all other balances of the Successor Agency (Non-housing DDR). The due diligence reviews are to calculate the balance of unencumbered balances as of June 30, 2012 available to be remitted to the County for disbursement to taxing entities. The Successor Agency submitted both due diligence reviews to the State Department of Finance for review and approval. The Department of Finance approved the Housing DDR in December 2012, which indicated that no funds were available for distribution. The Department of Finance did not initially approve the Non-housing DDR, which indicated that the Successor Agency had an unencumbered balance of \$1, and the State made adjustments to the Non-housing DDR and instead made a demand for the return of funds totaling \$10,161,469, which was remitted to the County in May 2013. The Successor Agency received its Finding of Completion in May 2013 which means it can now utilize bond proceeds for projects consistent with the original bond covenants.

In addition to the above transactions, the Non-housing DDR indicated that the City was to return unspent bond proceeds held by the Special Apportionment Streets Capital Projects Fund totaling \$43,670,205 to the Successor Agency. The City made the transfer during fiscal year 2013.

Cash and investments of the Successor Agency as of June 30, 2014 are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2014.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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, 2014 are set forth below:

B.S. Family Partnership	\$1,433,357
AKF Development, LLC	54,080
Cabral Western Motors	338,040
Total notes receivable	<u>1,825,477</u>
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, 2014, 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, 2014, 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, 2014, the principal balance outstanding was \$338,040.

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

*Conditional Grants*

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

**C. Capital Assets**

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

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

Capital asset recorded as of June 30, 2014 comprise:

	<u>Balance at</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Balance at</u> <u>June 30, 2014</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>(916,664)</u>	<u>(\$125,093)</u>	<u>(1,041,757)</u>
Net capital assets being depreciated	<u>2,871,547</u>	<u>(125,093)</u>	<u>2,746,454</u>
Governmental activity capital assets, net	<u>\$8,772,671</u>	<u>(\$125,093)</u>	<u>\$8,647,578</u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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, 2013	Retirements	Balance June 30, 2014	Current Portion
<b>Redevelopment Agency Tax</b>				
<b>Allocation Bonds -</b>				
Series 2002 Subordinated Tax Allocation Refunding Bonds, 2.0-5.25%	\$24,835,000	\$690,000	\$24,145,000	\$730,000
Series 2004 Amended Merged Project Area Subordinated Tax Allocation Bonds, 3.0-5.0%	22,485,000	760,000	21,725,000	795,000
Series 2004 Amended Merged Project Area Subordinated Tax Allocation (Housing Set-Aside) Bonds, 3.0-5.0%	4,720,000	130,000	4,590,000	135,000
Series 2005 Amended Merged Project Area Subordinated Tax Allocation Refunding Bonds, variable rate	48,870,000	725,000	48,145,000	745,000
Series 2006 Amended Merged Project Area Subordinated Tax Allocation Bonds, 4.0-5.0%	21,465,000	445,000	21,020,000	470,000
<b>Total Successor Agency Debt</b>	<u>\$122,375,000</u>	<u>\$2,750,000</u>	<u>\$119,625,000</u>	<u>\$2,875,000</u>

**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, 2014**

**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, 2014**

**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 \$196,144,499 in the Bonds above, which is scheduled to occur in 2042.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County’s Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total property taxes available for distribution to the Successor Agency and other taxing entities for fiscal year 2014 calculated by the County Auditor-Controller was \$15,436,812 and the total received by the Successor Agency for fiscal year 2014 debt service was \$6,666,009, which the Agency combined with other available revenues/resources to pay the \$7,806,100 of fiscal year debt service. The lesser tax distribution was deemed sufficient, because the Agency had other revenues/resources available to direct towards debt service.

**3. Interest Rate Swap Agreement Derivative Instrument**

The Agency entered into an interest rate swap in connection with the Series 2005 Tax Allocation Refunding Bonds. The intention of the swap was to effectively change the Agency’s variable interest rate on the bonds to a synthetic fixed rate of 3.270%. 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, 2014, 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>Morgan Stanley 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	\$48,145,000	12/13/2005	Piper Jaffray Financial Products Inc, with credit guarantee by Morgan Stanley	Baa2/A-	3.636%	63% of one month LIBOR plus 30 basis points	10/1/2042

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

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

As of June 30, 2014, the fair value of the cash flow hedging derivative swap was in favor of the counterparty in the amount of (\$9,219,839), a decrease of \$287,335 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, 2014, the Agency was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, if the fair value of the swap were to become positive, the Agency would be exposed to credit risk in the amount of the derivative's fair value. This amount may increase if interest rates decline in the future. The swap counterparty is Piper Jaffray Financial Products, Inc. with a credit guarantee provided by Morgan Stanley Capital Services and is rated Baa2/A- by Moody's and Standard & Poor's respectively. The Agency will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

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

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

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

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

*Swap payments and associated debt.* Using rates as of June 30, 2014, 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		
2015	\$745,000	\$14,444	\$1,541,853	\$2,301,297
2016	830,000	14,220	1,515,627	2,359,847
2017	1,355,000	13,971	1,475,854	2,844,825
2018	1,410,000	13,565	1,430,596	2,854,161
2019	1,465,000	13,142	1,383,556	2,861,698
2020-2024	7,000,000	59,546	6,260,158	13,319,704
2025-2029	6,970,000	47,984	5,012,015	12,029,999
2030-2034	5,010,000	39,925	4,189,536	9,239,461
2035-2039	10,420,000	30,042	2,989,426	13,439,468
2040-2043	12,940,000	9,889	750,661	13,700,550
Totals	<u>\$48,145,000</u>	<u>\$256,728</u>	<u>\$26,549,282</u>	<u>\$74,951,010</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
2015	\$2,875,000	\$4,917,520
2016	3,000,000	4,795,330
2017	3,135,000	4,664,577
2018	3,275,000	4,531,013
2019	3,420,000	4,392,753
2020-2024	16,885,000	19,891,217
2025-2029	20,270,000	16,136,993
2030-2034	25,430,000	11,065,027
2035-2039	24,865,000	5,036,018
2040-2043	16,470,000	1,089,051
Total	<u>\$119,625,000</u>	<u>\$76,519,499</u>

**CITY OF MANTECA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

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

**E.      *COMMITMENTS AND CONTINGENCIES***

**1.      *State Approval of Enforceable Obligations***

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**2.      *State Asset Transfer Review***

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

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

This fund was initially established to account for the costs incurred for the development of a Public Facilities Implementation Plan. Now that the Plan is functional, this fund accounts for the developer impact fees collected and expended in the construction of the Drainage and Transportation elements of the Plan. The Sewer and Water developer impact fees collected and expended in connection with the Plan are accounted for in their respective Enterprise Funds

**REDEVELOPMENT BONDS PROJECTS FUND**

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

CITY OF MANTECA  
PUBLIC FACILITIES IMPLEMENTATION PLAN FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Use of money and property	\$211,000	\$349,962	\$138,962
Charges for current services	630,000	899,502	269,502
Other revenue			
	<u>841,000</u>	<u>1,249,464</u>	<u>408,464</u>
<b>EXPENDITURES</b>			
Current:			
Public works	384,640	269,547	115,093
Capital outlay	6,316,450	420,261	5,896,189
Debt service:			
Interest and fiscal charges		67,165	(67,165)
	<u>6,701,090</u>	<u>756,973</u>	<u>5,944,117</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>(\$5,860,090)</u></u>	492,491	<u><u>\$6,352,581</u></u>
<b>BEGINNING FUND BALANCE</b>		<u>23,674,501</u>	
<b>ENDING FUND BALANCE</b>		<u><u>\$24,166,992</u></u>	

CITY OF MANTECA  
REDEVELOPMENT BONDS PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$25	\$25	
Revenue from other agencies	12,009,030	12,009,030	
Other revenue			
	12,009,055	12,009,055	
Total Revenues			
<b>EXPENDITURES</b>			
Current:			
Streets and highways			
Capital outlay	107,080	107,080	
Debt service:			
Principal			
Interest and fiscal charges			
	107,080	107,080	
Total Expenditures			
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$11,901,975</b>	<b>11,901,975</b>	
<b>BEGINNING FUND BALANCE</b>			
<b>ENDING FUND BALANCE</b>		<b>\$11,901,975</b>	

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

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT**

Established to account for the financing of lighting and landscape maintenance districts formed pursuant to the Landscaping and Lighting Act of 1972 and benefit assessment districts formed pursuant to the Benefit Assessment Act of 1982. The City currently has twenty five approved districts.

**PUBLIC SAFETY ENDOWMENT FEE**

Established to account for funds received from the Public Safety Endowment Fee. This fee is collected as part of negotiated development agreements and the interest from the fee has been designated for the use of funding public safety salaries.

**DEVELOPMENT SERVICES**

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

**DEVELOPMENT MITIGATION**

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

**FEDERAL TRANSIT MANAGEMENT**

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

**COMMUNITY FACILITIES DISTRICTS**

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

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

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

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**REGIONAL TRANSPORTATION IMPACT FEES**

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

**MEASURE K**

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

**PARKS**

Established to account for the construction and maintenance of all City owned parks. Financing is provided by a special parks improvement fee imposed on developments.

**GOVERNMENT BUILDING FACILITIES**

Established to account for the financing and construction activities of the Civic Center expansion and other City facilities. Financing is provided by government building facilities fees imposed on developments.

**SPECIAL APPORTIONMENT STREETS**

Established to account for the construction and maintenance of the street system in Manteca. Financing is provided through local transportation funds and State and Federal grants.

CITY OF MANTECA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Police Grants	Supplemental Law Enforcement Services	Recreation	Street Improvements
<b>ASSETS</b>					
Cash and investments			\$22,718	\$580,202	\$55,161
Restricted cash and investments					
Accounts receivables (net of allowance for estimated uncollectible accounts)	\$30,972	\$81,860	9,161	11,528	
Taxes receivable					
Interest receivable			43		
Due from other funds					
Advances to other funds					
Prepaid items					
Total Assets	\$30,972	\$81,860	\$31,922	\$591,730	\$55,161
<b>LIABILITIES</b>					
Accounts payable	\$598	\$596		\$40,704	
Contracts payable					
Refundable deposits				107,860	
Due to other funds	29,907	67,939			
Advances from other funds					
Unearned revenue	467				
Total Liabilities	30,972	68,535		148,564	
<b>FUND BALANCE</b>					
Fund balance:					
Nonspendable					
Restricted		13,325	\$31,922		\$55,161
Committed				443,166	
Unassigned					
Unassigned					
Total Fund Balances (Deficit)		13,325	31,922	443,166	55,161
Total Liabilities and Fund Balances	\$30,972	\$81,860	\$31,922	\$591,730	\$55,161

SPECIAL REVENUE FUNDS

Major Equipment Purchase Fee	Landscape and Lighting Maintenance District	Public Safety Endowment Fee	Development Services	Development Mitigation	Federal Transit Management	Community Facilities Districts
\$519,948 43,398	\$1,222,889	\$4,396,173	\$1,277,681	\$3,587,096	\$2,541,539	\$99,783
		44,834	1,236	10,978	144,698	
1,199	270 171	11,736	857	9,466	855	
<u>\$564,545</u>	<u>\$1,223,330</u>	<u>\$4,452,743</u>	<u>\$1,279,774</u>	<u>\$3,607,540</u>	<u>\$2,687,092</u>	<u>\$99,783</u>
\$3,155	\$31,720	\$25	\$28,269	\$71,793	\$60,731	
					5,100	\$88,858
			206,526			
					2,621,261	
<u>3,155</u>	<u>31,720</u>	<u>25</u>	<u>234,795</u>	<u>71,793</u>	<u>2,687,092</u>	<u>88,858</u>
561,390	1,191,610	4,452,718	1,044,979	3,535,747		10,925
<u>561,390</u>	<u>1,191,610</u>	<u>4,452,718</u>	<u>1,044,979</u>	<u>3,535,747</u>		<u>10,925</u>
<u>\$564,545</u>	<u>\$1,223,330</u>	<u>\$4,452,743</u>	<u>\$1,279,774</u>	<u>\$3,607,540</u>	<u>\$2,687,092</u>	<u>\$99,783</u>

(Continued)

CITY OF MANTECA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014

	CAPITAL IMPROVEMENT FUNDS				
	State Gasoline Tax	Regional Transportation Impact Fees	Measure K	Parks	Government Building Facilities
<b>ASSETS</b>					
Cash and investments	\$3,031,225	\$8,803,923	\$4,468,980	\$2,983,718	\$3,978,964
Restricted cash and investments				241,928	32,402
Accounts receivables (net of allowance for estimated uncollectible accounts)	16,067		250,808		
Taxes receivable					
Interest receivable	3,940	12,250	10,622	7,838	10,622
Due from other funds			887,846		
Advances to other funds					
Prepaid items					
Total Assets	\$3,051,232	\$8,816,173	\$5,618,256	\$3,233,484	\$4,021,988
<b>LIABILITIES</b>					
Accounts payable	\$71,051	\$122,975	\$687	\$17,137	\$141,650
Contracts payable				2,219	
Refundable deposits				241,928	
Due to other funds					
Advances from other funds					
Unearned revenue					
Total Liabilities	71,051	122,975	687	261,284	141,650
<b>Fund Balance</b>					
Fund balance:					
Nonspendable					
Restricted	2,980,181	8,693,198	5,617,569	2,972,200	3,880,338
Committed					
Unassigned					
Unassigned					
Total Fund Balances (Deficit)	2,980,181	8,693,198	5,617,569	2,972,200	3,880,338
Total Liabilities and Fund Balances	\$3,051,232	\$8,816,173	\$5,618,256	\$3,233,484	\$4,021,988

CAPITAL  
IMPROVEMENT  
FUND

Special Apportionment Streets	Total Nonmajor Governmental Funds
\$3,936,507	\$41,506,507 317,728
1,446,807	2,048,949 270
7,239	76,838 887,846
<u>\$5,390,553</u>	<u>\$44,838,138</u>

\$111,498	\$702,589
26,192	28,411
\$562	444,308
887,846	985,692
	206,526
	<u>2,621,728</u>
<u>1,026,098</u>	<u>4,989,254</u>

	35,041,263
	443,166
4,364,455	4,364,455
<u>4,364,455</u>	<u>39,848,884</u>
<u>\$5,390,553</u>	<u>\$44,838,138</u>

CITY OF MANTECA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Police Grants	Supplemental Law Enforcement Services	Recreation	Street Improvements
REVENUES					
Sales tax					
Licenses and permits					
Use of money and property			\$42		
Revenue from other agencies	\$678,569	\$75,465	102,425		
Charges for current services				\$882,043	
Other revenue				9,225	
Total Revenues	<u>678,569</u>	<u>75,465</u>	<u>102,467</u>	<u>891,268</u>	
EXPENDITURES					
Current:					
General government					
Community development	49,883				\$9,512
Public safety		64,440			
Library					
Public works					
Parks and recreation				1,021,097	
Streets and highways					
Capital outlay	627,518	94,293	150,436		
Debt service:					
Principal					
Interest and fiscal charges					
Total Expenditures	<u>677,401</u>	<u>158,733</u>	<u>150,436</u>	<u>1,021,097</u>	<u>9,512</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,168</u>	<u>(83,268)</u>	<u>(47,969)</u>	<u>(129,829)</u>	<u>(9,512)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		75,138		225,000	
Transfers (out)					
Total Other Financing Sources (Uses)		<u>75,138</u>		<u>225,000</u>	
NET CHANGE IN FUND BALANCES	1,168	(8,130)	(47,969)	95,171	(9,512)
BEGINNING FUND BALANCES (DEFICITS)	<u>(1,168)</u>	<u>21,455</u>	<u>79,891</u>	<u>347,995</u>	<u>64,673</u>
ENDING FUND BALANCES (DEFICITS)	<u><u>          </u></u>	<u><u>\$13,325</u></u>	<u><u>\$31,922</u></u>	<u><u>\$443,166</u></u>	<u><u>\$55,161</u></u>

SPECIAL REVENUE FUNDS

Major Equipment Purchase Fee	Landscape and Lighting Maintenance District	Public Safety Endowment Fee	Development Services	Development Mitigation	Federal Transit Management	Community Facilities Districts
			\$1,631,606			
\$926	\$167	\$67,435	839	\$79,958	\$1,122	
118,228	980,694	164,879	99,963		1,456,673	\$41,641
	40		406,602		91,151	
			6,291	76,573	5,128	
119,154	980,901	232,314	2,145,301	156,531	1,554,074	41,641
				15,132		
			1,906,287			
		1,198,164				
				15,000		
				74,802	952,227	30,716
	932,914					
				713,296	601,847	
229,612						
27,555						
257,167	932,914	1,198,164	1,906,287	818,230	1,554,074	30,716
(138,013)	47,987	(965,850)	239,014	(661,699)		10,925
				1,590,655		
		(88,105)		(36,615)		
		(88,105)		1,554,040		
(138,013)	47,987	(1,053,955)	239,014	892,341		10,925
699,403	1,143,623	5,506,673	805,965	2,643,406		
\$561,390	\$1,191,610	\$4,452,718	\$1,044,979	\$3,535,747		\$10,925

(Continued)

CITY OF MANTECA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

	CAPITAL IMPROVEMENT FUNDS				
	State Gasoline Tax	Regional Transportation Impact Fees	Measure K	Parks	Government Building Facilities
<b>REVENUES</b>					
Sales tax					
Licenses and permits					\$1,366,177
Use of money and property	\$4,908	\$38,368	(\$7,305)	\$26,871	36,535
Revenue from other agencies	2,138,520		1,014,544		
Charges for current services		874,826		795,275	
Other revenue	2,247				
<b>Total Revenues</b>	<u>2,145,675</u>	<u>913,194</u>	<u>1,007,239</u>	<u>822,146</u>	<u>1,402,712</u>
<b>EXPENDITURES</b>					
Current:					
General government					
Community development					
Public safety					
Library					
Public works	17,355				
Parks and recreation	72,827			174,790	
Streets and highways	1,267,399		137,009		
Capital outlay	35,886	91,232	51,051	179,170	1,362,138
Debt service:					
Principal					168,166
Interest and fiscal charges					9,825
<b>Total Expenditures</b>	<u>1,393,467</u>	<u>91,232</u>	<u>188,060</u>	<u>353,960</u>	<u>1,540,129</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>752,208</u>	<u>821,962</u>	<u>819,179</u>	<u>468,186</u>	<u>(137,417)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
Transfers (out)					(1,590,655)
<b>Total Other Financing Sources (Uses)</b>					<u>(1,590,655)</u>
<b>NET CHANGE IN FUND BALANCES</b>	752,208	821,962	819,179	468,186	(1,728,072)
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<u>2,227,973</u>	<u>7,871,236</u>	<u>4,798,390</u>	<u>2,504,014</u>	<u>5,608,410</u>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<u>\$2,980,181</u>	<u>\$8,693,198</u>	<u>\$5,617,569</u>	<u>\$2,972,200</u>	<u>\$3,880,338</u>

CAPITAL  
IMPROVEMENT  
FUNDS

Special Apportionment Streets	Total Nonmajor Governmental Funds
	\$2,997,783
\$22,389	272,255
2,270,181	8,001,219
	4,190,460
<u>274,004</u>	<u>373,508</u>
<u>2,566,574</u>	<u>15,835,225</u>
	15,132
	1,965,682
	1,262,604
	15,000
	1,044,384
	2,232,344
499,345	1,903,753
1,509,675	5,416,542
28,343	426,121
<u>751</u>	<u>38,131</u>
<u>2,038,114</u>	<u>14,319,693</u>
<u>528,460</u>	<u>1,515,532</u>
	1,890,793
	<u>(1,715,375)</u>
	<u>175,418</u>
528,460	1,690,950
<u>3,835,995</u>	<u>38,157,934</u>
<u>\$4,364,455</u>	<u>\$39,848,884</u>

CITY OF MANTECA  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014

	COMMUNITY DEVELOPMENT BLOCK GRANT			POLICE GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Sales tax						
Licenses and permits						
Use of money and property						
Revenue from other agencies	\$382,045	\$678,569	\$296,524		\$75,465	\$75,465
Charges for current services						
Other revenue						
<b>Total Revenues</b>	<u>382,045</u>	<u>678,569</u>	<u>296,524</u>		<u>75,465</u>	<u>75,465</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Community development	106,451	49,883	56,568			
Public safety				\$121,287	64,440	56,847
Library						
Public works						
Parks and recreation	5,695		5,695			
Streets and highways						
Capital outlay	912,963	627,518	285,445	94,303	94,293	10
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>1,025,109</u>	<u>677,401</u>	<u>347,708</u>	<u>215,590</u>	<u>158,733</u>	<u>56,857</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(643,064)</u>	<u>1,168</u>	<u>644,232</u>	<u>(215,590)</u>	<u>(83,268)</u>	<u>132,322</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from the sale of property						
Transfers in				75,138	75,138	
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>				<u>75,138</u>	<u>75,138</u>	
<b>NET CHANGE IN FUND BALANCES</b>	<u>(\$643,064)</u>	<u>1,168</u>	<u>\$644,232</u>	<u>(\$140,452)</u>	<u>(8,130)</u>	<u>\$132,322</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>(1,168)</u>			<u>21,455</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>					<u>\$13,325</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)
\$112,222	\$42 102,425	\$42 (9,797)				\$7,350	\$926	(\$6,424)
			\$797,460 15,000	\$882,043 9,225	\$84,583 (5,775)	100,000	118,228	18,228
112,222	102,467	(9,755)	812,460	891,268	78,808	107,350	119,154	11,804
			1,099,349	1,021,097	78,252			
189,576	150,436	39,140				45,710		45,710
						229,540 27,630	229,612 27,555	(72) 75
189,576	150,436	39,140	1,099,349	1,021,097	78,252	302,880	257,167	45,713
(77,354)	(47,969)	29,385	(286,889)	(129,829)	157,060	(195,530)	(138,013)	57,517
			225,000	225,000				
			225,000	225,000				
<u>(\$77,354)</u>	(47,969)	<u>\$29,385</u>	<u>(\$61,889)</u>	95,171	<u>\$157,060</u>	<u>(\$195,530)</u>	(138,013)	<u>\$57,517</u>
	79,891			347,995			699,403	
	<u>\$31,922</u>			<u>\$443,166</u>			<u>\$561,390</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, 2014

	LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT			PUBLIC SAFETY ENDOWMENT FEE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Licenses and permits						
Use of money and property	\$9,000	\$167	(\$8,833)	\$92,400	\$67,435	(\$24,965)
Revenue from other agencies				152,600	164,879	12,279
Charges for current services	1,005,132	980,694	(24,438)			
Other revenue		\$40	40			
<b>Total Revenues</b>	<u>1,014,132</u>	<u>980,901</u>	<u>(33,231)</u>	<u>245,000</u>	<u>232,314</u>	<u>(12,686)</u>
EXPENDITURES						
Current:						
General government						
Community development						
Public safety				1,260,310	1,198,164	62,146
Library						
Public works						
Parks and recreation	1,153,428	932,914	220,514			
Streets and highways						
Capital outlay	93,900		93,900			
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>1,247,328</u>	<u>932,914</u>	<u>314,414</u>	<u>1,260,310</u>	<u>1,198,164</u>	<u>62,146</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(233,196)</u>	<u>47,987</u>	<u>281,183</u>	<u>(1,015,310)</u>	<u>(965,850)</u>	<u>49,460</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from the sale of property						
Transfers in						
Transfers (out)				(88,105)	(88,105)	
<b>Total Other Financing Sources (Uses)</b>				<u>(88,105)</u>	<u>(88,105)</u>	
<b>NET CHANGE IN FUND BALANCES</b>	<u>(\$233,196)</u>	47,987	<u>\$281,183</u>	<u>(\$1,103,415)</u>	(1,053,955)	<u>\$49,460</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>1,143,623</u>			<u>5,506,673</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u>\$1,191,610</u>			<u>\$4,452,718</u>	

DEVELOPMENT SERVICES			DEVELOPMENT MITIGATION			FEDERAL TRANSIT MANAGEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,100,000	\$1,631,606	\$531,606						
4,940	839	(4,101)	\$114,500	\$79,958	(\$34,542)		\$1,122	\$1,122
	99,963	99,963				\$1,479,789	1,456,673	(23,116)
209,000	406,602	197,602				54,500	91,151	36,651
	6,291	6,291	66,575	76,573	9,998		5,128	5,128
<u>1,313,940</u>	<u>2,145,301</u>	<u>831,361</u>	<u>181,075</u>	<u>156,531</u>	<u>(24,544)</u>	<u>1,534,289</u>	<u>1,554,074</u>	<u>19,785</u>
			50,825	15,132	35,693			
2,013,900	1,906,287	107,613						
			15,000	15,000				
			74,690	74,802	(112)	1,132,740	952,227	180,513
			2,187,326	713,296	1,474,030	2,795,937	601,847	2,194,090
<u>2,013,900</u>	<u>1,906,287</u>	<u>107,613</u>	<u>2,327,841</u>	<u>818,230</u>	<u>1,509,611</u>	<u>3,928,677</u>	<u>1,554,074</u>	<u>2,374,603</u>
<u>(699,960)</u>	<u>239,014</u>	<u>938,974</u>	<u>(2,146,766)</u>	<u>(661,699)</u>	<u>1,485,067</u>	<u>(2,394,388)</u>		<u>2,394,388</u>
<u>(85,000)</u>		<u>85,000</u>	<u>(157,770)</u>	1,590,655	1,590,655			
				(36,615)	121,155			
<u>(85,000)</u>		<u>85,000</u>	<u>(157,770)</u>	1,554,040	1,711,810			
<u>(\$784,960)</u>	239,014	<u>\$1,023,974</u>	<u>(\$2,304,536)</u>	892,341	<u>\$3,196,877</u>	<u>(\$2,394,388)</u>		<u>\$2,394,388</u>
	805,965			2,643,406				
	<u>\$1,044,979</u>			<u>\$3,535,747</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, 2014

	COMMUNITY FACILITIES DISTRICTS			STATE GASOLINE TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Licenses and permits						
Use of money and property				\$4,500	\$4,908	\$408
Revenue from other agencies				1,903,500	2,138,520	235,020
Charges for current services	\$71,730	\$41,641	(30,089)			
Other revenue					2,247	2,247
<b>Total Revenues</b>	<u>71,730</u>	<u>41,641</u>	<u>(30,089)</u>	<u>1,908,000</u>	<u>2,145,675</u>	<u>237,675</u>
EXPENDITURES						
Current:						
General government						
Community development						
Public safety						
Library						
Public works				29,000	17,355	11,645
Parks and recreation	71,770	30,716	41,054	75,660	72,827	2,833
Streets and highways				1,524,375	1,267,399	256,976
Capital outlay				39,000	35,886	3,114
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>71,770</u>	<u>30,716</u>	<u>41,054</u>	<u>1,668,035</u>	<u>1,393,467</u>	<u>274,568</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(40)</u>	<u>10,925</u>	<u>10,965</u>	<u>239,965</u>	<u>752,208</u>	<u>512,243</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from the sale of property						
Transfers in						
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>						
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>(\$40)</u></u>	<u>10,925</u>	<u>\$10,965</u>	<u>\$239,965</u>	<u>752,208</u>	<u>\$512,243</u>
BEGINNING FUND BALANCES (DEFICITS)					<u>2,227,973</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>\$10,925</u></u>			<u><u>\$2,980,181</u></u>	

<u>REGIONAL TRANSPORTATION IMPACT FEES</u>			<u>MEASURE K</u>			<u>PARKS</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$63,500	\$38,368	(\$25,132)	\$8,900	(\$7,305)	(\$16,205)	\$23,000	\$26,871	\$3,871
630,000	874,826	244,826	975,000	1,014,544	39,544	153,325	795,275	641,950
<u>693,500</u>	<u>913,194</u>	<u>219,694</u>	<u>983,900</u>	<u>1,007,239</u>	<u>23,339</u>	<u>176,325</u>	<u>822,146</u>	<u>645,821</u>
15,000		15,000	1,027,870	137,009	890,861	663,220	174,790	488,430
466,224	91,232	374,992	1,370,905	51,051	1,319,854	858,798	179,170	679,628
<u>481,224</u>	<u>91,232</u>	<u>389,992</u>	<u>2,398,775</u>	<u>188,060</u>	<u>2,210,715</u>	<u>1,522,018</u>	<u>353,960</u>	<u>1,168,058</u>
<u>212,276</u>	<u>821,962</u>	<u>609,686</u>	<u>(1,414,875)</u>	<u>819,179</u>	<u>2,234,054</u>	<u>(1,345,693)</u>	<u>468,186</u>	<u>1,813,879</u>
						28,000		(28,000)
						28,000		(28,000)
<u>\$212,276</u>	821,962	<u>\$609,686</u>	<u>(\$1,414,875)</u>	819,179	<u>\$2,234,054</u>	<u>(\$1,317,693)</u>	468,186	<u>\$1,785,879</u>
	<u>7,871,236</u>			<u>4,798,390</u>			<u>2,504,014</u>	
	<u>\$8,693,198</u>			<u>\$5,617,569</u>			<u>\$2,972,200</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, 2014

	GOVERNMENT BUILDING FACILITIES			SPECIAL APPORTIONMENT STREETS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Sales tax						
Licenses and permits	\$1,175,000	\$1,366,177	\$191,177			
Use of money and property	45,000	36,535	(8,465)	\$20,750	\$22,389	\$1,639
Revenue from other agencies				918,750	2,270,181	1,351,431
Charges for current services						
Other revenue					274,004	274,004
<b>Total Revenues</b>	<u>1,220,000</u>	<u>1,402,712</u>	<u>182,712</u>	<u>939,500</u>	<u>2,566,574</u>	<u>1,627,074</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Community development						
Public safety						
Library						
Public works						
Parks and recreation						
Streets and highways				656,575	499,345	157,230
Capital outlay	10,215,005	1,362,138	8,852,867	6,382,728	1,509,675	4,873,053
Debt service:						
Principal	168,170	168,166	4	28,345	28,343	2
Interest and fiscal charges	9,825	9,825		755	751	4
<b>Total Expenditures</b>	<u>10,393,000</u>	<u>1,540,129</u>	<u>8,852,871</u>	<u>7,068,403</u>	<u>2,038,114</u>	<u>5,030,289</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(9,173,000)</u>	<u>(137,417)</u>	<u>9,035,583</u>	<u>(6,128,903)</u>	<u>528,460</u>	<u>6,657,363</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from the sale of property						
Transfers in						
Transfers (out)		(1,590,655)	(1,590,655)			
<b>Total Other Financing Sources (Uses)</b>		<u>(1,590,655)</u>	<u>(1,590,655)</u>			
<b>NET CHANGE IN FUND BALANCES</b>	<u>(\$9,173,000)</u>	<u>(1,728,072)</u>	<u>\$7,444,928</u>	<u>(\$6,128,903)</u>	<u>528,460</u>	<u>\$6,657,363</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>5,608,410</u>			<u>3,835,995</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u>\$3,880,338</u>			<u>\$4,364,455</u>	

## **INTERNAL SERVICE FUNDS**

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

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

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

### **VEHICLE**

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

### **EQUIPMENT**

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

### **PAYROLL TAX BENEFIT ALLOCATION**

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

### **INSURANCE**

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

CITY OF MANTECA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2014

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$739,385	\$1,376,072	\$9,563,567	\$6,486,331	\$18,165,355
Restricted cash and investments		48,962			48,962
Accounts receivable	20,051		244	48,042	68,337
Interest receivable	1,970	2,656	25,571	13,877	44,074
Prepaid items				8,937	8,937
Employee notes receivable			80,159		80,159
<b>Total Current Assets</b>	<b>761,406</b>	<b>1,427,690</b>	<b>9,669,541</b>	<b>6,557,187</b>	<b>18,415,824</b>
Capital assets not being depreciated		409,035			409,035
Capital assets (net of accumulated depreciation)	122,073	693,189			815,262
<b>Total Non-Current Assets</b>	<b>122,073</b>	<b>1,102,224</b>			<b>1,224,297</b>
<b>Total Assets</b>	<b>883,479</b>	<b>2,529,914</b>	<b>9,669,541</b>	<b>6,557,187</b>	<b>19,640,121</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable		112,351	81,650	126,298	320,299
Accrued liabilities			1,648,322		1,648,322
Compensated absences			230,037		230,037
Estimated claims liability				908,701	908,701
Capital lease obligations					
<b>Total Current Liabilities</b>		<b>112,351</b>	<b>1,960,009</b>	<b>1,034,999</b>	<b>3,107,359</b>
Long-term Liabilities:					
Compensated absences			4,371,540		4,371,540
Estimated claims liability				2,143,542	2,143,542
OPEB liability				109,471	109,471
<b>Total Long-Term Liabilities</b>			<b>4,371,540</b>	<b>2,253,013</b>	<b>6,624,553</b>
<b>Total Liabilities</b>		<b>112,351</b>	<b>6,331,549</b>	<b>3,288,012</b>	<b>9,731,912</b>
<b>NET POSITION</b>					
Net investment in capital assets	122,073	1,151,186			1,273,259
Unrestricted	761,406	1,266,377	3,337,992	3,269,175	8,634,950
<b>Total Net Position</b>	<b>\$883,479</b>	<b>\$2,417,563</b>	<b>\$3,337,992</b>	<b>\$3,269,175</b>	<b>\$9,908,209</b>

CITY OF MANTECA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
<b>OPERATING REVENUES</b>					
Charges for services		\$2,130,010			\$2,130,010
Insurance premium contribution from other funds				2,073,800	2,073,800
Miscellaneous				196,944	196,944
<b>Total Operating Revenues</b>		<b>2,130,010</b>		<b>2,270,744</b>	<b>4,400,754</b>
<b>OPERATING EXPENSES</b>					
Personnel services		795,494	\$38,826	361,381	1,195,701
Contractual services			4,197	181,861	186,058
Supplies	\$3,366	162,709		8,281	174,356
Utilities		38,744		6,159	44,903
Repairs and maintenance		505,532		421	505,953
Vehicle maintenance and operations		521			521
Interdepartmental				12,580	12,580
Insurance		9,550		1,676,876	1,686,426
Claims				347,392	347,392
Depreciation	64,155	245,648			309,803
Miscellaneous		9,928	22,306	34,343	66,577
<b>Total Operating Expenses</b>	<b>67,521</b>	<b>1,768,126</b>	<b>65,329</b>	<b>2,629,294</b>	<b>4,530,270</b>
<b>Total Operating Income (Loss)</b>	<b>(67,521)</b>	<b>361,884</b>	<b>(65,329)</b>	<b>(358,550)</b>	<b>(129,516)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	1,931	3,348	63,317	43,446	112,042
Intergovernmental grants		188,497			188,497
Gain (Loss) from sale of capital assets	23,858	8,150			32,008
Interest (expense)		(1,540)			(1,540)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>25,789</b>	<b>198,455</b>	<b>63,317</b>	<b>43,446</b>	<b>331,007</b>
<b>Change in Net Position</b>	<b>(41,732)</b>	<b>560,339</b>	<b>(2,012)</b>	<b>(315,104)</b>	<b>201,491</b>
<b>BEGINNING 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>
<b>ENDING NET POSITION</b>	<b>\$883,479</b>	<b>\$2,417,563</b>	<b>\$3,337,992</b>	<b>\$3,269,175</b>	<b>\$9,908,209</b>

CITY OF MANTECA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014

	Vehicle	Equipment	Payroll Tax Benefit Allocation	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$2,627	\$2,130,010	\$48,782	\$2,277,955	\$4,459,374
Payments to suppliers	(7,164)	(682,009)	31,236	(1,816,837)	(2,474,774)
Payments to employees		(795,691)	(17,830)	(353,886)	(1,167,407)
Internal activity - payments to other funds				(12,580)	(12,580)
Receipts on employee notes receivable			7,188		7,188
Claims paid				(347,392)	(347,392)
<b>Cash Flows from (used by) Operating Activities</b>	<u>(4,537)</u>	<u>652,310</u>	<u>69,376</u>	<u>(252,740)</u>	<u>464,409</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(24,685)	(686,802)			(711,487)
Proceeds from sale of capital assets	27,224	8,150			35,374
Capital grants		188,497			188,497
Payments on capital leases		(83,789)			(83,789)
Interest paid on capital lease obligations		(1,540)			(1,540)
<b>Cash Flows from (used by) Capital and Related Financing Activities</b>	<u>2,539</u>	<u>(575,484)</u>			<u>(572,945)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest earnings	2,439	1,628	63,513	46,747	114,327
<b>Cash Flows from Investing Activities</b>	<u>2,439</u>	<u>1,628</u>	<u>63,513</u>	<u>46,747</u>	<u>114,327</u>
<b>Net Cash Flows</b>	<u>441</u>	<u>78,454</u>	<u>132,889</u>	<u>(205,993)</u>	<u>5,791</u>
Cash and investments at beginning of period	738,944	1,346,580	9,430,678	6,692,324	18,208,526
Cash and investments at end of period	<u>\$739,385</u>	<u>\$1,425,034</u>	<u>\$9,563,567</u>	<u>\$6,486,331</u>	<u>\$18,214,317</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>					
Operating income (loss)	(\$67,521)	\$361,884	(\$65,329)	(\$358,550)	(\$129,516)
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>					
Depreciation	64,155	245,648			309,803
<b>Change in assets and liabilities:</b>					
Receivables, net	2,627		48,782	7,211	58,620
Prepaid items				(2,783)	(2,783)
Related party notes receivable			7,188		7,188
Accounts and other payables	(3,798)	44,975	(221)	93,887	134,843
Accrued liabilities		(197)	57,960		57,763
Compensated absences			20,996		20,996
OPEB liability				7,495	7,495
<b>Cash Flows from (used by) Operating Activities</b>	<u>(4,537)</u>	<u>\$652,310</u>	<u>\$69,376</u>	<u>(252,740)</u>	<u>\$464,409</u>
<b>NONCASH TRANSACTIONS</b>					
Retirement of capital assets, net	<u>(\$3,366)</u>				<u>(\$3,366)</u>

## 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, 2014

<u>AGENCY FUND</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
<u>Assets</u>				
Cash and investments	<u>\$5,351</u>			<u>\$5,351</u>
Total Assets	<u><u>\$5,351</u></u>			<u><u>\$5,351</u></u>
<u>Liabilities</u>				
Due to stakeholders	<u>\$5,351</u>			<u>\$5,351</u>
Total Liabilities	<u><u>\$5,351</u></u>			<u><u>\$5,351</u></u>

## STATISTICAL SECTION

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

### ***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balance of Governmental Funds
4. Changes in Fund Balances of Governmental Funds
5. General Revenues by Source
6. General Expenditures by Function

### ***Revenue Capacity***

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections
5. Manteca Redevelopment Project Area No.1 – Top Twenty Assessed Values
6. Manteca Redevelopment Project Area No.2 – Top Twenty Assessed Values
7. Manteca Redevelopment Merged Project Area (2005 Merged Project Amended Area) – Top Twenty Assessed Values
8. Manteca Redevelopment Merged Project Area (2004 Amended Area) – Top Twenty Assessed Values
9. Taxable Sales by Category
10. Direct and Overlapping Sales Tax Rates
11. Principal Sales Tax Payers

### ***Debt Capacity***

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Ratio of General Bonded Debt Outstanding
3. Computation of Direct and Overlapping Debt
4. Computation of Legal Bonded Debt Margin
5. Revenue Bond Coverage – Water Revenue Bonds
6. Revenue Bond Coverage – Sewer Revenue Bonds
7. Bonded Debt Pledged Revenue Coverage -- Redevelopment Agency Tax Allocation Bonds

<b>STATISTICAL SECTION (Continued)</b>
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***Demographic and Economic Information***

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

1. Demographic and Economic Statistics
2. Principal Employers

***Operating Information***

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

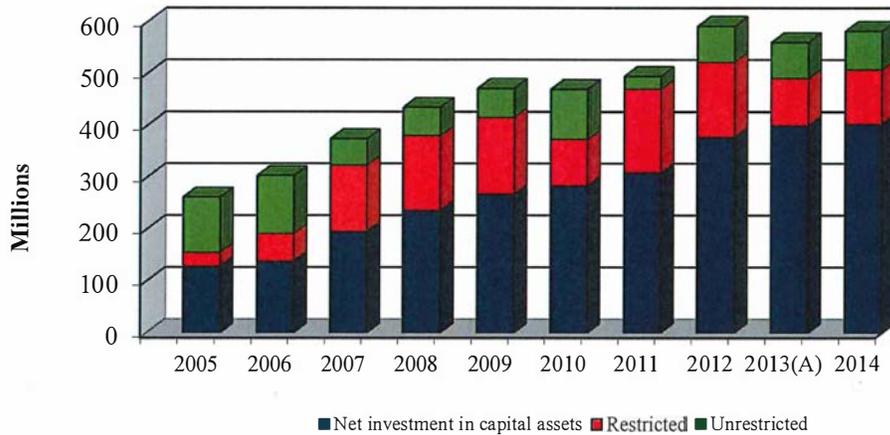
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Crime Policy Notary and Security Bonds of Principal Officials

***Sources***

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

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



	2005	2006	June 30, 2007	2008	2009
<b>Governmental activities</b>					
Net investment in capital assets	\$95,413,706	\$82,465,803	\$110,719,509	\$141,625,313	\$168,403,886
Restricted	26,535,767	53,336,395	128,104,351	144,023,997	148,127,615
Unrestricted	42,201,801	61,236,153	7,997,825	3,984,025	(2,956,474)
<b>Total governmental activities net position</b>	<b>\$164,151,274</b>	<b>\$197,038,351</b>	<b>\$246,821,685</b>	<b>\$289,633,335</b>	<b>\$313,575,027</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$33,903,758	\$56,612,330	\$85,696,108	\$95,592,559	\$100,051,333
Unrestricted	64,594,406	50,613,502	42,834,995	50,615,963	58,841,297
<b>Total business-type activities net position</b>	<b>\$98,498,164</b>	<b>\$107,225,832</b>	<b>\$128,531,103</b>	<b>\$146,208,522</b>	<b>\$158,892,630</b>
<b>Primary government</b>					
Net investment in capital assets	\$129,317,464	\$139,078,133	\$196,415,617	\$237,217,872	\$268,455,219
Restricted	26,535,767	53,336,395	128,104,351	144,023,997	148,127,615
Unrestricted	106,796,207	111,849,655	50,832,820	54,599,988	55,884,823
<b>Total primary government net position</b>	<b>\$262,649,438</b>	<b>\$304,264,183</b>	<b>\$375,352,788</b>	<b>\$435,841,857</b>	<b>\$472,467,657</b>

(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".

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

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

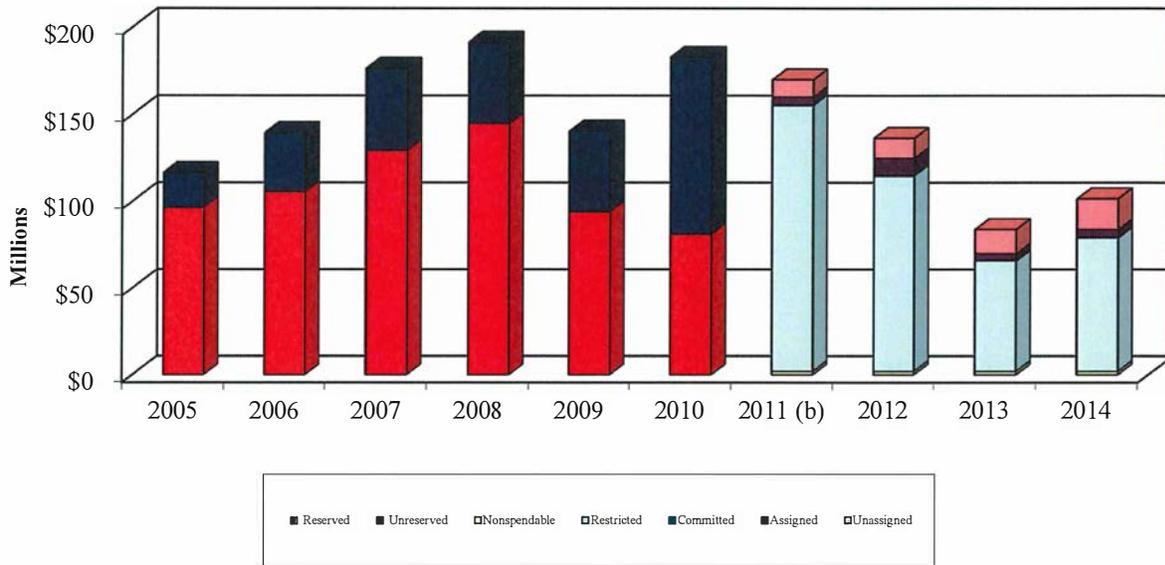
	Fiscal Year Ended June 30,				
	2005	2006	2007	2008	2009
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
General Government	\$2,689,034	\$3,101,277	\$3,534,631	\$5,520,665	\$5,058,599
Community Development	3,179,472	3,612,393	7,211,719	6,932,523	5,829,037
Public Safety	18,007,598	19,174,823	20,392,894	23,982,219	27,534,943
Library	149,066	136,299	152,824	157,466	136,037
Public Works	4,242,238	3,770,569	5,070,777	4,726,065	3,901,601
Parks and Recreation	4,181,382	4,670,081	5,824,783	7,260,986	7,941,094
Streets and Highways	4,168,396	4,527,550	3,894,616	4,843,101	5,112,187
Interest and Fiscal Charges	3,144,190	6,250,427	5,819,231	7,029,436	6,035,886
<b>Total Governmental Activities Expenses</b>	<b>39,761,376</b>	<b>45,243,419</b>	<b>51,901,475</b>	<b>60,452,461</b>	<b>61,549,384</b>
<b>Business-Type Activities:</b>					
Water	6,658,946	10,656,869	10,715,712	12,291,710	12,667,365
Sewer	8,890,124	10,430,995	10,536,235	10,511,796	11,067,524
Solid Waste	6,384,377	6,726,094	7,193,512	7,717,703	8,712,715
Golf	1,281,187	1,324,738	1,326,557	1,170,939	1,244,412
<b>Total Business-Type Activities Expenses</b>	<b>23,214,634</b>	<b>29,138,696</b>	<b>29,772,016</b>	<b>31,692,148</b>	<b>33,692,016</b>
<b>Total Primary Government Expenses</b>	<b>\$62,976,010</b>	<b>\$74,382,115</b>	<b>\$81,673,491</b>	<b>\$92,144,609</b>	<b>\$95,241,400</b>
<b>Program Revenues:</b>					
<b>Governmental Activities:</b>					
<b>Charges for Services:</b>					
General Government	\$3,333,396	\$3,548,649	\$5,795,799	\$3,865,283	\$3,863,991
Community Development	2,639,435	4,556,434	2,849,501	2,104,057	990,726
Public Safety	751,415	883,380	1,018,344	1,173,161	1,295,958
Public Works	49,776	42,398	15,984		
Parks and Recreation	1,082,800	1,041,600	922,124	1,590,320	1,657,534
Streets and Highways		164,000	340,938	164,000	164,000
Operating Grants and Contributions	4,016,078	3,971,741	4,331,741	7,075,977	4,317,151
Capital Grants and Contributions	9,626,053	16,587,571	28,202,450	30,997,048	25,070,949
<b>Total Government Activities Program Revenues</b>	<b>21,498,953</b>	<b>30,795,773</b>	<b>43,476,881</b>	<b>46,969,846</b>	<b>37,360,309</b>
<b>Business-Type Activities:</b>					
<b>Charges for Services:</b>					
Water	10,610,544	11,919,612	14,900,645	14,825,250	13,291,670
Wastewater	16,807,866	14,639,742	19,304,123	16,137,851	15,084,085
Solid Waste	6,665,600	7,166,076	7,769,529	7,996,902	7,994,026
Golf	1,149,984	1,140,547	1,170,209	1,198,976	1,196,998
Operating Grants and Contributions					
Capital Grants and Contributions	5,808,805	467,072	4,253,941	4,756,193	4,480,489
<b>Total Business-Type Activities Program Revenue</b>	<b>41,042,799</b>	<b>35,333,049</b>	<b>47,398,447</b>	<b>44,915,172</b>	<b>42,047,268</b>
<b>Total Primary Government Program Revenues</b>	<b>\$62,541,752</b>	<b>\$66,128,822</b>	<b>\$90,875,328</b>	<b>\$91,885,018</b>	<b>\$79,407,577</b>
<b>Net (Expense)/Revenue:</b>					
Governmental Activities	(\$18,262,423)	(\$14,447,646)	(\$8,424,594)	(\$13,482,615)	(\$24,189,075)
Business-Type Activities	17,828,165	6,194,353	17,626,431	13,223,024	8,355,252
<b>Total Primary Government Net Expense</b>	<b>(\$434,258)</b>	<b>(\$8,253,293)</b>	<b>\$9,201,837</b>	<b>(\$259,591)</b>	<b>(\$15,833,823)</b>
<b>General Revenues and Other</b>					
<b>Changes in Net Position:</b>					
<b>Governmental Activities:</b>					
<b>Taxes:</b>					
Property Taxes	\$17,691,016	\$20,549,378	\$25,849,273	\$27,228,016	\$27,225,355
Sales Taxes	6,097,917	6,431,206	6,356,704	9,779,701	9,278,231
Other Taxes	3,602,415	3,812,202	4,112,928	3,940,114	3,854,252
Interest Earnings	1,471,001	1,961,103	4,369,508	7,243,110	4,641,537
<b>Intergovernmental:</b>					
Motor Vehicle In-Lieu	1,332,594	405,607	406,742	308,149	244,605
Grants	285,507	427,720	520,630	312,945	418,794
Other Revenue	4,597,246	1,002,262	2,833,230	3,745,107	1,625,719
Developer Contributions		12,949,245	13,782,813	3,737,123	842,274
Gain From Sale of Capital Assets					
Transfers, net					
Extraordinary item	33,780	(204,000)	(23,900)		
<b>Total Government Activities</b>	<b>35,111,476</b>	<b>47,334,723</b>	<b>58,207,928</b>	<b>56,294,265</b>	<b>48,130,767</b>
<b>Business-Type Activities:</b>					
Interest Earnings	1,812,237	2,030,279	3,292,440	4,079,798	3,891,990
Other Revenue	1,039,011	299,036	362,500	374,597	436,866
Gain From Sale of Capital Assets					
Developer Contributions					
Transfers, net	(33,780)	204,000	23,900		
<b>Total Business-Type Activities</b>	<b>2,817,468</b>	<b>2,533,315</b>	<b>3,678,840</b>	<b>4,454,395</b>	<b>4,328,856</b>
<b>Total Primary Government</b>	<b>\$37,928,944</b>	<b>\$49,868,038</b>	<b>\$61,886,768</b>	<b>\$60,748,660</b>	<b>\$52,459,623</b>
<b>Change in Net Position:</b>					
Governmental Activities	\$16,849,053	\$32,887,077	\$49,783,334	\$42,811,650	\$23,941,692
Business-Type Activities	20,645,633	8,727,668	21,305,271	17,677,419	12,684,108
<b>Total Primary Government</b>	<b>\$37,494,686</b>	<b>\$41,614,745</b>	<b>\$71,088,605</b>	<b>\$60,489,069</b>	<b>\$36,625,800</b>

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

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

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

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



	<b>June 30,</b>				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund:					
Reserved	\$844,083	\$1,214,042	\$1,420,277	\$1,681,076	\$1,822,967
Unreserved	12,471,649	14,775,570	16,466,493	12,798,045	13,346,867
Nonspendable					
Assigned					
Unassigned					
<b>Total General Fund</b>	<u>\$13,315,732</u>	<u>\$15,989,612</u>	<u>\$17,886,770</u>	<u>\$14,479,121</u>	<u>\$15,169,834</u>
All Other Governmental Funds:					
Reserved	\$95,429,682	\$104,085,913	\$127,534,384	\$142,845,030	\$91,946,949
Unreserved, reported in:					
Special revenue funds	7,510,708	18,239,405	28,916,559	31,681,735	26,977,907
Capital project funds		869,510	1,931,318	2,054,083	5,923,572
Nonspendable					
Restricted					
Committed					
Assigned					
Unassigned					
<b>Total All Other Governmental Funds</b>	<u>\$102,940,390</u>	<u>\$123,194,828</u>	<u>\$158,382,261</u>	<u>\$176,580,848</u>	<u>\$124,848,428</u>

(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.

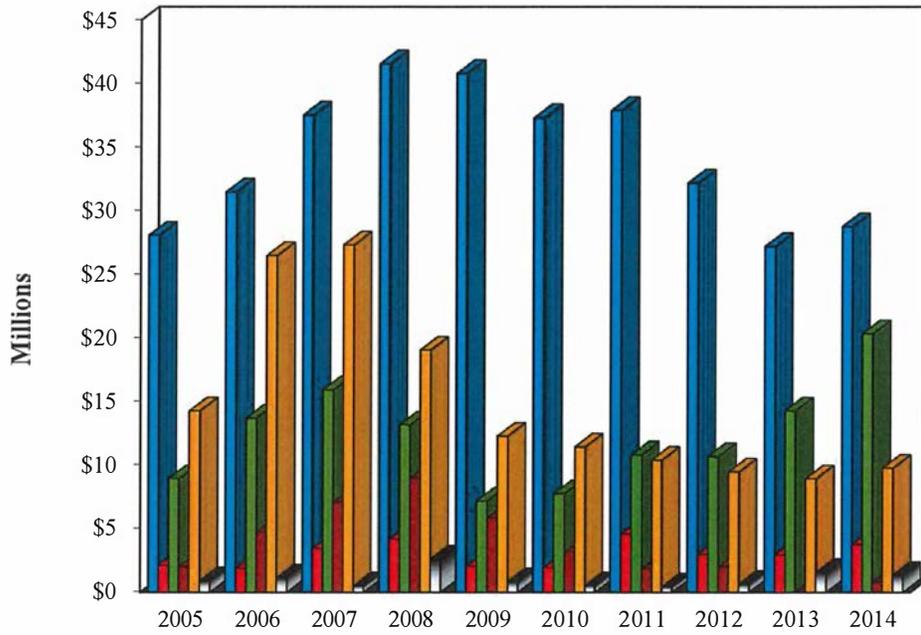
<u>2010</u>	<u>2011 (b)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$1,917,928				
10,137,693				
	\$1,716,914	\$1,773,218	\$1,914,952	\$1,926,248
	24,329	134,186	38,600	22,092
	10,746,187	11,358,781	13,897,866	17,736,555
<u>\$12,055,621</u>	<u>\$12,487,430</u>	<u>\$13,266,185</u>	<u>\$15,851,418</u>	<u>\$19,684,895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

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

	Fiscal Year Ended June 30,				
	2005	2006	2007	2008	2009
<b>Revenues</b>					
Taxes	\$28,064,714	\$31,488,644	\$37,519,811	\$41,549,587	\$40,802,726
Licenses, permits and fees	2,101,007	1,876,789	3,421,479	4,154,266	2,018,165
Fines and forfeitures	246,088	265,458	189,764	292,224	289,147
Use of money and property	1,992,315	4,748,065	7,074,383	8,974,771	5,833,346
Revenue from other agencies	8,930,535	13,689,426	15,910,594	13,160,419	7,173,063
Charges for services	14,260,891	26,472,384	27,309,138	19,036,847	12,260,805
Other	660,999	877,815	307,132	2,307,519	538,817
<b>Total Revenues</b>	<b>56,256,549</b>	<b>79,418,581</b>	<b>91,732,301</b>	<b>89,475,633</b>	<b>68,916,069</b>
<b>Expenditures</b>					
Current:					
General government	2,658,200	2,873,724	3,379,358	4,988,101	4,320,817
Community development	3,256,415	8,083,105	7,239,389	6,142,052	6,495,974
Public safety	17,335,511	18,520,266	19,719,694	23,235,778	24,182,106
Library	139,410	127,646	141,817	147,961	131,234
Public works	3,614,271	3,203,484	4,226,997	4,009,469	4,214,766
Parks and recreation	3,984,346	4,390,584	4,665,686	5,724,593	6,090,427
Streets and highways	2,849,672	2,237,078	2,761,592	2,818,412	2,533,710
Nondepartmental	527,452	695,662	936,759	1,213,134	1,393,965
Supplemental Educational Revenue					
Augmentation Fund payment					
Capital outlay	20,265,542	50,548,786	27,925,988	22,006,218	13,568,055
Debt service:					
Principal repayment	415,958	1,132,576	1,060,081	1,168,248	1,983,377
Interest and fiscal charges	3,124,877	5,596,017	5,705,160	7,119,245	6,100,146
<b>Total Expenditures</b>	<b>58,171,654</b>	<b>97,408,928</b>	<b>77,762,521</b>	<b>78,573,211</b>	<b>71,014,577</b>
Excess (deficiency) of revenues over (under) expenditures	(1,915,105)	(17,990,347)	13,969,780	10,902,422	(2,098,508)
<b>Other Financing Sources (Uses)</b>					
Transfers in	6,106,435	11,000,206	20,402,679	7,348,134	9,459,738
Transfers (out)	(6,071,571)	(11,204,206)	(21,191,440)	(8,071,719)	(9,459,738)
Issuance of long-term debt	31,235,000	50,760,000	22,675,000		
Bond issuance premium	217,653		105,544		
Proceeds from capital lease obligations				1,055,000	164,949
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>37,042,762</b>	<b>40,918,665</b>	<b>23,114,811</b>	<b>3,888,516</b>	<b>164,949</b>
<b>Net Change in Fund Balances</b>	<b>\$35,127,657</b>	<b>\$22,928,318</b>	<b>\$37,084,591</b>	<b>\$14,790,938</b>	<b>(\$1,933,559)</b>
Debt service as a percentage of noncapital expenditures	6.5%	7.4%	9.5%	11.8%	14.3%

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$37,315,264	\$37,885,239	\$32,190,532	\$27,184,087	\$28,753,641
1,887,780	4,550,326	2,970,397	2,934,737	3,731,526
227,372	182,835	322,653	296,262	337,288
3,126,330	1,851,487	2,007,087	24,727	775,017
7,750,146	10,792,463	10,672,408	14,262,235	20,324,768
11,423,374	10,379,307	9,453,285	8,928,001	9,755,068
295,478	222,860	321,242	1,268,428	1,010,619
<u>62,025,744</u>	<u>65,864,517</u>	<u>57,937,604</u>	<u>54,898,477</u>	<u>64,687,927</u>
3,096,572	2,741,890	2,388,310	2,667,341	2,585,212
7,169,691	18,246,166	4,268,143	2,022,147	2,076,066
23,849,627	23,015,102	21,935,765	22,237,001	22,661,015
120,917	112,092	87,158	105,483	104,939
4,091,100	3,636,835	2,942,711	3,116,806	3,074,652
5,132,634	4,864,431	4,874,253	5,098,332	5,303,386
1,970,408	1,978,593	1,995,725	2,486,394	1,903,753
1,904,961	2,334,370	2,276,198	2,323,236	2,602,469
6,664,258	1,372,053			
6,438,353	12,950,145	14,539,693	22,003,541	5,963,377
2,155,866	2,724,044	3,000,250	2,181,486	450,222
<u>5,965,342</u>	<u>6,380,457</u>	<u>3,415,000</u>	<u>148,895</u>	<u>105,935</u>
<u>68,559,729</u>	<u>80,356,178</u>	<u>61,723,206</u>	<u>64,390,662</u>	<u>46,831,026</u>
<u>(6,533,985)</u>	<u>(14,491,661)</u>	<u>(3,785,602)</u>	<u>(9,492,185)</u>	<u>17,856,901</u>
217,832	59,989,059	1,603,423	5,271,444	2,015,513
(217,832)	(59,549,174)	(1,624,923)	(5,271,444)	(2,180,663)
	969,360			
	192,760	500	721,883	12,506
		(29,778,417)	(43,670,205)	
	<u>1,602,005</u>	<u>(29,799,417)</u>	<u>(42,948,322)</u>	<u>(152,644)</u>
<u>(\$6,533,985)</u>	<u>(\$12,889,656)</u>	<u>(\$33,585,019)</u>	<u>(\$52,440,507)</u>	<u>\$17,704,257</u>
12.9%	13.2%	13.5%	5.5%	1.4%

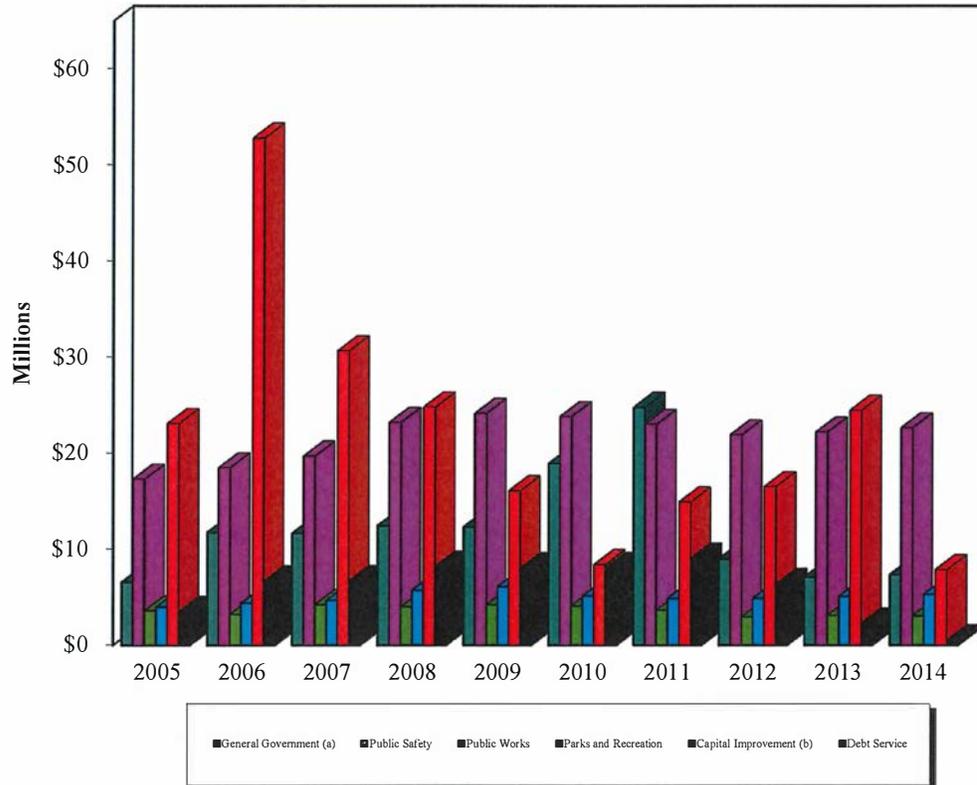
**CITY OF MANTECA  
GENERAL REVENUES BY SOURCE  
ALL GOVERNMENTAL FUND TYPES  
LAST TEN FISCAL YEARS**



<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>
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
2014	28,753,641	3,731,526	20,324,768	775,017	9,755,068	1,347,907	64,687,927

Source: City Operating Budget and City Annual Financial Report

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

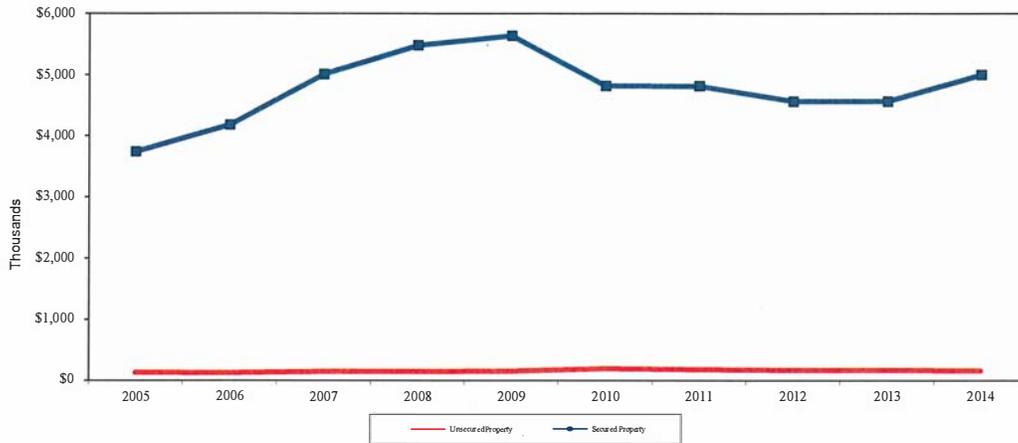


<b>Fiscal Year</b>	<b>General Government (a)</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Parks and Recreation</b>	<b>Capital Improvement (b)</b>	<b>Debt Service</b>	<b>Total</b>
2005	\$6,581,477	\$17,335,511	\$3,614,271	\$3,984,346	\$23,115,214	\$3,540,835	\$58,171,654
2006	11,780,137	18,520,266	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
2014	7,368,686	22,661,015	3,074,652	5,303,386	7,867,130	556,157	46,831,026

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**

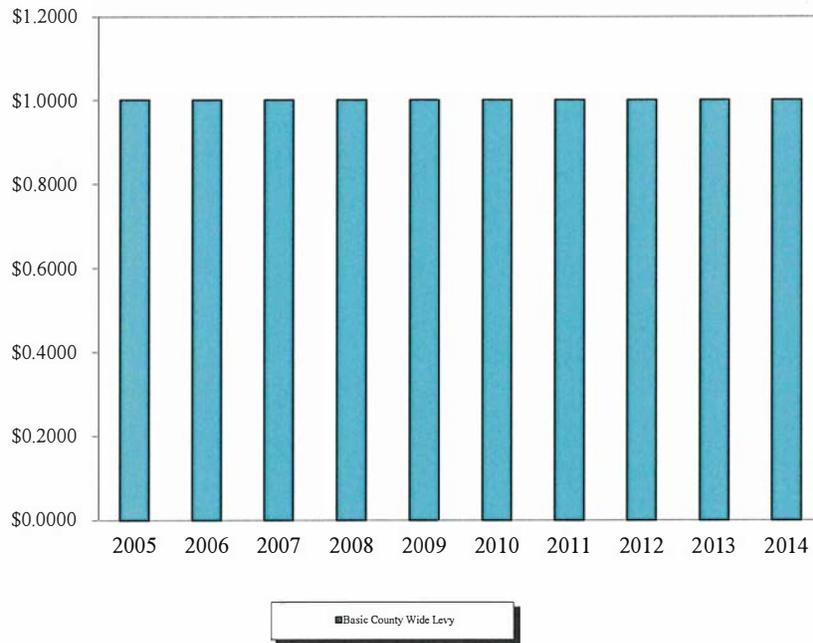


Fiscal Year	Real Property			Total Real Secured Property	(Less) Exemption	Public Utility	Net Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Land Property	Improvements Property	Personal Property								
2005	\$1,175,617	\$2,524,656	\$41,300	\$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	1,298,422	3,226,786	41,833	4,567,041	(172,348)	1,536	4,396,229	169,664	4,565,893	4,565,893	1%
2013	1,303,784	3,227,682	41,881	4,573,347	(180,202)	1,536	4,394,681	171,505	4,566,186	4,566,186	1%
2014	1,557,732	3,408,740	56,548	5,023,020	(186,738)	1,346	4,837,628	164,543	5,002,171	5,002,171	1%

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**



<b>Fiscal Year</b>	<b>Basic County Wide Levy</b>	<b>Total</b>
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
2014	1.0000	1.0000

Source: San Joaquin County Assessors Office

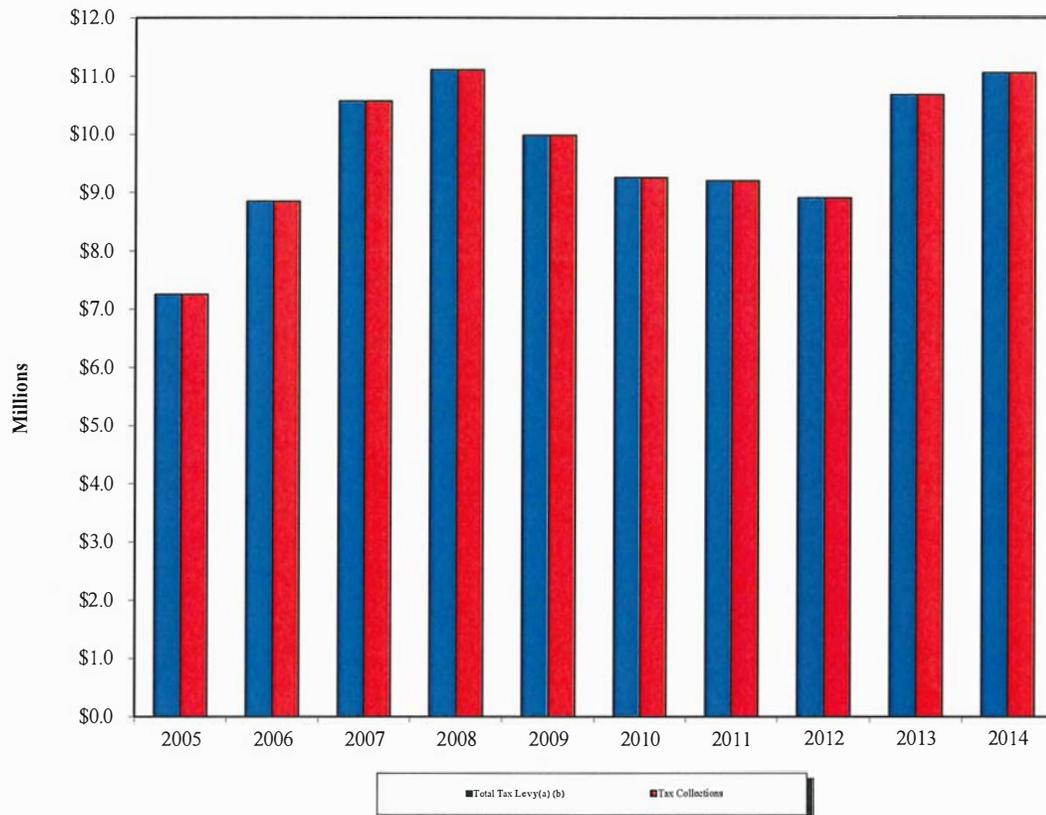
Note: The above ratios are expressed as dollars assessed per \$100 of assessed valuation

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

Taxpayer	2013-2014		2004-05	
	Type of Business	Percentage of Total City Taxable Assessed Value	Type of Business	Percentage of Total City Taxable Assessed Value
MantecaLifestyle Center LLC	Shopping Center	1.78%		
Pulte Home Corp	Residential Development	1.15%		
Millard Refrigerated Services Inc	Cold Storage	0.94%		
Pivotal 650 California St. LLC	Shopping Center	0.77%		
Paseo Apartments LLC	Apartments	0.59%		
Prologis	Warehouse	0.55%		
Edward J & Dolores M Cardoza	Shopping Center	0.51%		
Centerpointe Properties Trust	Industrial	0.49%		
Duke Realty LP	Warehouse	0.49%		
Costco Wholesale Corporation	Commercial Store	0.48%		
Doctors Hospital of Manteca Inc.	Hospital	0.37%		
RybaReal Estate Inc.	Shopping Center	0.33%		
Wal Mart Realty Company	Commercial Stores	0.29%		
John J. and Eleanor L. Vierra	Residential Properties	0.26%	Apartments	0.69%
Yip Holdings Five LLC	Shopping Center	0.26%		
430 North Union Road LLC	Office Building	0.26%		
Stonegate Apartments LLC	Apartments	0.26%		
Mission Ridge Plaza LP	Shopping Center	0.25%		
Kohl's Department Stores Inc.	Shopping Center	0.24%		
Target Corp.	Shopping Center	0.23%	Commercial Store	1.17%
Manteca Spreckels Bts LLC			Industrial	2.34%
Metropolitan Life Ins Co Corp.			Industrial	2.20%
Western Properties Trust			Commercial Store	1.41%
Manteca Vintae Estates LLP			Residential Properties	1.20%
Manteca Associates LP			Industrial	1.19%
Spreckles Shopping Center LLC			Shopping Center	1.04%
HD Development of Maryland Inc			Commercial Store	0.98%
Mervyns Corp			Commercial Store	0.89%
Cranbrook Realty Investment Fund I			Warehouse	0.87%
Daniel M Sarich			Industrial	0.85%
Brocchini Family Partnership LP			Medical Building	0.80%
DRD Properties Partnership			Hotel	0.60%
Petaluma Investment Properties			Commercial Store	0.56%
Savemart Supermarket Corp			Commercial Store	0.55%
Chevron USA Incc			Gas Stations	0.52%
Frito Lay Inc			Industrial	0.47%
Lyons Investment LP			Commercial Store	0.45%
SCP Manteca LLC			Commercial Store	0.41%
Total		<u>10.50%</u>		<u>19.19%</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>
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%
2014	11,051,871	11,051,871	100.00%	0	11,051,871	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, 2014**

Property Owner	Primary Land Use	2013-14 Total Local Secured Assessed Valuation Project Area No. 1	
		2013-14 Assessed Valuation	% Total of Assessed Valuation
1 Doctors Hospital of Manteca Inc.	Hospital	\$18,309,401	3.04
2 Edward J. and Dolores M. Cardoza	Shopping Center	15,884,643	2.64
3 Wal Mart Realty Company	Commercial Store	13,331,474	2.21
4 Laurel Glen LLC	Apartments	10,451,000	1.73
5 Stonegate Apartments LLC	Apartments	9,361,651	1.55
6 B.R. Funsten & Co. Corp.	Warehouse	9,889,651	1.64
7 Raymus Development & Sales Inc.	Recreational	9,107,204	1.51
8 Lexington Trank Manteca Remainderman LP	Commercial Store	5,000,000	0.83
9 Portfolio Yosemite LLC	Shopping Center	4,036,152	0.67
10 Khatri Brothers Partnership	Hotel/Motel	5,215,442	0.87
11 Professional Maint Co Inc	Shopping Center	5,818,806	0.97
12 Miner San Joaquin Building Corp	Bank	5,111,447	0.85
13 North Main Storage LLC	Mini-Storage	5,098,515	0.85
14 Bjork Pamela Gianni	Commercial	4,695,923	0.78
15 MGLB LLC	Mini-Storage	3,802,427	0.63
16 SFP B LP	Commercial	4,106,892	0.68
17 Eckert Engineering Corp.	Warehouse	5,360,552	0.89
18 VFT Properties LLC	Apartments	4,110,453	0.68
19 Hensley Investment Company	Office Building	3,700,000	0.61
20 Extra Space Prop Twenty Five LLC	Mini-Storage	3,520,605	0.58
		\$145,912,238	24.21%

Source: California Municipal Statistics, Inc

**CITY OF MANTECA  
 MANTECA REDEVELOPMENT PROJECT AREA NO. 2  
 TOP TWENTY ASSESSED VALUES  
 June 30, 2014**

		2013-14 Total Local Secured Assessed Valuation Project Area No. 2	
		\$1,066,511,236	
Property Owner	Primary Land Use	2013-14 Assessed Valuation	% of Total Assessed Valuation
1 Pivotal 650 California St. LLC	Shopping Center	\$37,596,465	3.53
2 Millard Refrigerated Services Inc.	Cold Storage	46,205,877	4.33
3 Costco Wholesale Corporation	Commercial Store	23,642,049	2.22
4 Duke Realty LP	Warehouse	24,000,000	2.25
5 Prologis	Warehouse	27,050,400	2.54
6 Mission Ridge Plaza LP	Shopping Center	12,508,357	1.17
7 Yip Holdings Five LLC	Shopping Center	12,860,000	1.21
8 Kohl's Department Stores Inc.	Shopping Center	11,965,096	1.12
9 Catellus Operating LP	Cold Storage	7,900,000	0.74
10 Target Corp.	Shopping Center	11,398,075	1.07
11 277 Commerce Ave. LLC	Shopping Center	10,666,501	1.00
12 HD Development of Maryland Inc.	Commercial Store	9,155,077	0.86
13 Daniel M. Sarich	Light Industrial	8,628,121	0.81
14 Manteca Associates LP	Light Industrial	8,000,000	0.75
15 Brocchini Family Partnership LP	Office Building	7,925,774	0.74
16 John J. and Eleanor L. Vierra	Residential Properties	5,573,384	0.52
17 Cranbrook Realty Invest Fund LP	Warehouse	7,200,000	0.68
18 Realty Income Properties	Commercial Store	7,224,000	0.68
19 Chevron USA Inc	Gas Station/Mini-Mart	5,739,383	0.54
20 DRD Properties Partnership	Hotel/Motel	5,261,477	0.49
		\$290,500,036	27.24%

Source: California Municipal Statistics, Inc

**CITY OF MANTECA  
 MANTECA REDEVELOPMENT MERGED PROJECT AREA  
 TOP TWENTY ASSESSED VALUES  
 June 30, 2014**

		2013-14 Total Local Secured Assessed Valuation 2005 Merged Project Amended Area			
Property Owner	Primary Land Use	2013-14 Assessed Valuation	% of Total Assessed Valuation		
1 Gasspecs Inc.	Service Station	\$2,746,687	15.74		
2 Kelly Mah	Commercial Land	871,578	5.00		
3 Major Singh Brar	Commercial Land	750,000	4.30		
4 Chattarpal S. Pabla	Multi-Family Residential	315,000	1.81		
5 David L. Peters	Truck Terminals	669,762	3.84		
6 Jagmohan S. and Jaspinder K. Kailey	Residential	470,000	2.69		
7 Jose Rene Diaz	Commercial Land	1,199,835	6.88		
8 Jasvir Singh	Light Industrial	546,210	3.13		
9 Karin T. Meyer	Commercial	993,334	5.69		
10 Dale A. and April D. Matts	Residential	325,414	1.87		
11 Natalyn J. and Thomas E. Bergman, Jr.	Residential	283,000	1.62		
12 John N. and Galatia Aretakis	Residential	283,022	1.62		
13 Kyung han and Mi Jwa Yoon	Residential	450,000	2.58		
14 Loan Anh Nguyen	Commercial	281,432	1.61		
15 Hiway Farm LLC	Commercial Land	350,000	2.01		
16 Bachan Singh	Residential	300,900	1.72		
17 THR California LP	Residential	279,024	1.60		
18 Guadalupe and Eva Anaya	Residential	254,154	1.46		
19 Robert L. and Dorthy F. Mack	Residential	938,003	5.38		
20 Nouveau Devarise Alain tchouanyo	Residential	255,000	1.46		
		<u>\$12,562,355</u>	<u>72.01%</u>		

Source: California Municipal Statistics, Inc

**CITY OF MANTECA  
 MANTECA REDEVELOPMENT MERGED PROJECT AREA  
 TOP TWENTY ASSESSED VALUES  
 June 30, 2014**

		2013-14 Total Local Secured Assessed Valuation 2004 Amended Area	
		\$152,355,271	
Property Owner	Primary Land Use	2013-2014 Assessed Valuation	% of Total Assessed Valuation
1 Manteca Lifestyle Center LLC	Shopping Center	\$87,466,346	57.41
2 JC Penney Properties Inc.	Shopping Center	10,628,264	6.98
3 Manteca Lodging LLC	Commercial	8,993,152	5.90
4 Westcore Louise LP	Light Industrial	3,275,719	2.15
5 BS Family Partnership	Commercial	5,000,000	3.28
6 Lanting Family LLC	Truck Terminal	6,350,995	4.17
7 Sunny Valley Smoked Meats	Food Processing	3,000,000	1.97
8 Tesoro Commons LLC	Residential Properties	2,247,000	1.47
9 Ergonis Land Co. LP	Light Industrial	1,744,470	1.15
10 D'Ambrosio Brothers Invest Co. LP	Industrial Land	1,468,344	0.96
11 Atherton Woodward Partners LLC	Residential Properties	1,799,460	1.18
12 Gateway Storage of Manteca LLC	Industrial Land	700,000	0.46
13 West Yosemite Properties LLC	Light Industrial	825,500	0.54
14 John N. and Galatia Aretakis	Agricultural	708,520	0.47
15 Rajwinder Singh Bahia	Residential Properties	653,588	0.43
16 Harold and Dorothy Hahn Family LP	Light Industrial	641,225	0.42
17 Yosemite Square Business Park LLC	Commercial Land	704,666	0.46
18 Victor M. and Emma L. Marquez	Residential	482,488	0.32
19 AT&T Communications of CA Inc.	Communications	690,000	0.45
20 RLD Partners LP	Residential	458,000	0.30
		<u>\$137,837,737</u>	<u>90.47%</u>

Source: California Municipal Statistics, Inc

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

	2004-05	2005-06	2006-07	(a) 2007-08	2008-09
Department Stores	\$1,186,968	\$1,251,833	\$1,324,554	\$1,846,689	\$2,154,887
Restaurants	572,478	659,296	661,202	1,064,486	1,087,886
Service Stations	563,113	610,707	637,078	1,102,709	1,010,053
Heavy Industry	261,651	290,961	324,430	361,635	449,962
Recreation Products	65,004	69,818	64,787	84,655	387,863
Auto Sales - New	1,275,514	1,263,808	1,102,834	1,246,154	759,321
Building Materials Retail	674,532	778,461	628,915	797,176	659,120
Food Markets	411,373	425,278	453,182	605,581	572,612
Misc. Retail	231,147	248,307	252,946	523,784	500,490
Misc. Vehicle Sales	491,384	573,402	524,006	577,442	374,187
Apparel Stores	58,603	84,842	90,104	243,498	292,745
Auto Parts/Repair	234,954	229,195	234,558	396,108	338,226
Building Materials Wholesale	255,252	348,829	441,784	648,275	555,017
All Other Outlets	700,211	762,558	821,784	1,444,475	1,394,925
Total	<u>\$6,982,184</u>	<u>\$7,597,295</u>	<u>\$7,562,164</u>	<u>\$10,942,667</u>	<u>\$10,537,294</u>

Source: MuniServices

Note (a) First year Public Safety sales tax reported

<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
\$2,504,586	\$2,634,244	\$2,737,676	\$2,879,701	\$2,878,701
1,066,537	1,131,793	1,202,018	1,300,958	1,412,611
891,765	1,019,526	1,206,488	1,332,043	1,333,135
399,960	499,472	524,169	573,362	696,146
510,777	566,090	559,345	704,107	735,508
620,224	738,893	692,308	829,842	955,105
579,490	592,270	644,140	678,348	705,532
606,726	655,720	686,840	680,249	683,054
528,252	564,526	589,354	614,958	679,940
293,129	295,464	380,867	425,809	493,387
371,358	387,530	423,972	514,182	553,447
327,137	325,349	362,288	386,810	420,052
449,941	464,294	495,552	472,167	443,909
<u>1,341,799</u>	<u>1,332,844</u>	<u>1,440,071</u>	<u>1,407,141</u>	<u>1,639,705</u>
<u>\$10,491,681</u>	<u>\$11,208,015</u>	<u>\$11,945,088</u>	<u>\$12,799,677</u>	<u>\$13,630,232</u>

**CITY OF MANTECA  
DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rate	Measure M	Measure K	State of California
2004-05	1.00		0.50	6.25 <sup>(a)</sup>
2005-06	1.00		0.50	6.25
2006-07	1.00	0.50 <sup>(b)</sup>	0.50 <sup>(b)</sup>	6.25
2007-08	1.00	0.50	0.50	6.25
2008-09	1.00	0.50	0.50	7.25 <sup>(c)</sup>
2009-10	1.00	0.50	0.50	7.25
2010-11	1.00	0.50	0.50	7.25
2011-12	1.00	0.50	0.50	6.25 <sup>(d)</sup>
2012-13	1.00	0.50	0.50	6.50 <sup>(e)</sup>
2013-14	1.00	0.50	0.50	6.50

Source: California State Board of Equalization

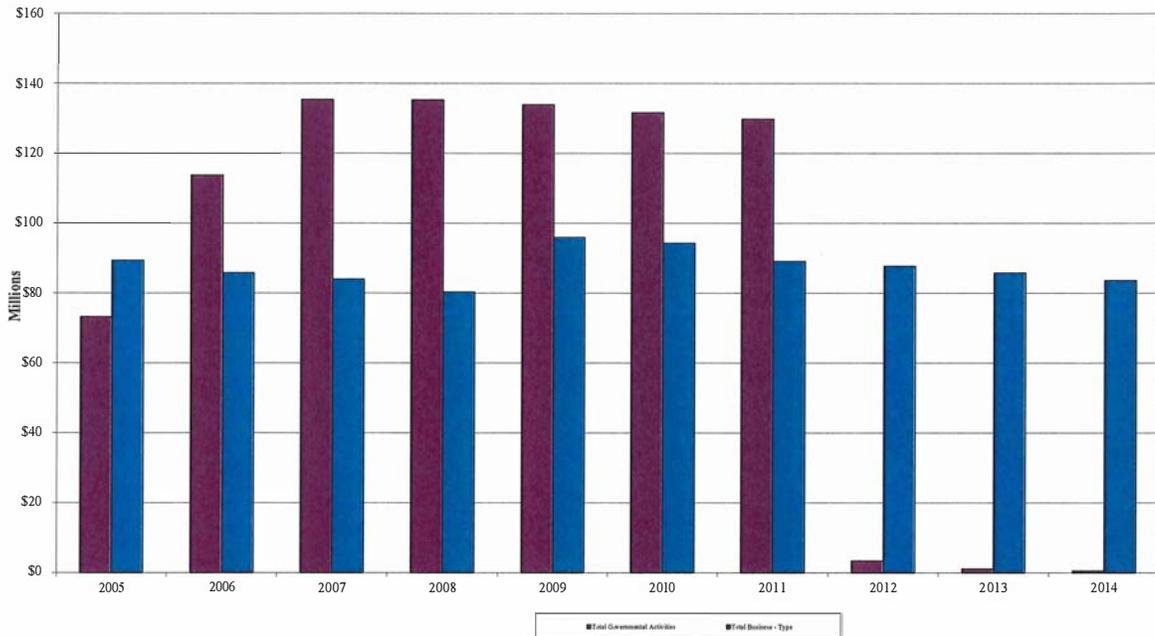
- <sup>(a)</sup> July 1, 2004 the State increased the State Rate .25%
- <sup>(b)</sup> November 2006 Measure K Renewal passes for 30 years and Measure M special tax passes
- <sup>(c)</sup> April 1, 2009 the State increased the State Rate 1%
- <sup>(d)</sup> July 1, 2011 the State decreased the State Rate 1%
- <sup>(e)</sup> On both July 1, 2012 and April 1, 2013 the State increased the State Rate .125%

**CITY OF MANTECA  
PRINCIPAL SALES TAX PAYERS  
FISCAL YEARS 2014 AND 2005  
IN ALPHABETICAL ORDER**

2013-14	2004-2005
Arco AM/PM Mini Marts	American Modular Systems
Bass Pro Shops Outdoor World	Arco AM/PM Mini Marts
Boats Direct	B. R. Funsten & Company
Cabral Chrysler Jeep Suzuki	Best RV Center
Chevron Service Stations	Central Valley Buick/Olds/Pontiac
Chevron Service Stations	Chevron Service Stations
Costco Wholesale	Country Nissan
Country Nissan	Curt Hughes Dodge
Global HVAC Distributors	Food 4 Less
Home Depot	Home Depot
J C Penney Company	K Mart Stores
J.M. Equipment	Malott's Honda/Yamaha/Suzuki
K Mart Stores	Manteca Ford/Mercury
Kohl's Department Stores	Manteca Trailer & Camper
Manteca Ford/Mercury	Mervyn's Department Store
Quik Stop Markets	One Stop Market
Roberts & Brune Company	Orchard Supply Hardware
Ross Stores	Save Mart Supermarkets
Save Mart Supermarkets	Sexton Chevrolet
Target Stores	Staples Office Superstore
TJ Max	Target Stores
Tom Duffy Company	Top Gun Drywall Supply
Valero Service Stations	Wal-Mart Stores
Wal-Mart Stores	Western Motors

Source: MuniServices

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



<b>Governmental Activities</b>									
Fiscal Year	Energy Conservation Assistance Loan					Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Tax Allocation Bonds	Capital Leases	Conservation Assistance Loan	Installment Purchase Obligation	Loan Payable				
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
2014		520,937				520,937	84,021,905	3.81%	1,153

<b>Business-Type Activities</b>						
Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Energy Conservation Asset Loan	Capital Leases	Lease Revenue Bonds	Total
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
2014	40,444,293	43,056,675				83,500,968

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.

**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>		
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%	1,864.57
2012	(a)	(a)	(a)	(a)
2013	(a)	(a)	(a)	(a)
2014	(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, 2014**

2013-14 Assessed Valuation: \$5,073,161,412

JURISDICTION	Total Debt 6/30/2014	% Applicable (1)	City's Share of Debt 6/30/14
<b>OVERLAPPING TAX AND ASSESSMENT DEBT</b>			
San Joaquin Delta Community College District	\$118,117,891	8.412%	\$9,936,077
Yosemite Community College District	301,666,979	0.036%	108,600
Manteca Unified School District	57,226,094	50.646%	28,982,728
Ripon Unified School District	22,117,384	0.826%	182,690
Manteca Unified School District Community Facilities District No. 1989-2	32,065,000	79.150%	25,379,448
Manteca Unified School District Community Facilities District No. 2000-3	14,715,000	100.000%	14,715,000
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	1,051,050	100.000%	1,051,050
Reclamation District No 17 Assessment District	15,598,025	6.969%	1,087,026
<b>TOTAL OVERLAPPING DEBT</b>	<u>\$568,802,423</u>		<u>87,687,618</u>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			
San Joaquin County Certificates of Participation	\$160,065,000	9.309%	14,900,451
Manteca Unified School District Certificates of Participation	29,975,000	50.646%	15,181,139
Ripon Unified School District Certificates of Participation	3,595,000	0.826%	29,695
<b>CITY OF MANTECA GENERAL FUND OBLIGATIONS</b>	0	100.000%	0
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<u>30,111,284</u>
<b>OVERLAPPING TAX INCREMENT DEBT:</b>	119,625,000	100.000%	<u>119,625,000</u>
<b>TOTAL DIRECT DEBT</b>			<u>\$0</u>
<b>TOTAL OVERLAPPING DEBT</b>			<u>\$237,423,902</u>
<b>COMBINED TOTAL DEBT</b>			<u>\$237,423,902</u>

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

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

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.73%
Total Direct Debt	0.00%
Combined Total Debt	4.68%

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

Total Overlapping Tax Increment Debt	7.86%
--------------------------------------	-------

Source: California Municipal Statistics, Inc.

**CITY OF MANTECA**  
**COMPUTATION OF LEGAL BONDED DEBT MARGIN**  
**June 30, 2014**

ASSESSED VALUATION:

Assessed Value	\$5,073,161,412
Add back: Exempt real property	<u>131,586,028</u>
Total Assessed Valuation	<u><u>\$5,204,747,440</u></u>

BONDED DEBT LIMIT (15.0% OF ASSESSED VALUE) (a) \$780,712,116

AMOUNT OF DEBT SUBJECT TO LIMIT: 0

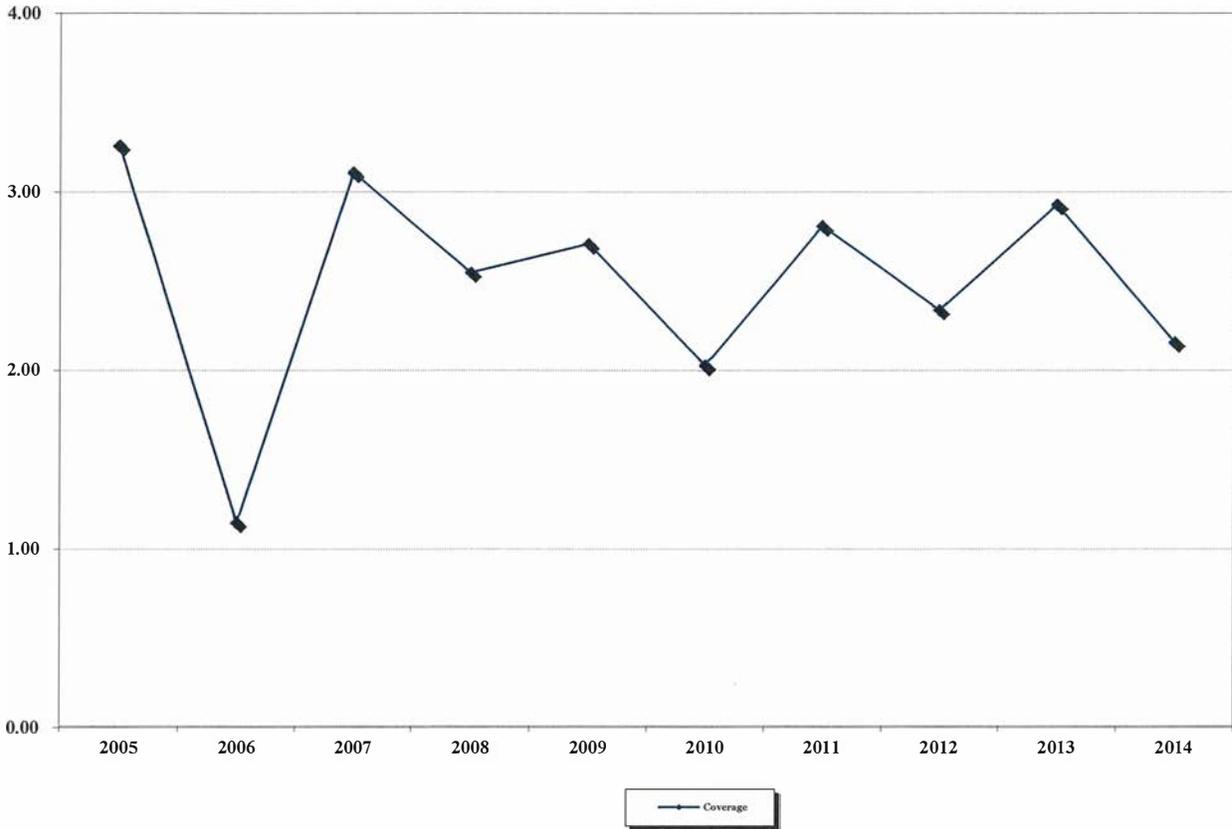
LEGAL BONDED DEBT MARGIN \$780,712,116

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
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%
2014	780,712,116	0	780,712,116	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**



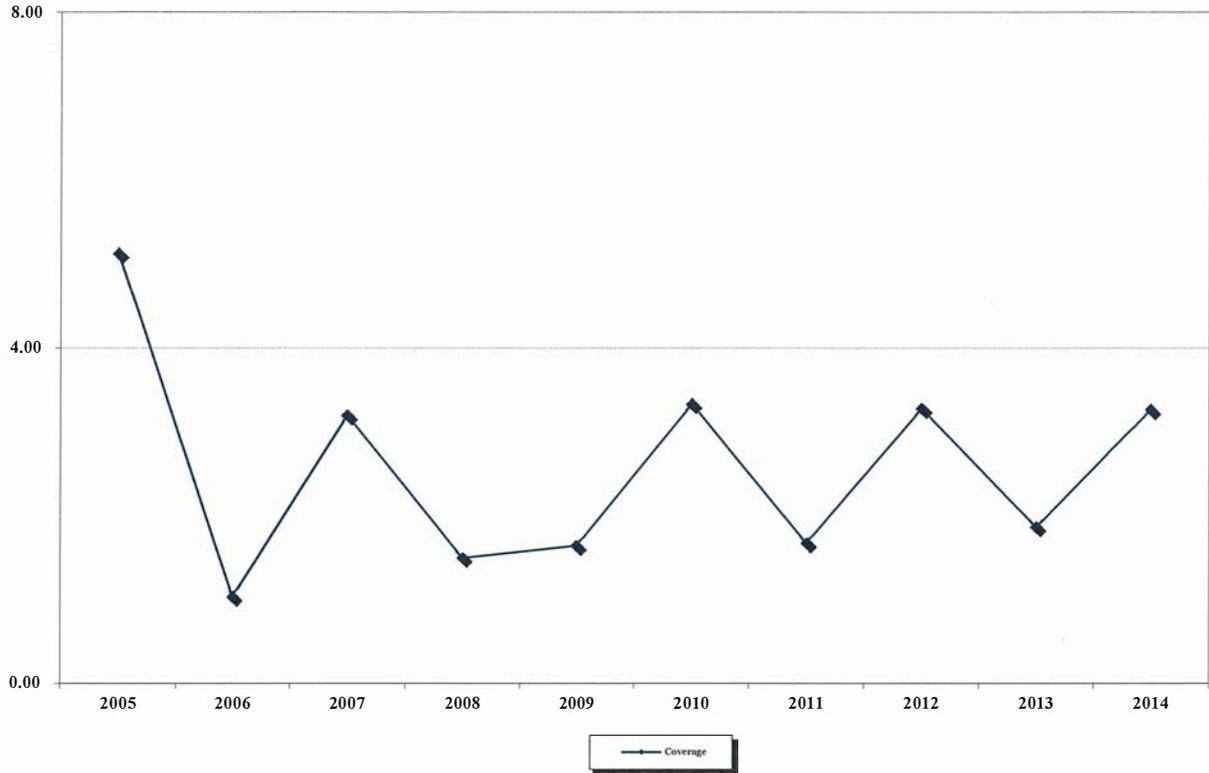
Fiscal Year	Gross Revenue	Operating Expenses	Depreciation Non-Operating Revenues/Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2005	\$11,518,311	(\$4,677,420)	\$1,516,678	\$6,378,273	\$0	\$1,954,124	\$1,954,124	3.26
2006	12,035,781	(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
2014	14,386,302	(12,424,475)	3,713,168	5,674,995	905,000	1,724,808	2,629,808	2.16

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**

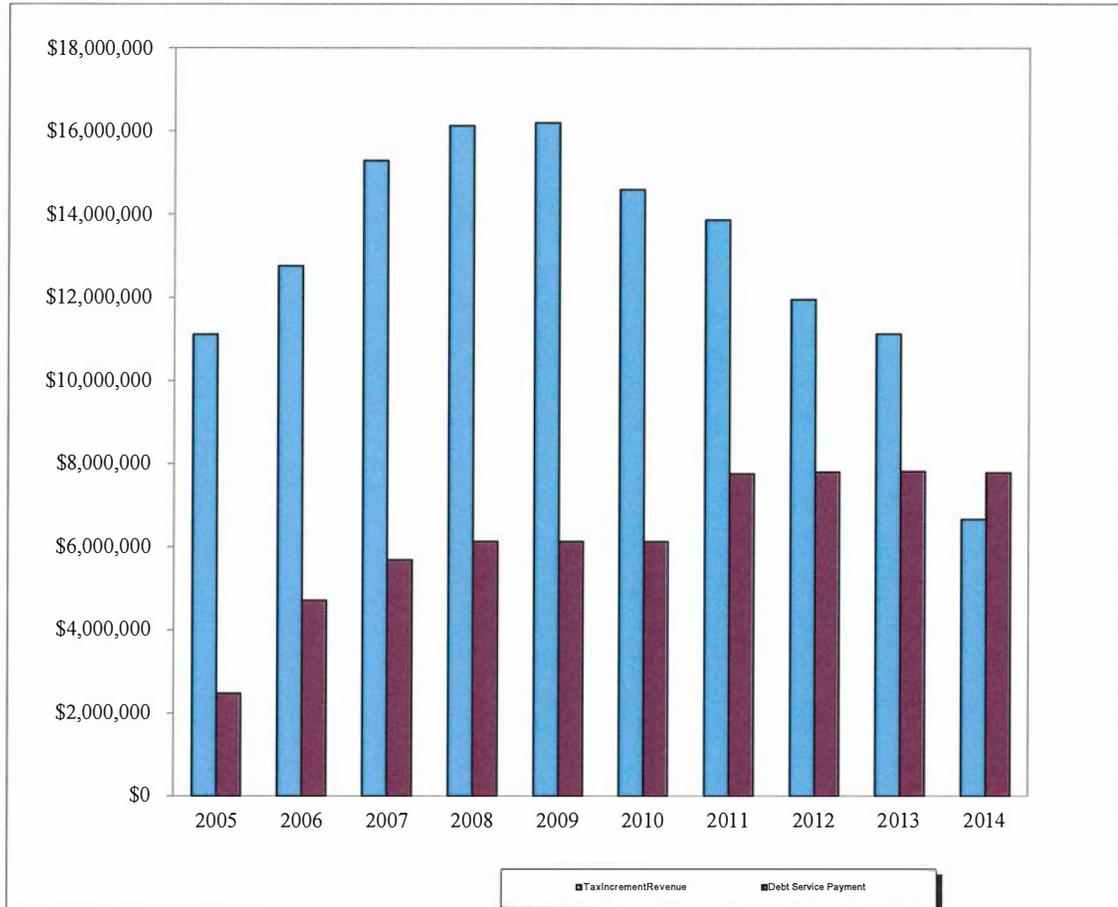


Fiscal Year	Operating Revenue	Operating Expenses	Depreciation Non-Operating Revenues/Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2005	\$16,804,236	(\$6,640,793)	\$2,556,130	\$12,719,573	\$900,000	\$2,046,686	\$2,946,686	5.13
2006	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
2014	18,178,282	(11,834,974)	3,207,615	9,550,923	1,030,000	1,891,791	2,921,791	3.27

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	
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
2014	6,666,009 (b)	2,750,000 (b)	5,037,006 (b)	7,787,006	0.86

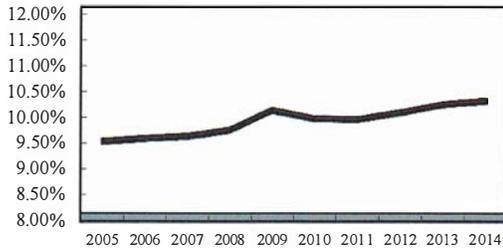
Note: (a) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.

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

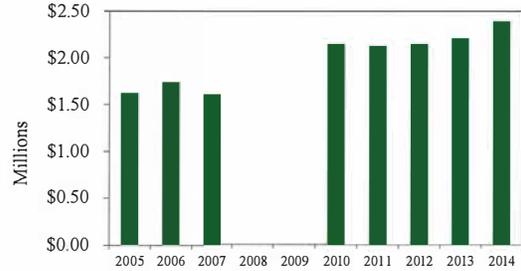
(c) Excludes the letter of credit and remarketing fees on the 2005 Tax Allocation Bonds.

Source: City of Manteca Annual Financial Statements

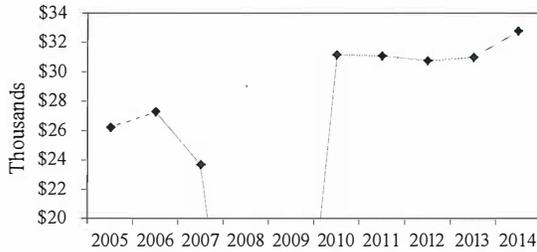
CITY OF MANTECA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS



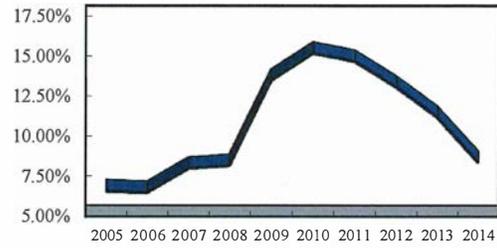
■ City Population as a % of County Population



■ Personal Income (in thousands)



◆ Per Capita Personal Income



■ Unemployment Rate (%)

Fiscal Year	City Population	Total Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate (%)	San Joaquin County Population	City Population % of County
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	14.7%	690,899	9.90%
2012	69,815	2,145,555	30,732	13.1%	695,750	10.03%
2013	71,164	2,207,009	31,013	11.2%	698,414	10.19%
2014	72,880	2,391,047	32,808	8.4%	710,731	10.25%

Source: California State Department of Finance - City Population  
 Employment Development Department - Unemployment Rate - Not Seasonally Adjusted  
 Bureau of Economic Analysis - Per Capita (San Joaquin County)  
 n/a -- data not available  
 (a) Personal income is a product of the countywide per capita amount and the City's population  
 (b) Revised in fiscal year 2014  
 (c) Projected rate

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

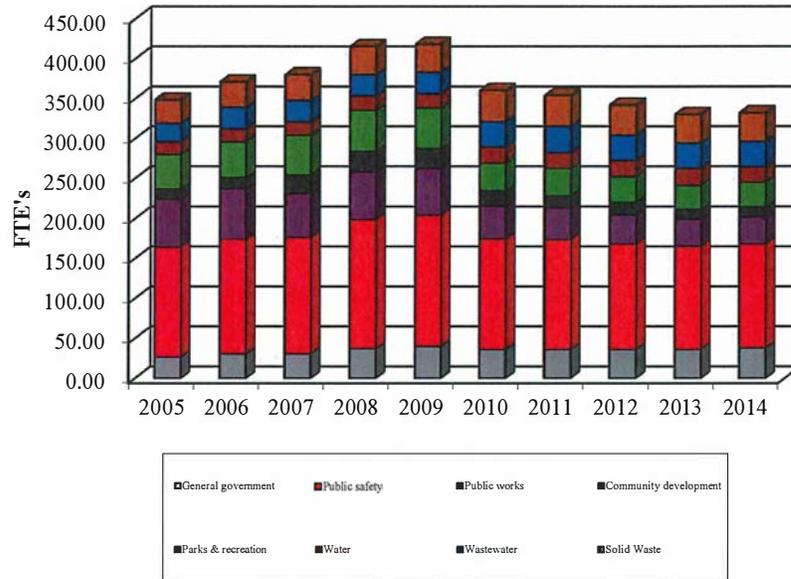
<u>Employer</u>	<u>2013-14</u>			<u>2009-10(a)</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Manteca Unified School District	2,107	1	2.9%	1,400	1	2.0%
Kaiser Permanente Medical Offices & Hospital	625	2	0.9%	590	2	0.9%
Doctors Hospital of Manteca	446	3	0.6%	370	3	0.5%
Gardner Trucking, INC	357	4	0.5%			
City of Manteca	332	5	0.5%	360	4	0.5%
Wal-Mart	316	6	0.4%	301	5	0.4%
Eckert Cold Storage Co	250	7	0.3%	300	6	0.4%
Karma Inc, (DBA Manteca Care & Rehab)	225	8	0.3%			
COSTCO Wholesale #1031	187	9	0.3%	169	9	0.2%
Give Every Child a Chance	170	10	0.2%			
Target Corp.	165	10	0.2%	151	10	0.2%
BASS PRO Outdoor World	150	11	0.2%			
The Home Depot Inc	143	12	0.2%			
C. Overaa & Co.				250	7	0.4%
Advance Packaging Distribution Specialist Inc				200	8	0.3%
<b>Total City Day Population</b>	<b><u>72,880</u></b>			<b><u>68,847</u></b>		

Source: City of Manteca Community Development Department

Notes: Data not available for historical trend

(a) Data for nine years prior not available.

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



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Function</b>										
General government	26.75	30.75	30.75	37.00	40.00	36.00	36.00	36.00	36.00	38.00
Public safety	137.00	143.00	145.00	161.00	164.00	138.00	137.00	132.00	129.00	130.00
Public works	60.00	63.00	55.00	60.00	58.00	42.00	40.00	37.00	34.00	34.00
Community development	13.00	14.00	23.00	26.00	25.00	18.00	15.00	15.00	12.00	12.00
Parks & recreation	43.00	45.00	50.00	51.00	51.00	35.00	34.00	32.00	30.00	31.00
Water	16.00	16.00	17.00	18.00	18.00	20.00	20.00	20.00	21.00	19.00
Wastewater	23.00	27.00	27.00	27.00	27.00	32.00	33.00	32.00	32.00	32.00
Solid Waste	29.75	32.00	32.00	35.00	35.00	39.00	39.00	38.00	36.00	36.00
<b>Total</b>	<b>348.50</b>	<b>370.75</b>	<b>379.75</b>	<b>415.00</b>	<b>418.00</b>	<b>360.00</b>	<b>354.00</b>	<b>342.00</b>	<b>330.00</b>	<b>332.00</b>

Source: City of Manteca Budget Document

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

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Population</b>					
Citizens	61,927	63,703	65,076	66,451	67,754
Date of Incorporation	May 28, 1918				
Form of Government	Council/Manager	Council/Manager	Council/Manager	Council/Manager	Council/Manager
Area	16.19 Sq. Miles	16.19 Sq. Miles	17.7 Sq Miles	17.52 Sq Miles	17.7 Sq Miles
Registered Voters	25,575	25,209	24,843	24,954	26,500
Taxable Sales	\$698,218,600	\$759,729,900	\$756,216,800	\$729,782,700	\$679,545,400
Building Permits Issued	2,259	2,302	2,596	1,816	1,459
Employees from Budget Document	348	370	380	415	418
<b>Fire Protection</b>					
Number of Stations	3	3	3	3	3
Number of Reserve Personnel	21	15	14	20	11
Number of Sworn Fire Personnel *	30	30	36	42	43
Number of Calls Answered	4,203	n/a	n/a	4,589	4,823
<b>Police Protection</b>					
Number of Stations	1	1	1	1	1
Number of Police Officers	68	72	73	80	83
Number of Volunteers	119	114	69	74	153
Number of Support Personnel	28	28	30	33	36
Number of Calls Answered	39,282	39,435	38,763	37,122	37,345
<b>Parks &amp; Recreation</b>					
Park Sites	45	46	46	47	47
Acres of Parks	266	275	275	326	335
Senior Centers	1	1	1	1	1
Swimming Pools	1	1	1	1	2
Tennis Courts	8	8	8	8	8
Number of Park/Golf Trees	6,873	6,925	7,320	7,596	7,600
Number of Street Trees	7,000	8,438	8,629	8,801	8,801
Acres of Golf Course	122	122	122	111	111
Public Libraries	1	1	1	1	1
Landscape Maintenance Districts	14	14	21	21	24
Benefit Area District			2	2	2
Community Facility Districts					
<b>Public Works</b>					
Miles of Streets	180	184	186	193	197
Number of Street Lights	3,314	3,800	4,300	4,800	4,800
<b>Water Utility</b>					
Number of Meters	17,199	17,428	21,950	22,172	19,800
Miles of Water Mains	212	279	251	254	244
Average Daily Consumptions (Gal)	10,493,809	11.96 MGD	13.7 MGD	13.82 MGD	12.62 MGD
<b>Wastewater</b>					
Number of Connections	21,248	21,383	21,967	22,212	22,461
Miles of Sewer Lines	169	250	209	184	184
Number of Treatment Plants	1	1	1	1	1
Average Daily Treatment	6.07 MGD	6.50 MGD	6.28 MGD	5.95MGD	6.2 MGD
Treatment Capacity	7.50 MGD	8.11 MGD	8.11 MGD	9.87 MGD	9.87 MGD
<b>Solid Waste</b>					
Number of Accounts	17,073	17,310	17,630	17,799	18,262
<b>Education</b>					
Elementary Schools	19	19	21	20	23
High Schools	4	4	6	7	4
Alternative Schools					
Adult Education	1	4	2	2	1
Teachers	1,133	1,132	1,236	1,157	1,012
Elementary Classrooms	869	869	939	934	900
High School Classrooms	304	330	331	330	390
Adult Education Classrooms	27	37	37	27	47
Current Enrollment	23,805	23,393	23,506	23,003	22,900

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				
	2010	2011	2012	2013	2014
<b>Population</b>					
Citizens	68,847	68,410	69,815	71,164	72,880
Date of Incorporation	May 28, 1918				
Form of Government	Council/Manager	Council/Manager	Council/Manager	Council/Manager	Council/Manager
Area	17.9 Sq Miles	20.1 Sq Miles	20.61 Sq Miles	20.61 Sq Miles	20.61 Sq Miles
Registered Voters	26,922	27,562	27,999	30,731	30,930
Taxable Sales	\$684,299,100	\$733,739,500	\$770,125,800	\$820,317,100	\$868,057,800
Building Permits Issued	1,843	1,675	1,783	1,891	2,134
Employees from Budget Document	360	354	342	330	336
<b>Fire Protection</b>					
Number of Stations	3	3	3	3	4
Number of Reserve Personnel	20	20	12	13	25
Number of Sworn Fire Personnel	42	41	39	39	40
Number of Calls Answered	4,787	4,800	5,448	5,937	5,854
<b>Police Protection</b>					
Number of Stations	1	1	1	1	1
Number of Police Officers	59	58	63	63	63
Number of Volunteers	100	211	102	124	115
Number of Support Personnel	26	28	21	23	23
Number of Calls Answered	35,902	35,331	32,964	37,161	33,885
<b>Parks &amp; Recreation</b>					
Park Sites	52	53	53	55	56
Acres of Parks	335	335	329	357	362
Senior Centers	1	1	1	1	1
Swimming Pools	2	2	2	2	2
Tennis Courts	8	8	8	8	8
Number of Park/Golf Trees	7,320	7,320	7,320	7,520	7,600
Number of Street Trees	10,680	10,680	10,680	10,980	17,000
Acres of Golf Course	111	111	111	111	111
Public Libraries	1	1	1	1	1
Landscape Maintenance Districts	23	23	24	27	29
Benefit Area District	4	4	4	4	4
Community Facility Districts				1	1
<b>Public Works</b>					
Miles of Streets	197	197	222	238	241
Number of Street Lights	4,800	4,800	4,681	4,822	4,856
<b>Water Utility</b>					
Number of Meters	19,700	20,071	20,338	20,675	20,876
Miles of Water Mains	236	257	258	258	259
Average Daily Consumptions (Gal)	12.68 MGD	11.83 MGD	11.83 MGD	13.25 MGD	14.06 MGD
<b>Wastewater</b>					
Number of Connections	23,053		23,738	24,178	24,940
Miles of Sewer Lines	184	184	223	226	227
Number of Treatment Plants	1	1	1	1	1
Average Daily Treatment	6.2 MGD	6.18MGD	5.98MGD	6.25MGD	6.29MGD
Treatment Capacity	9.87 MGD	9.87MGD	9.87MGD	9.87MGD	9.87MGD
<b>Solid Waste</b>					
Number of Accounts	18,765	19,400	23,397	20,066	20,399
<b>Education</b>					
Elementary Schools	23	24	20	20	20
High Schools	5	8	5	5	5
Alternative Schools				3	3
Adult Education	1	1	1	2	2
Teachers	989	953	934	978	1,094
Elementary Classrooms	895	900	903	903	897
High School Classrooms	375	390	464	438	451
Adult Education Classrooms	27	47	10	27	10
Current Enrollment	22,796	23,283	23,325	22,061	23,145

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

Note: n/a denotes information not available.

\* Includes the Fire Department's Chief Officers

**CITY OF MANTECA**  
**CRIME POLICY NOTARY AND SECURITY BONDS OF PRINCIPAL OFFICIALS**  
**June 30, 2014**

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

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

Source: City Administration Department

## INDEPENDENT AUDITOR'S REPORT

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

### *Report on Financial Statements*

We have audited the accompanying financial statements of each major fund of the Manteca Financing Authority (Authority), a component unit of the City of Manteca, as of and for the year ended June 30, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

As discussed in Note 1, the component unit financial statements present only the Authority and are not intended to present fairly the financial position and the results of operations of the City of Manteca in conformity with accounting principles generally accepted in the United States of America.

The Authority has not presented the Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Mane & Associates*

Pleasant Hill, California  
February 25, 2015

**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, 2014

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

See accompanying notes to financial statements

MANTECA FINANCING AUTHORITY  
STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014

	2009 Sewer <u>Revenue Bonds</u>
<b>OPERATING REVENUE</b>	
Interest on base rental payments	<u>\$1,058,534</u>
Operating Revenue	<u>1,058,534</u>
<b>OPERATING EXPENSES</b>	
Interest and fiscal fees	<u>1,058,764</u>
Total Operating Expenses	<u>1,058,764</u>
Operating Loss	<u>(230)</u>
<b>NONOPERATING INCOME</b>	
Interest on investments	<u>230</u>
Net Nonoperating Income	<u>230</u>
Change in net position	
Net position at beginning of year	<u>                    </u>
Net position at end of year	<u><u>                    </u></u>

See accompanying notes to financial statements

MANTECA FINANCING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014

	2009 Sewer <u>Revenue Bonds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from the City	\$1,058,583
Payments to bond trustees	<u>(1,058,763)</u>
Cash Flows from Operating Activities	<u>(180)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment interest received	<u>230</u>
Cash Flows from Investing Activities	<u>230</u>
Net Cash Flows	50
Cash and investments at beginning of period	<u>1,900,000</u>
Cash and investments at end of period	<u><u>\$1,900,050</u></u>
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	(\$230)
Adjustments to reconcile operating to net cash flows from operating activities:	
Change in assets and liabilities:	
Receivable from City of Manteca	50
Interest receivable	(1)
Accrued interest payable	<u>1</u>
Cash Flows from Operating Activities	<u><u>(\$180)</u></u>

See accompanying notes to financial statements

**MANTECA FINANCING AUTHORITY**  
**NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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, 2014**

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

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

**2009 SEWER REVENUE BONDS** – To account for Bond transactions.

*E. Estimates and Assumptions*

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

**NOTE 2 - INVESTMENTS HELD BY TRUSTEE**

The Authority invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system.

The Authority's investments are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

*A. Investments Authorized by Debt Agreements*

In accordance with the Lease Revenue Bond Indenture of Trust, a Trustee holds the portion of Bond proceeds established as reserves for debt service on these Bonds. The California Government Code requires these funds to be invested in accordance with bond indentures or State statutes. The table below identifies the investment types and their minimum credit ratings that are authorized for investments held by trustee and certain provisions of 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, 2014**

**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
<i>Held by Trustees:</i>	
Money Market Funds (U.S. Securities)	<u>\$1,900,050</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, 2014 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, 2014, have an average maturity of 45 days.

**MANTECA FINANCING AUTHORITY**  
**NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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
2015		\$1,058,534	\$1,058,534
2016		1,058,534	1,058,534
2017		1,058,534	1,058,534
2018		1,058,534	1,058,534
2019		1,058,534	1,058,534
2020-2024		5,292,670	5,292,670
2025-2029	\$3,635,000	4,881,791	8,516,791
2030-2034	5,330,000	3,664,596	8,994,596
2035-2037	10,035,000	886,392	10,921,392
	<u>\$19,000,000</u>	<u>\$20,018,119</u>	39,018,119
<u>Less:</u>			
		Investments held by trustee	1,900,050
		Amount representing interest	<u>20,018,119</u>
			Receivable from the City of Manteca at June 30, 2014
			<u>\$17,099,950</u>

**MANTECA FINANCING AUTHORITY**  
**NOTES TO BASIC COMPONENT UNIT FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**NOTE 4 – LONG TERM DEBT**

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

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

Year	Principal	Interest	Total
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		1,058,763	1,058,763
2020-2024		5,293,815	5,293,815
2025-2029	\$3,635,000	4,882,936	8,517,936
2030-2034	5,330,000	3,665,741	8,995,741
2035-2037	10,035,000	887,079	10,922,079
Total	<u>\$19,000,000</u>	<u>\$20,023,386</u>	<u>\$39,023,386</u>

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