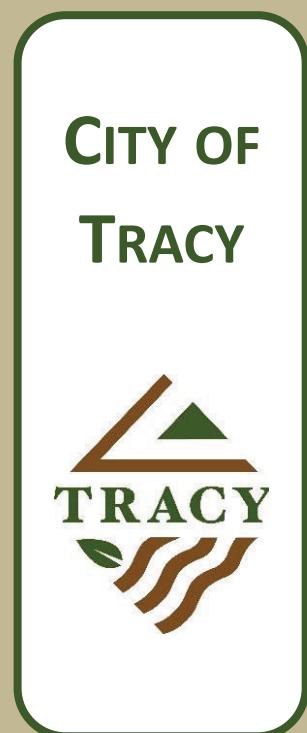


ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024



ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

CITY OF TRACY, CALIFORNIA

For the fiscal year ended

June 30, 2024

Prepared by the
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Introductory Section



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City of Tracy
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

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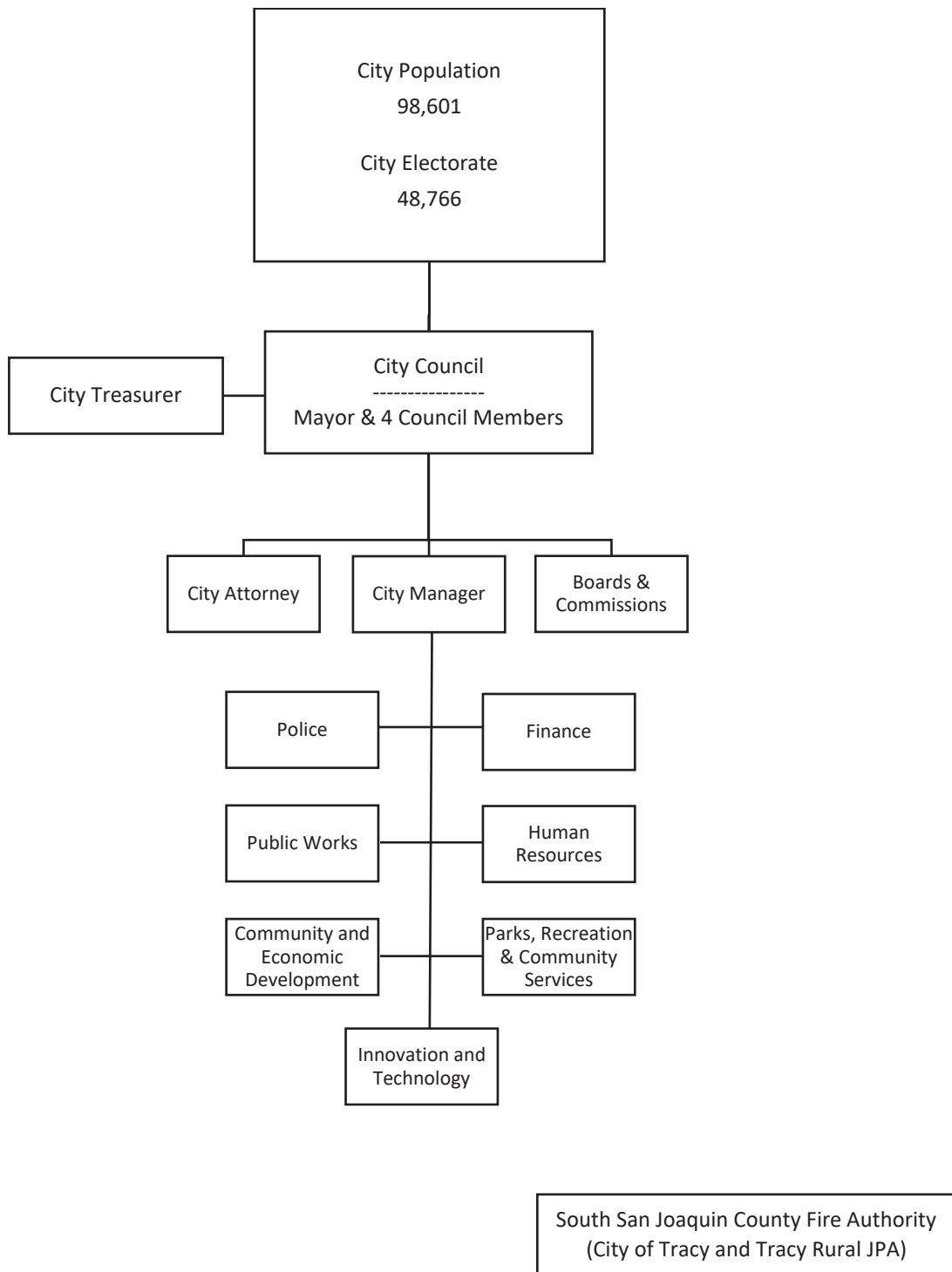
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CITY OF TRACY ORGANIZATIONAL CHART

FISCAL YEAR 2023-2024



CITY OF TRACY, CALIFORNIA
COUNCIL – MANAGER FORM OF GOVERNMENT
June 30, 2024

CITY COUNCIL

NANCY YOUNG
Mayor

ELEASSIA DAVIS
Mayor Pro Tempore

DAN ARRIOLA
Council Member

DAN EVANS
Council Member

MATEO BEDOLLA
Council Member

OTHER ELECTED OFFICIAL

RAYMOND MCCRAY
City Treasurer

CITY OF TRACY, CALIFORNIA

EXECUTIVE TEAM

MIDORI LICHTWARDT

City Manager

KARIN SCHNAIDER

Assistant City Manager

ARTURO M. SANCHEZ

Assistant City Manager

BIJAL M. PATEL

City Attorney

FORREST EBBS

Director Community and Economic Development

SARA CASTRO

Director of Finance

SEKOU MILLINGTON

Chief of Police

KIMBERLY MURDAUGH

Director of Human Resources

VACANT

Director of Public Works

BRIAN MACDONALD

Director of Parks, Recreation and Community Services

NORBERT RUIJLING

Chief Innovation Officer

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City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

CITY MANAGER'S OFFICE

MAIN 209.831.6000
FAX 209.831-6120
www.cityoftracy.org

December 30, 2024

Honorable Mayor and City Council Members
Residents of the City of Tracy:

We are pleased to present the City's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as declared by the Governmental Accounting Standards Board (GASB).

This report consists of management's representations concerning the finances of the City and its component unit. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for making those representations, management of the City has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with U.S. GAAP. The first note in the Notes to the Financial Statements provides a detailed explanation of the City's significant accounting policies. Because the cost of internal controls should not outweigh their benefit, the City's comprehensive framework of internal controls has been designed to provide a reasonable assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City's municipal code, section 2.12, requires an annual audit of its financial statements. The Pun Group, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City and its component unit for the fiscal year ending June 30, 2024 are free of material misstatement. The audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based on their audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion; the City's financial statements for the fiscal year (FY) ended June 30, 2024, are fairly presented in conformity with GAAP. The independent auditors' report is the first item presented in the financial section of this report.

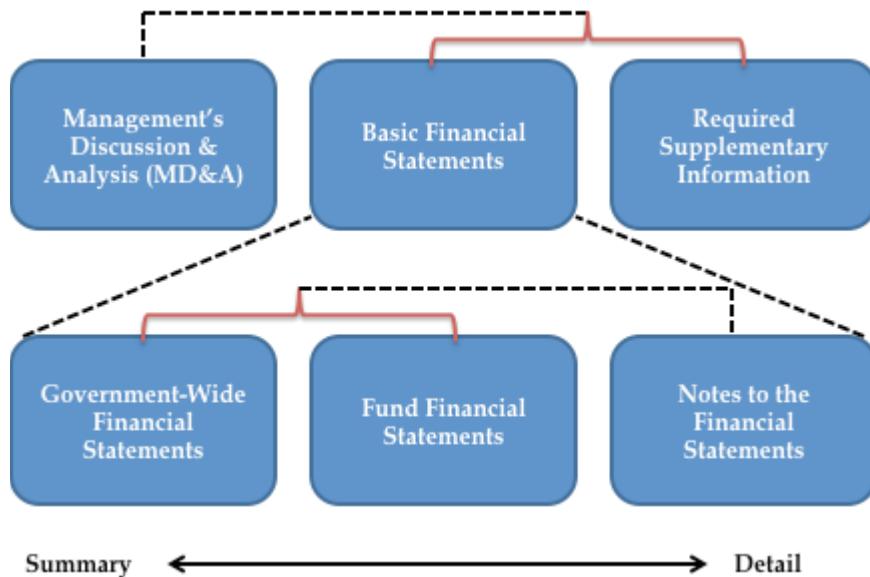
The analysis of the financial condition and the result of operations are in the Management Discussion & Analysis (MD&A) section immediately following the auditors' report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A.

The Report

The ACFR is presented in three sections:

- The **Introduction** section includes this letter of transmittal, listing of City Council and the City's Executive team, the City's organizational chart, and certificates of achievement.
- The **Financial** section includes the report of the independent auditors; Management's Discussion and Analysis (MD&A); the basic financial statements, including the government-wide financial statements, and the accompanying notes to the financial statements. The Financial Section also includes the fund financial statements, including the governmental funds financial statements, and the internal service funds. Required supplementary information other than the MD&A is also included in the financial section.
- The **Statistical** section includes selected financial and demographic information, presented on a multi-year basis.

ACFR Organization

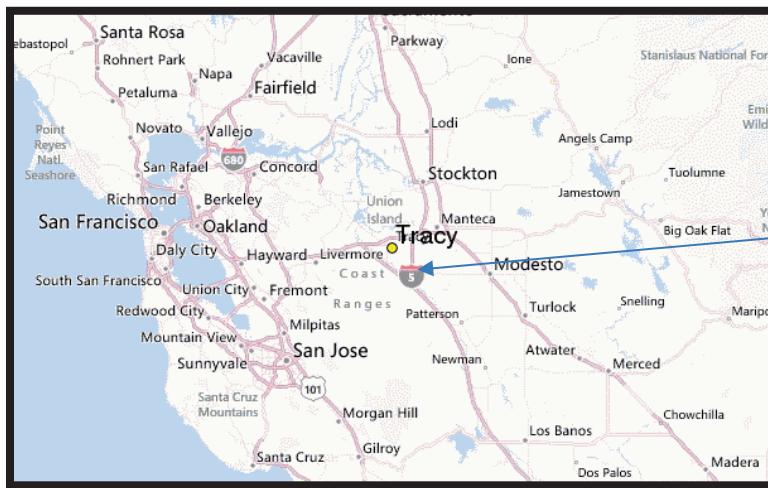


In addition to the financial audit, each year the City is required to undergo an audit of federal grant expenditures. That report is commonly referred to as a Single Audit report and is issued as a separate document and is not included herein. The Single Audit report includes the Schedule of Expenditures of Federal Awards, Findings and Recommendations, and an auditor's report on the internal control structure and compliance with applicable laws and regulations.

City Profile

Tracy is located on the western edge of the Central Valley in San Joaquin County. The City is 60 miles east of San Francisco and 70 miles south of Sacramento. The City is situated within a triangle formed by three interstate freeways: I-5, I-205 and I-580.

The City's proximity to three major highway systems has promoted the City's motto of "Think Inside the Triangle" where Interstates 5, 580, and 205 create a triangle of transportation around the city's sphere of influence.



Situated as the first major city east of the Altamont Pass, Tracy is considered an outer suburb of the Bay Area. It is the second largest City in San Joaquin County, and although the Stockton-Lodi Metropolitan Statistical Area (MSA) does not directly border San Francisco, it has now been added to the San Jose – San Francisco – Oakland Combine Statistical Area (CSA) due to being economically connected to the other nine counties in the region. The population and size of Tracy has increased from 18,428 and 7.0 square miles in 1980 to over 98,000 and 29.1 square miles in 2024. The San Joaquin Council of Governments (SJCOC) forecasts that Tracy's population is anticipated to grow to nearly 130,000-150,000 by 2040. The SJCOC population projections are based on the growth projections developed by the Eberhardt School of Business at University of the Pacific (UOP) in collaboration with SJCOC.

City History

Tracy was founded in 1878 as a railroad center and was incorporated as a city in 1910. For many decades, it served both as a railroad center and farm market town. After World War II, the US Army opened and continues to operate a defense supply center, which shifted transportation of goods and people from railway to highways as the interstate system was developed. By 1960, the City's employment base included a few food-processing plants and small-related manufacturing operations. Over the decades, the City saw growth that has reflected the progression of suburban areas in the Bay Area; with large expansion in the 1980's, 2000's and now again as the housing markets have rebounded after the Great Recession. The City's economy has diversified into local and international manufacturing, commercial and distribution centers.

City Organization

The City operates under the council-manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a four-member Council. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the government's departments. The Council is elected on a non-partisan basis. Council members are elected to four-year staggered terms, with two Council members elected every two years.

The Mayor is elected every two years.

The City provides a wide range of services including police, public works, parks and recreation, planning and zoning, building, economic development, water, sewer, solid waste and storm drain enterprise, street maintenance, and general administrative services. The City is part of a joint powers agreement with the South San Joaquin Fire Authority that provides fire services to the City of Tracy and the surrounding rural community in the southern portion of San Joaquin County. The City offers 84 parks, Legacy Fields Sports Complex, the Grand Theater, a community center, the Lolly Hansen Senior Center and a library to City residents.

Strategic Priorities

On August 15, 2023, the City Council adopted the 2023-2025 Strategic Priorities. The strategic priorities outline the City Council's long-term goals and reflect the community's desire to have a fiscally responsible and efficiently operated City that in turn, promotes an outstanding quality of life. The Strategic Priorities are:

- Governance – to enhance fiscal sustainability, retain and attract new talent, improve the use of technology and enhance transparency for the betterment of the Tracy community.
- Quality of Life – to provide an outstanding quality of life by enhancing the City's amenities, business mix and services, and cultivating connections to promote positive change and progress in our community.
- Economic Development – to enhance the competitiveness of the City while further developing a strong and diverse economic base.
- Public Safety – to enhance community safety by promoting a responsive public safety system that includes civic engagement and partnerships, community involvement, public education, and prevention, intervention and suppression services that meet the needs of Tracy residents.

Budgetary Controls

The Tracy Municipal Code requires that the City Council adopt an annual budget by no later than June 30th. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund (i.e. General Fund, Enterprise Fund, etc.), by department (e.g. Police, Public Works, etc.), and by program (i.e. Patrol Services, Traffic Enforcement, etc.). Department heads may transfer resources within a department and within the same fund as they see fit with the approval of the City Manager, but expenditures may not exceed annually budgeted appropriations at the department/fund level without Council approval. Budget amendments to total fund appropriations or transfers between funds need approval from the City Council.

Quarterly, staff prepares a report to the City Council on the year-to-date revenues and expenditures as compared to the adopted and amended budget as part of the on-going budget monitoring process. These reports provide timely updates to the City Council on operating and capital budgets and provides the opportunity for consideration of budget augmentations.

Economic Conditions and Outlook

Tracy's economy continues to experience consistent growth, supported by diverse sectors such as logistics and manufacturing. Tracy's strategic location between the Bay Area and Central Valley has continued to be beneficial for both business and residential growth.

The transportation linkage to the Tri-Valley and the Silicon Valley with the ACE line and future Valley Link plan, combined with investments into downtown, have allowed the City to emerge as a great place to live, work, and play.

Tracy's economy is diverse with over 4,000 businesses. In addition to many supply chain and e-commerce businesses in its business parks, over half of the businesses are considered small businesses, which are the backbone of our community. The City of Tracy has experienced new job growth over the last three years. As a result, Tracy's employment reached a record level of 46,500 by June 2024. Tracy's unemployment rate is at 5.10%, below that of the County and State, and the median household income is \$117,761.

The housing market in Tracy remains healthy, with consistent growth year over year. Currently, there are 30,610 completed housing units in the City with the median home price in being \$700,000, trending slightly lower than the prior year's median price of \$710,000. New home sales continue to be the primary driver of residential home sales, as the inventory of existing homes remains limited.

The City of Tracy Economic Development Division is focused on implementing the Economic Development Strategic Plan, a document serving as a roadmap for the next ten years with key strategies to help expand, maintain, and protect the City's tax base by bringing new retail amenities to the city, getting resources into the hands of small businesses, and partnering with advanced industries. Recent business openings offering new places for residents to dine and shop include BJ's Restaurant, Johnny's Diner-Outdoor Eatery, and Island Gourmet Market and Deli. Businesses on the horizon include Popeyes, Starbucks, Crunch Fitness, and Trader Joe's. Tracy will also be the home of the first net zero Taco Bell restaurant, complete with carport canopies and electric vehicle charging stations.

The construction and planning of several regional hotels—Marriott Courtyard, Tru by Hilton, Extended Stay America Premier Suites, Candlewood Suites, Hilton Garden Inn, and Cambria Hotel and Event Center—are contributing to our tourism industry with direct and indirect economic benefits, including increases to our transient occupancy tax revenues. Another planned project includes Tracy Assisted Living and Memory Care.

The City of Tracy has fostered and leveraged local and regional partnerships to get resources into small businesses' hands to ensure that they stay and expand in Tracy. Some partners include San Joaquin Partnership - which recently shared a lead with the city, leading to a business looking to consolidate its operations and expand in Tracy. San Joaquin County Worknet is a partner- that supports Tracy's local businesses by performing site visits with information on federal, state, and local resources. The Tracy City Center Association is also a partner the City collaborates with to market the downtown, host events, and assist with beautification. The Tracy Chamber of

Commerce – is a partner representing Tracy's business community, hosting countless events, including grand openings, network mixers, and coffee meetups.

A testament to these partnerships includes a Small Business Development Procurement Workshop hosted by the City of Tracy, the Small Business Development Center (SBDC), and the Tracy Chamber of Commerce. It was held at the Community Center and was well attended, with over 100 attendees. The event allowed local contractors and small businesses to learn about the government procurement process and how to obtain a government contract to access capital. These strong partnerships are leveraged and serve as an extension of the City's activities to perform marketing and business attraction, business retention, and expansion efforts throughout the community.

Tracy is leading as a test bed for innovation, entrepreneurship, and investment in clean and green technology. Two Tracy businesses that embody these strengths were recently honored at the 57th Industrial Barbecue hosted by the Greater Stockton Chamber of Commerce. Heirloom Carbon and Tracy Renewable were among the seven honorees that created 20 new jobs in San Joaquin County, built 20,000 sq. ft. of new or expanded space, or made a \$1 million capital investment. Heirloom Carbon is the nation's first commercial direct carbon removal facility fully powered by renewable energy. The technology uses abundant, easy-to-source, inexpensive limestone to pull CO₂ from the air. Tracy Renewable Energy cleans and discharges wastewater for companies in Northern California through renewable energy. Both businesses were recognized as industry leaders and featured as guest speakers at the iHub San Joaquin Innovation Summit and Annual Meeting. The City's support in attracting these types of businesses contributes to reducing emissions, reaching carbon neutrality goals, and creating jobs, research and development, and partnership opportunities that provide economic benefits for all.

Financial Condition Highlights

The City Council and staff developed a set of fiscal sustainability strategies that were adopted with the FY 2022-23 budget to fund liabilities, invest in infrastructure maintenance and new capital, and to develop new or expanded programs to serve the community and businesses in Tracy. These strategies support the City Council's adopted strategic priorities and are aimed to maintain the City's financial position, in light of the possible changes to sales tax allocation.

The City continues to review and update the developer impact fees throughout the City to ensure adequate infrastructure is in place to meet the demands of an ever-growing city. The Council also adopted a Citywide Services Community Facilities District, CFD 2018-1, in January of 2018. It will be superseded by Citywide Services Community Facilities District, CFD 2021-2, which provides for a broader use of funded services. Any new development of 5 or more units is expected to join or mitigate the costs associated with the Police and Public Works services demands connected to new development. The CFD taxes are currently set at \$75.34 per parcel, per year and has an inflation rate set to the Consumer Price Index; and will offset the costs associated with adding personnel to meet future population growth in the developing communities of Tracy. The City conditions new commercial development to fund street improvements and both residential and commercial to fund street and traffic light costs.

In addition, the City has adopted several financing infrastructure plans (FIPs) and Master Plan Impact Fees to fund the improvements for new roads, expansion of utility services, and enlargement of facilities needs that are brought on by new development. The City is also in the design and construction of several roadway and highway widening projects. These projects will be paired with regional impact fees, State and Federal grants and are estimated at \$100 million

over the next several years. For more information on City impact fees and authorized projects, please see the City's website for the annual [AB 1600 report](#).

The City of Tracy has four utilities: Water, Wastewater, Solid Waste, and Storm Drain with approximately 28,600 customers depending on the service. The growth in residential and commercial development translated to a growth of 600 customers, or 2% over the last fiscal year. In August 2023, the first year of a five-year Wastewater rate plan to align cost of service with rates went into effect. The rate plan was approved through the proposition 218 process in June 2023. A water rate study is currently underway to ensure the costs to provide water services align with rates.

City Financial Policies

Formal financial policies and prudent operating practices have enabled the City to maintain core services and minimize the impact of economic fluctuations on residents. The City maintains policies in the areas related to budget principles, reserves, investments, debt, and Capital Improvement Project prioritization.

Revenue Administration

The City's two main sources of revenue to fund operating expenditures are property and sales tax, which make up over 80 percent of the total General Fund revenues. In addition, the City's revenue administration includes review of all fees and charges for services to ensure the charges are meeting cost-recovery goals. One-time and unpredictable revenues are spent on one-time expenditures, such as equipment replacement, or transferred to capital improvement funds for repair and rehabilitation projects.

In November 2016, the City Council and voters passed an additional ½ cent local sales tax (known as Measure V) that has a twenty-year sunset (expires April 2037). In fiscal year 2023-24, the Measure V tax proceeds received and recorded were \$12.1 million

Over the last five years, the City Council has adopted several resolutions, which prioritized Measure V Sales Tax to fund four amenities located in the City: The Aquatic Center, Multigenerational Recreation Center, Legacy Fields Sports Complex, and the Nature Park.

Measure V Funded City Amenities (in no particular order)

Project	Measure V Budget	Accumulated Fund Balance as of June 30, 2024	Other Contributions	Estimated Costs
Legacy Field (Phase 1E)	\$19 M	(debt financing)	none	\$19 M
Multi-Generational Recreation Center	\$58 M	(debt financing)	\$30 M	\$88 M
Aquatic Center	\$53 M	\$55 M	\$12 M	\$65 M
Nature Park (Phase 1)	\$1 M	\$1 M	\$371,000	\$8.4 M
Ritter Family Ball Park	\$3 M	\$3 M	none	\$25 M+

Expenditure Administration

City departments in conjunction with the Finance department carefully review expenditure budgets. The department directors are responsible for maintaining expenditures within their Council approved budget appropriations. The City maintains an encumbrance accounting system as an additional means of budgetary control.

Reserves

The City maintains a reserve policy for Catastrophic Emergency in the amount of 17% of the General Fund adopted budget for operating expenditures and a reserve for Budget Stabilization in the amount of 13% of the General Fund adopted budget for operating expenditures. The use of reserves varies on each type, but generally limits the use of reserves to respond to revenue shortfalls, unexpected expenditures, severe economic downturns, or natural disasters. A four-fifths vote of the City Council is required to authorize use of any reserves.

The City is required to produce its financial statements in conformity with GASB 54. This GASB requirement concerns mainly the designation of fund balance into use categories. In addition, Statement 54 clarifies how rainy-day amounts are reported by treating stabilization arrangements as a specified purpose. Consequently, amounts constrained to stabilization must be reported as "committed" or "assigned" fund balance in the General Fund if they meet the other criteria for those classifications. In October 2014, the City Council adopted a stabilization policy and created stabilization reserves and most recently revised the policy in June 2021. Please refer to Note #1 for more information on GASB 54. The table below details the City's General Fund reserves as of June 30, 2024.

Summary of the General Fund Reserves as of June 30, 2024

Non-Spendable	SSJCFA Contribution Prepayment	\$5,989,475
Restricted	PERS 115 Trust	\$4,392,919
	Fire Medical Leave Bank	\$1,898,025
	Medical Leave Bank	\$3,142,620
Committed	17% Reserve (Emergency)	\$19,919,000
Assigned	13% Reserve (Economic Stability)	\$15,232,000
	Prior Year Re-Appropriations	\$642,229
	Animal Control Trust	\$22,348
Unassigned		<u>\$15,232,000</u>
		<u>\$55,255,293</u>

Debt Administration

The City manages the issuance of new debt and proactively communicates with the investment community in the administration of its outstanding debt. In doing so, the City seeks to ensure that debt is issued prudently and affordably, and bondholders are provided all the information required by the Municipal Rulemaking Board as governed by the Securities and Exchange Commission.

In May 2024, the City issued lease revenue bonds in the amount of \$50.3 million for the construction of the Multi-Generational Recreation Center. The debt service on the lease revenue bonds will be paid from Measure V funds until its expiration date and from General Funds of the City thereafter through the final maturity date of November 1, 2054.

Additional information pertaining to the City's outstanding long-term debt can be found under Long-Term Liabilities (Note 9) in the Notes to the Basic Financial Statements and in the Statistical Section under Legal Debt Margin information.

Cash Management

The City's investments are managed by an elected City Treasurer in accordance with the City Council adopted Investment Policy. For oversight, the City's Investment Review Committee is comprised of two seated Council members, the City Manager, Finance Director, and the City Treasurer. Quarterly, the committee meets to review the monthly investment reports and annually reviews the investment policy.

Long-term Fiscal Planning

The City Council of Tracy remains committed to maintaining fiscal sustainability while providing high quality public safety, public works, and community development to meet its existing and future needs. In 2023, the Council adopted a two-year Strategic Priority Work plan for FY23 - FY25 and identified desired outcomes related to the City's social, economic, organizational, and environmental landscape. In response, a set of strategic priorities, goals and objectives were adopted to carry out the vision of the City Council. The Council's strategic priorities, along with their goals and objectives, are the foundation for development of the budget and forecast.

The City prepares a five-year fiscal plan annually as a tool for the Council to meet these strategic priorities and budget development. The City's fiscal strategy includes the creation of a financial forecast to evaluate current and future fiscal conditions and is to guide policy and programmatic decisions. As part of building the multi-year forecast, the City uses information based on past, current, and projected financial conditions. As part of the strategic planning and long-term forecasts, the City has developed and maintains several tools to provide analytic measurements of future fiscal impacts. First, the five-year forecast includes two separate actuarial studies to analyze the impacts of employee retirement benefits on the City's finances over time. One is focused on the fiscal impacts of pension and one on retiree medical costs. Secondly, the City has three separate studies on revenue forecasts based on economic trends surrounding short and long-term retail and housing markets. The City overlays each of these studies into the planning documents to create a multi-faceted approach to fiscal analysis and planning.

Creating a long-term financial forecast has helped identify future revenue and expenditure trends that may have an immediate or long-term influence on government policies, strategic goals, funding obligations, or community services. The City uses the five-year financial forecast as a management tool to best anticipate inflows and outflows of City resources in the short-term, then projects out these trends into the longer five-year model to ensure budget sustainability. Modeling of long-term strategies also allows marginal shifts to occur over time to maintain healthy reserves while still actively improving services to the public. The forecast has become an integral part of the annual and mid-year budget process.

The City is tracking anticipated changes to statewide sales tax allocation related to ecommerce, based on a recent study published by the California Department of Tax Franchise Administration (CDTFA). The CDTFA recently studied the potential impacts of changing the method of allocation from the point of fulfillment to point of delivery. It is expected that legislative changes determining

the method of statewide sales tax allocation may occur over the next 5 years and could impact the City's sales tax allocation by 25% or greater, which could equate to \$20-30 million dollars. In anticipation of this change, the City Council adopted a set of fiscal sustainability strategies to pay down future liabilities, fund deferred maintenance and make one-time investments in City services and programs. This will allow the City to pivot without major impacts to essential City services as any changes to sales tax occur.

Included in the fiscal sustainability strategies is the establishment of a Pension Reserve Trust fund as a reserve to reduce future pension liabilities. The Section 115 trust was established in FY2022-23 with \$2 million and another \$2 million was contributed in FY 2023-24.

Even with solid financial planning and long-term forecasting, not all future outcomes can be predicted. Knowing that, the City has positioned itself well by building financial reserves, adopting strong fiscal policies, and passing important revenue measures to support City services. However, even with these proactive steps, the City, like other agencies, will continue to be faced with unmet needs in an environment where resources are limited.

Major Activities in the City

Multi-Generational Recreation Center (MGRC) – through the use of Measure V funds, a new 61,300 square foot recreation in the center of Tracy will breathe new life into El Pescadero Park. The recreation center includes a 3-court gymnasium, two multi-purpose rooms, police offices, indoor running track, and an outdoor courtyard and deck. Improvements to the park site include a skate park, dog park, splash pad, pavilion, full-size basketball court, trails and the rehabilitation of an existing restroom. The net zero energy building is currently under construction with an anticipated completion date of 2026.

Temporary Emergency Housing Facility – located on 4.8 acres, this low-barrier housing facility is expected to have 154 bed capacity at full build out. The site's current capacity can accommodate 86 individuals. Phase II construction of the congregate housing will add 68 more beds and includes additional site improvements. This project is funded by grants including the American Rescue Plan Act (ARPA), Homeless, Housing, Assistance & Prevention (HHAP) Grant, and the US Department of Housing and Urban Development Economic Initiative sponsored by Congressman Josh Harder.

Diverging Diamond Interchange – this project will reconstruct the existing interchange at Interstate 580/International Parkway/Patterson Pass Road into a diverging diamond interchange allowing for safer, free flowing movement of traffic. The overcrossing will also be expanded to include three northbound lanes, two southbound lanes, class II bike lanes and a multi-use path for bicyclists and pedestrians. The City has secured \$24.9 million in grant funding from the Federal National Highway Freight Program (FNHPP) for the construction phase.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tracy for its Comprehensive Annual Financial Report (ACFR) for the fiscal year ended June 30, 2023. This was the 36th consecutive year that the government has received this prestigious award. To be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized ACFR that satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the entire Finance Department staff. Each member of the Department has our appreciation for the contributions made in the preparation of this report. We also acknowledge our independent auditors, The Pun Group, for their thorough and professional manner in which the audit was conducted.

In closing, we express our deep appreciation of the Mayor and City Council for their guidance and support in the City's pursuit of excellence in financial reporting.

Respectfully submitted,



Midori Lichtwardt
City Manager



Sara Castro
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Tracy
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Monill

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

www.pungroup.cpa



To the Honorable Mayor and Members
of the City Council of the City of Tracy
Tracy, California

Report on the Audit of the Financial Statements

Opinions

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 Tracy, California (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the South San Joaquin County Fire Authority ("SSJCFA"), which represent 100% of the assets, net position, and revenues, respectively, of the aggregate discretely presented component unit as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for SSJCFA, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Honorable Mayor and Members
of the City Council of the City of Tracy
Tracy, California
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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Modified Approach to Reporting Street Pavement Costs, Budgetary Comparison Schedules, Schedules of Changes in Net Pension Liability and Related Ratios, Schedules of Contributions – Pension, and Schedule of Changes in Total OPEB Liability and Related Ratios, and Schedule of Contributions – OPEB, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary 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.

To the Honorable Mayor and Members
of the City Council of the City of Tracy
Tracy, California
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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Financial Statements and Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Budgetary Comparison Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024, on our consideration of 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 solely 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 effectiveness of City's 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 City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Pugh Group, LLP". The signature is fluid and cursive, with "The Pugh Group" on the first line and "LLP" on the second line.

Walnut Creek, California
December 30, 2024

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City of Tracy
Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis provides an overview of the City of Tracy's financial performance for the fiscal year ended June 30, 2024. This report has been prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards 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 2023-24 fiscal year by \$1,575.9 million Net Position. Of this amount, \$173.7 million Unrestricted Net Position is designated to be used to meet ongoing obligations to citizens and creditors.
- The City's total net position increased by \$90.9 million, with \$87.4 million attributable to governmental activities and \$3.5 million attributable business-type activities.
- As of June 30, 2024, the City's combined governmental funds reported fund balance of \$518.2 million. Of the \$518.2 million; \$23.9 million is committed, \$154.6 million is assigned, and \$4.0 million is available to meet the City's current and future needs.
- As of June 30, 2024, the fund balance for the General Fund was \$55.3 million of which \$6.0 million is designated as Non-Spendable for items such as deposits, prepaid assets, inter-fund advances, and inventory. Restricted fund balance was \$9.4 million, designated for medical leave bank. Committed fund balance was \$19.9 million, designated for Contingency/Emergency. Assigned fund balance was \$15.9 million, designated for items such as prior reappropriation and fiscal sustainability. Unassigned funds were \$4.0 million as of June 30, 2024.

OVERVIEW OF THE ANNUAL COMPREHENSIVE 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.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONTINUED)

Government-wide Financial Statements

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

Statement of Net Position – Presents information on all City assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as *Net Position*. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Statement of Activities – Presents information reflecting any change in the government's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs (regardless of the timing of related cash flows). Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and compensated time leaves).

Both of the Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- Governmental activities – All of the City's basic services are considered to be governmental activities, including general government, public safety, public ways and facilities/transportation, public works, and culture and leisure. 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 Tracy (known as the primary government), but also the activities of the Tracy Operating Partnership Joint Powers Authority, Tracy Public Financing Authority, and the Tracy Industrial Development Authority, which are controlled by and dependent on the City. While they are separate legal entities, City Council serves in separate sessions as the governing body of the Tracy Operating Partnership Joint Powers Authority, the Tracy Public Financing Authority, and the Tracy Industrial Development Authority; and the City is financially accountable for those entities. The financial activities of all three entities have been aggregated and merged, termed "blended", with those of the City in the accompanying financial statements.
- 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 Tracy Community Development Agency ("Agency") was dissolved on January 31, 2012. The former Agency is now administered under the name of Successor Agency to the Community Development Agency of the City of Tracy. The activities of the Successor 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 water, wastewater, drainage, solid waste, transit, and airport. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONTINUED)

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 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, deferred outflows of resources, liabilities, and deferred inflows of resources, both current and long-term. Each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Supplementary combining schedules present the detail of these non-major funds. Major funds present the major activities of the City for the year and may change from year to year as a result of changes in the pattern of the City's activities.

A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds** – These funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources and are therefore prepared on the modified accrual basis. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

The City of Tracy has 34 governmental funds of which 6 are considered major funds for presentation purposes. Each major fund is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances. The financial information for the remaining non-major governmental funds is combined into a single, aggregated presentation.

- **Proprietary Funds** – The City maintains two different types of proprietary funds; Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as "business-type activities" in the Government-wide Financial Statements. Internal Service Funds account for the financial activity of the City's central garage, central services departments, equipment replacement, building maintenance, and self-insurance. 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 the government-wide financial statements as governmental activities. 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.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (CONTINUED)

- **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 Community Development Agency per ABx1 26 and AB 1484, the activities of the Successor Agency to the Tracy Community Development Agency are reported as a Private Purpose Trust Fund in the Fiduciary Fund section.
- **Custodial 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. These funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. The City's custodial funds includes various Community Facilities Districts and Assessments Districts.

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.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning budgetary comparison schedules for the General Fund and other major funds that are Special Revenue Funds, along with schedules related to the City's net pension liabilities, total OPEB liability and contributions.

Combining Statements

This section of the report includes additional detailed information about non-major governmental, internal service and agency funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – The net position for the City as a whole increased by \$90.9 million or 6.1%, from \$1,485.0 million at June 30, 2023 to \$1,575.9 million at June 30, 2024. Restricted net position accounted for \$348.2 million restricted for capital projects, debt service and legally segregated taxes, grants, and fees. The unrestricted net position increased by \$27.1 million, from \$146.6 million at June 30, 2023 to \$173.7 million at June 30, 2024 and is designated to be used to meet ongoing obligations to citizens and creditors. The Unrestricted Net Position reflects the inclusion of a Net Pension Liability of \$124.9 million and Net OPEB Liability of \$7.2 million in accordance with Accounting Principles Generally Accepted in the United States of America.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table reflects the Summary of Net Position for the fiscal year ended June 30, 2024 with comparative data for the fiscal year ended June 30, 2023.

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

	Governmental		Business-Type		Total	
	Activities		Activities		Activities	
	2024	2023	2024	2023	2024	2023
Cash and Investments	\$ 462,607	\$ 390,529	\$ 50,891	\$ 45,043	\$ 513,498	\$ 435,572
Other Assets	127,550	71,857	25,306	27,391	152,856	99,248
Capital Assets	718,181	704,229	457,245	460,269	1,175,426	1,164,498
Total Assets	1,308,338	1,166,615	533,442	532,703	1,841,780	1,699,318
Deferred Outflows						
Related to Pension/OPEB	40,320	43,844	5,433	5,592	45,753	49,436
Current Liabilities	41,002	47,480	10,358	11,186	51,360	58,666
Non-Current Liabilities	216,173	158,973	36,145	37,831	252,318	196,804
Total Liabilities	257,175	206,453	46,503	49,017	303,678	255,470
Deferred Inflows						
Related to Leases	1,956	2,009	3,199	3,483	5,155	5,492
Related to Pensions/OPEB	2,336	2,211	437	541	2,773	2,752
Total Deferred Inflows	4,292	4,220	3,636	4,024	7,928	8,244
Net Investment in Capital						
Assets	619,339	658,562	434,709	435,567	1,054,048	1,094,129
Restricted	348,186	244,307	1	2	348,187	244,309
Unrestricted	119,666	96,917	54,026	49,685	173,692	146,602
Total Net Position	\$ 1,087,191	\$ 999,786	\$ 488,736	\$ 485,254	\$ 1,575,927	\$ 1,485,040

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's Government-wide Net Position as of June 30, 2024, comprised of the following:

- Cash and investments combined increased by \$77.9 million or 17.9%, from \$435.6 million at June 30, 2023 to \$513.5 million at June 30, 2024. The \$513.5 million of cash and investments is in the city treasury and investments.
- Receivables increased by \$2.8 million, from \$75.9 million at June 30, 2023 to \$78.7 million at June 30, 2024. Receivables were comprised of \$59.5 million of current receivables and \$19.2 million of long-term receivables. Current receivables are primarily related to sales tax and grants; and long-term receivables are related to housing loans provided by the former Community Development Agency and leases. The grants and loans have varying repayment terms and interest rates.
- Capital assets increased by \$10.9 million or 0.9%, from \$1,164.5 million at June 30, 2023 to \$1,175.4 million at June 30, 2024. Net capital assets of \$1,175.4 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position increased \$103.9 million or 42.5%, from \$244.3 million at June 30, 2023 to \$348.2 million at June 30, 2024. Restricted Net Position is restricted for capital projects \$236.0 million; low-moderate income housing projects \$0.6 million; debt service \$65.8 million; and \$45.8 million may be spent on other projects as specified by funding source restrictions.
- Unrestricted Net Position increased by \$27.1 million or 18.5%, from \$146.6 million at June 30, 2023 to \$173.7 million at June 30, 2024. The unrestricted net position is available to be used to finance day to day operations without constraints established by debt covenants or other legal requirements or restrictions. While these assets are technically unrestricted, most of these assets are committed or assigned for a specific use.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The Change in Net Position expressed as the change in revenues and expenses through June 30, 2024 is reflected in the Statement of Changes in Net Position.

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues:						
Charges for Services	\$ 38,869	\$ 25,322	\$ 79,471	\$ 80,743	\$ 118,340	\$ 106,065
Operating Contributions and Grants	17,479	17,282	3,891	32	21,370	17,314
Capital Grants and Contributions	20,340	33,225	5,743	10,195	26,083	43,420
Total Program Revenues	76,688	75,829	89,105	90,970	165,793	166,799
General Revenues:						
Property Taxes	32,051	30,093	-	-	32,051	30,093
Other Taxes	115,400	83,555	-	-	115,400	83,555
Other General Revenues	33,839	6,356	10,465	1,714	44,304	8,070
Total General Revenues	181,290	120,004	10,465	1,714	191,755	121,718
Total Revenues	257,978	195,833	99,570	92,684	357,548	288,517
Expenses						
General Government	47,147	25,433	-	-	47,147	25,433
Police	49,569	55,920	-	-	49,569	55,920
Fire	18,950	23,351	-	-	18,950	23,351
Development & Engineering	6,005	10,638	-	-	6,005	10,638
Public Works	25,624	17,988	-	-	25,624	17,988
Parks & Community Services	20,229	10,632	-	-	20,229	10,632
Interest on Long-term Debt	1,436	935	-	-	1,436	935
Water	-	-	23,603	26,069	23,603	26,069
Wastewater	-	-	25,874	23,258	25,874	23,258
Solid Waste	-	-	36,571	33,375	36,571	33,375
Storm Drainage	-	-	2,133	2,336	2,133	2,336
Airport	-	-	2,168	2,381	2,168	2,381
Transit	-	-	7,352	7,320	7,352	7,320
Total Expenses	168,960	144,897	97,701	94,739	266,661	239,636
Changes in net position before transfers	89,018	50,936	1,869	(2,055)	90,887	48,881
Transfers	(1,613)	(178)	1,613	178	-	-
Change in Net Position	87,405	50,758	3,482	(1,877)	90,887	48,881
Net Position, Beginning	999,786	949,028	485,254	487,131	1,485,040	1,436,159
Net Position, Ending	\$ 1,087,191	\$ 999,786	\$ 488,736	\$ 485,254	\$ 1,575,927	\$ 1,485,040

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Revenues

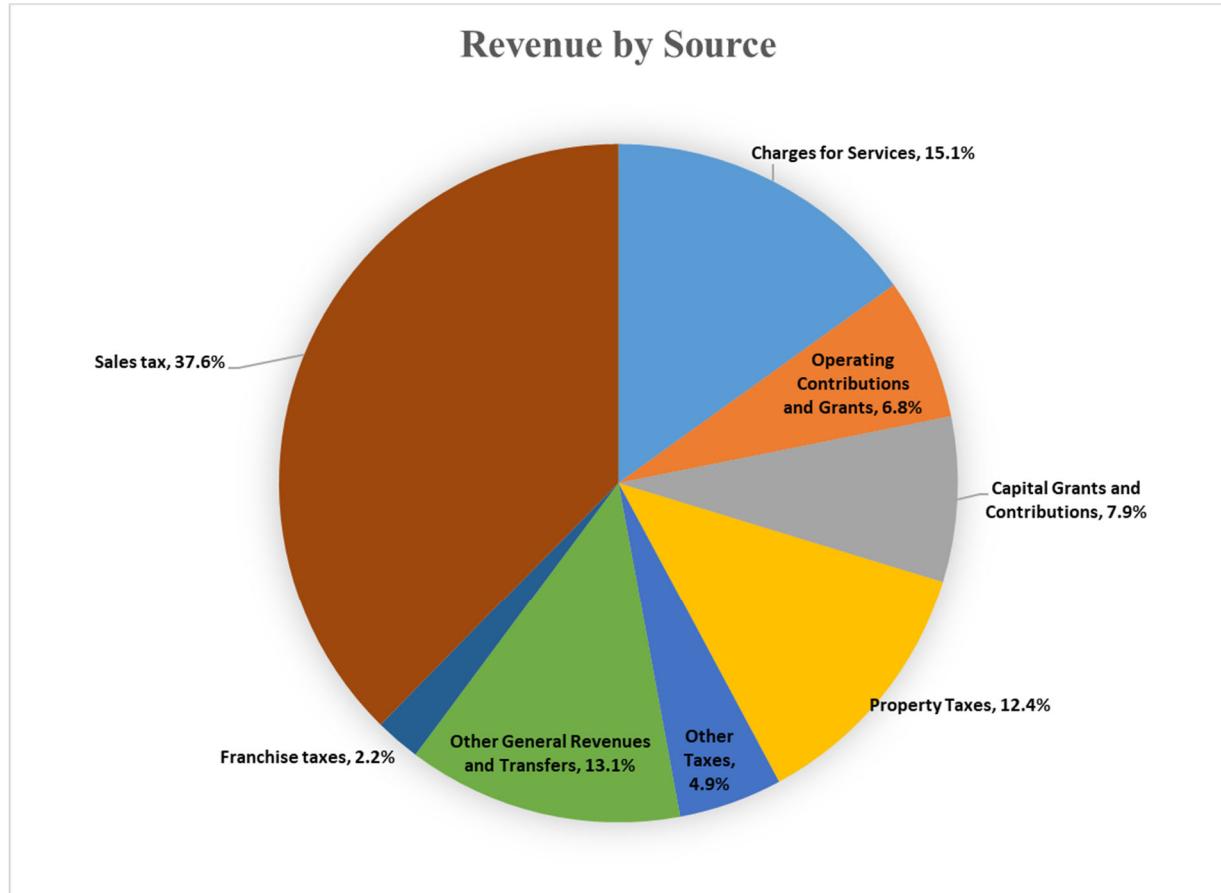
Total revenues increased by \$69.0 million or 23.9%, from \$288.5 million at June 30, 2023 to \$357.5 million at June 30, 2024. Total governmental program revenues increased by \$0.9 million, largely due to an increase in charges for services while experiencing a decrease in capital grants. Total governmental general revenues increased by \$61.3 million.

Expenses

Total expenses for the City increased by \$27.0 million or 11.3%, from \$239.6 million at June 30, 2023 to \$266.7 million at June 30, 2024. Governmental activities incurred \$169.0 million of expenses while business-type activities incurred \$97.7 million. Of the Governmental Activities, the largest expenses were in Public Safety \$68.5 million; Public Works \$25.6 million; and General Government \$47.1 million.

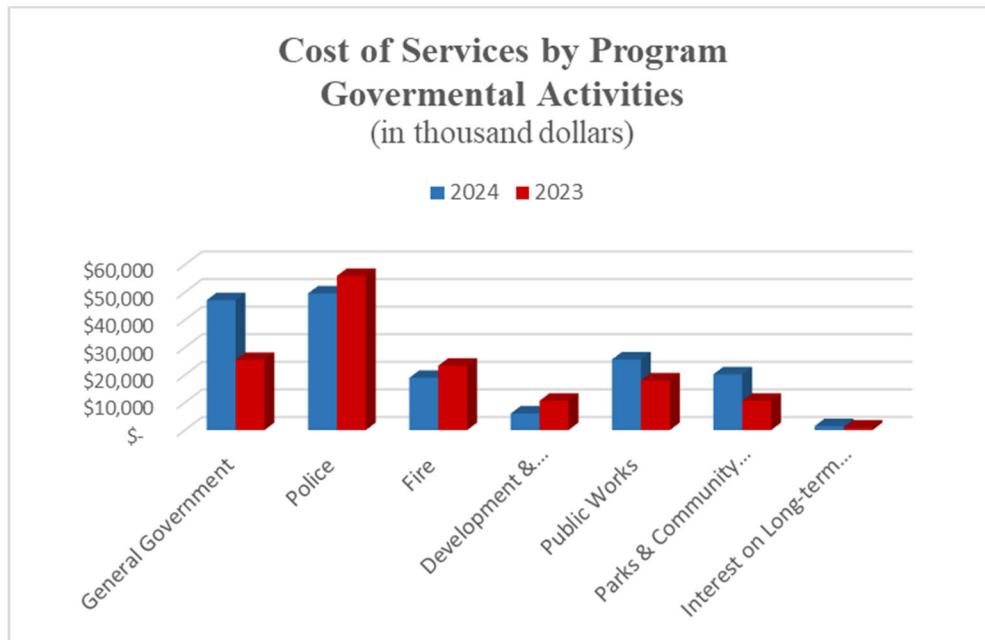
Governmental Activities

Total resources available during the year to finance governmental operations were \$1,256.2 million consisting of net position at June 30, 2024 of \$999.8 million, program revenues of \$76.7 million and general revenues, net of transfers, in amount of \$179.7 million. Government Activities revenue is graphed below by the source of funding, followed by the expenses by program.



City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



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

	Business-type Activities	
	2024	2023
Net Revenue (Expense) from Business-type Activities		
Water	\$830	\$3,853
Wastewater	(2,057)	(7,366)
Solid Waste	(1,449)	(1,711)
Drainage	(570)	770
Airport	(1,254)	(1,626)
Transit	(4,096)	2,312
Total Business-type Activities	<u>(\$8,596)</u>	<u>(\$3,768)</u>

Program revenues of Business-type Activities decreased \$1.9 million or 2.1%, from a total of \$91.0 million at June 30, 2023 to a total of \$89.1 million at June 30, 2024. This was a result of decreases in charges for services and capital grants received.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

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.

Governmental Funds

The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spending resources. Such information is useful in assessing the City's financing requirements. The classification of spendable fund balances to committed, assigned, and unassigned, is intended to be helpful in measuring the resources available for spending at the end of the fiscal year. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending.

At June 30, 2024, the City's governmental funds reported combined fund balances of \$518.2 million, which is an increase of \$131.4 million or 34.0%, from \$386.7 million at June 30, 2023. Total revenues increased by \$58.5 million or 30.5%, from \$191.9 million at June 30, 2023 to \$250.4 million at June 30, 2024. Of this total, \$172.4 million was in the General Fund. Total expenditures increased by \$16.7 million or 10.6%, from \$156.6 million at June 30, 2023 to \$173.2 million at June 30, 2024. Of this total, \$120.6 million was in the General Fund.

General Fund

At June 30, 2024, the General Fund balance of \$55.3 million, was comprised of \$19.9 million committed funds for contingency/emergency reserve, \$15.9 million in assigned funds, including \$15.2 million for the economic/budget stability reserve, \$0.6 million for prior year reappropriations, and \$0.02 million for Animal Control Trust. Restricted funds were \$9.4 million, with \$4.4 million for the City's PERS 115 trust, and \$5.0 million for medical leave banks. Non-spendable funds of \$6.0 million are for the City's prepayment of a portion of the City's FY25 South San Joaquin County Fire Authority (SSJCFA) membership dues. Unassigned funds at June 30, 2024 were \$4.0 million. Fund balances have been classified in accordance with generally accepted accounting principles. While amounts have been categorized as unassigned, they may be informally earmarked by the City Council for specific purposes.

Housing Successor Special Revenue 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 Tracy elected to become the Housing Successor and established the Housing Successor Special Revenue Fund to account for the housing assets and activities previously provided by the Tracy Community Development Agency. As of June 30, 2024, the fund balance of the Housing Successor Special Revenue Fund was \$4.6 million with \$4.0 million committed and \$0.6 million restricted.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Community Development Fees Special Revenue Fund

The Community Development Fees Special Revenue Fund had revenues of \$12.8 million and expenditures of \$7.4 million. The ending fund balance decreased from \$7.7 million at June 30, 2023 to \$5.5 million at June 30, 2024.

Lease Revenue Bonds Fund

The Lease Revenue Bonds Fund was classified as a major fund during the fiscal year. The fund balance increased by \$47.2 million from \$10.0 million stated at June 30, 2023 comparable to \$57.2 million at June 30, 2024. This change relates primarily to the issuance of bonds for the Multi-Generational Recreation Center.

General Projects Capital Fund

The General Projects Fund had revenues of \$8.8 million, transfers in of \$38.3 million, and expenditures of \$10.1 million. The fund balance increased \$37.0 million from \$101.8 million at June 30, 2023 to \$138.8 million at June 30, 2024. Funding for the General Project Fund is transferred from the City's General Fund. Capital project expenses included Legacy Fields 1E (78185) and the Multi-Generational Recreation Center (78178). Future projects include the Aquatic Center, General Plan Update, and the BMX Pump Track.

Tracy Infrastructure Master Plan Capital Fund

The Tracy Infrastructure Master Plan (TIMP) Fund had revenues of \$23.5 million and expenditures of \$1.2 million. The fund balance increased \$20.8 million from \$105.4 million at June 30, 2023 to \$126.2 million at June 30, 2024. TIMP Funds cover areas of the City not covered by their own financing plan. Project expenditures included I-205 Mountain House Overcrossing (73146), I-580 Mountain House Overcrossing (73147) and Wastewater Treatment Expansion (74107) . Future projects Water Lines along Lammers and Corral Hollow Widening.

CARES/ARPA Grant Fund

The CARES/ARPA Grant Fund was reclassified as a non-major fund during the fiscal year, due to the balance decreasing through the City's use of these grant funds on projects such as the Temporary Emergency Housing Facility, and the Bessie Road rehabilitation.

Enterprise Funds

The City's Enterprise Funds provide the same type of information found in the Government-wide Financial Statements, but in more detail. The City's Enterprise Funds are comprised of the Water Utility Fund, the Wastewater Utility Fund, Drainage Fund, Solid Waste Fund, Municipal Airport and Municipal Transit Funds. Enterprise Fund net position totaled \$488.7 million at June 30, 2024. Enterprise operating revenues were \$88.0 million and operating expenses were \$96.6 million in fiscal year 2024. Operating expenses included \$15.2 million in depreciation expense. Project expenditures include the Wastewater treatment Outfall (74083). Future expenses include additional phases of the Wastewater Treatment Expansion and Capital Maintenance at the Water and Wastewater treatment plants.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Water Fund

The net position of the Water Fund at June 30, 2024 was \$206.4 million, an increase of \$1.3 million over the prior fiscal year. The net position of the Water fund at June 30, 2023 was \$205.1 million. Approximately \$13.6 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$192.8 million. Activities for the year were comprised of \$22.0 million in operating revenues for the current year and \$23.4 million in operating expenses including \$4.9 million in depreciation expense.

Wastewater Fund

The net position of the Wastewater Fund at June 30, 2024 was \$184.2 million, an increase of \$0.7 million over the prior fiscal year. The net position of the Wastewater fund at June 30, 2023 was \$183.5 million. Approximately \$17.3 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$166.9 million. Activities for the year were comprised of \$21.3 million in operating revenues for the current year and \$25.0 million in operating expenses including \$6.3 million in depreciation expense. In August 2023, the Wastewater fund saw the first rate increase in a five-year Council adopted rate plan.

Solid Waste Fund

The net position of the Solid Waste Fund at June 30, 2024 was \$9.3 million, a decrease of \$1.0 million over the prior fiscal year. The net position of the Solid Waste fund at June 30, 2023 was \$10.3 million. Approximately \$8.9 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$0.3 million. Activities for the year were comprised of \$34.7 million in operating revenues for the current year and \$36.6 million in operating expense.

Drainage Fund

The net position of the Drainage Fund at June 30, 2024 was \$50.7 million, a decrease of \$0.6 million over the prior fiscal year. The net position of the Drainage fund at June 30, 2023 was \$51.3 million. Approximately \$0.2 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$50.5 million. Activities for the year were comprised of \$0.8 million in operating revenues for the current year and \$2.1 million in operating expenses including \$1.7 million in depreciation expenses.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the General Fund totaled \$117.0 million. The difference in appropriations between the original budget and the final amended budget was \$7.6 million. The variance of the final amended budget to the actual expenditures was (\$3.6). At the end of the fiscal year, the total actual expenditures of the General Fund were \$120.7 million.

CAPITAL ASSETS

At the end of fiscal 2024, the City had \$1,175.3 million, net of depreciation, invested in a broad range of capital assets used in governmental and business type activities, as shown below. 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 acquisition value on the date of contribution.

	(In thousands of dollars)					
	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Non-depreciable assets						
Land	\$ 181,091	\$ 181,056	\$ 19,057	\$ 19,057	\$ 200,148	\$ 200,113
Streets and Roads	332,210	327,059	-	-	332,210	327,059
Construction in-Progress	54,812	58,826	37,649	63,529	92,461	122,355
Total	568,113	566,941	56,706	82,586	624,819	649,527
Depreciable assets						
Buildings and Improvements	147,516	147,476	171,165	171,165	318,681	318,641
Improvements	70,211	51,064	-	-	70,211	51,064
Grading, Curbs & Gutters						
Sidewalks & Driveway	32,135	32,135	-	-	32,135	32,135
Approaches						
Traffic Signals	32,748	31,957	8,118	8,118	40,866	40,075
Equipment	36,892	34,629	47,602	47,440	84,494	82,069
Infrastructure	12,219	12,219	435,976	398,105	448,195	410,324
Intangible Assets	1,368	1,368	73,476	73,476	74,844	74,844
Less: accumulated depreciation	(186,203)	(175,507)	(335,848)	(320,700)	(522,051)	(496,207)
Net depreciable assets	146,886	135,341	400,489	377,604	547,375	512,945
Lease right to use assets						
Buildings and Improvements	2,283	1,094	-	-	2,283	1,094
Less: accumulated amortization	(349)	(453)	-	-	(349)	(453)
Net lease right to us assets	1,934	641	-	-	1,934	641
Subscription assets						
Subscription assets	2,143	2,284	86	86	2,057	2,198
Less: accumulated amortization	(895)	(978)	(36)	(7)	(859)	(971)
Net lease right to us assets	1,248	1,306	50	79	1,198	1,227
Total Capital Assets	\$ 718,181	\$ 704,229	\$ 457,245	\$ 460,269	\$ 1,175,326	\$ 1,164,340

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

CAPITAL ASSETS (CONTINUED)

The City depreciates all its capital assets over their estimated useful lives, except for roads, which are reported using the Modified Approach. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in Note 8 to the financial statements. The Modified Approach requires the City to employ an asset management system that maintains a current inventory of these assets, estimates annual costs to maintain them, and assesses the condition of the assets in a replicable way.

The City has elected to use the modified approach discussed above with respect to its roads, most of which are relatively new. The City's policy is to maintain these roads at an overall condition index level averaging 69, instead of providing depreciation. During fiscal year 2024, the City expended \$7,389,773 to preserve its roads, and the condition index level was 64. Two major road rehabilitation projects were recently completed, but not included in the pavement condition index, as they are awaiting City Council acceptance. The Bessie Road rehabilitation and Lincoln/Lowell road rehabilitation projects being accepted as complete are expected to improve the City's pavement condition index. The City estimates that it will be required to expend approximately \$19M in fiscal years 2025 through 2027 to bring its roads to a condition level of 69, or \$11.5M annually to maintain its roads at the current PCI level of 64.

DEBT SERVICE ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 9 in the Notes to the Basic Financial Statements. The City's Governmental Activities long-term debt outstanding increased by \$53.2 million or 131.2%, from \$40.5 million at June 30, 2023 to \$93.7 million at June 30, 2024. The City's Business Activities long-term debt outstanding decreased by \$2.2 million or -8.8%, from \$24.7 million at June 30, 2023 to \$22.5 million at June 30, 2024.

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

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Lease Payable	\$ 1,932	\$ 576	\$ -	\$ -	\$ 1,932	\$ 576
Subscription Liability	1,187	1,213	27	54	1,214	1,267
2020 Lease Revenue Refunding Bonds	15,735	16,405	-	-	15,735	16,405
2020 Lease Revenue Refunding Bonds Premium	2,764	2,948	-	-	2,764	2,948
2022 Lease Revenue Refunding Bonds	16,665	17,465	-	-	16,665	17,465
2022 Lease Revenue Refunding Bonds Premium	1,785	1,913	-	-	1,785	1,913
2024 Lease Revenue Refunding Bonds	50,355	-	-	-	50,355	-
2024 Lease Revenue Refunding Bonds Premium	3,273	-	-	-	3,273	-
2004 Wastewater Revenue Bonds	-	-	18,305	19,305	18,305	19,305
State of California-Department of Health Services Loan	-	-	4,204	5,343	4,204	5,343
Total Long-Term Debt	\$ 93,696	\$ 40,520	\$ 22,536	\$ 24,702	\$ 116,232	\$ 65,222

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

Throughout fiscal year 2023-24, the City's economic development continued to grow through expansion of several existing businesses, construction of new distribution facilities, hotels, and office space, and the opening of new retail and restaurant businesses. Property tax revenues steadily increased as a result of new residential and commercial development and higher property values. The City's property tax revenue increased by \$2.0 million, or 6.5% over fiscal year 2022-2023 and is expected to continue to grow by 5% annually over the next 3-5 years.

During FY2022-23, the electorate of the City voted to change the City's Business Tax from a limited employee based tax to a gross receipts tax. This change, effective July 1, 2023, increased Business Taxes by several million dollars, more than anticipated. Due to the larger than anticipated increase, the City Council revised the Business Tax rates to ease the impact to businesses, with the rate change taking effect in fiscal year 2024-25. The City is projected to receive approximately \$3 million in annual revenue during fiscal year 2024-25.

The City has positioned itself well by building financial reserves, adopting strong fiscal policies, and passing important revenue measures to support City services. A future impact is anticipated with pending changes in the statewide sales tax allocation, and the City may experience a decrease in sales tax revenue from ecommerce transactions in the coming fiscal years. Over the next year, staff will continue to evaluate many options to balance resources and ensure Council priorities are met. More detail about the City's economic outlook is discussed in the accompanying transmittal letter.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive 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 333 Civic Center Plaza, Tracy, CA 95376.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Tracy
Statement of Net Position
June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Joaquin County Fire Authority
ASSETS				
Current assets:				
Cash and investments	\$ 462,606,759	\$ 50,890,860	\$ 513,497,619	\$ 10,151,544
Restricted cash and investments	4,392,919	-	4,392,919	-
Cash and investments with fiscal agents	55,411,626	570	55,412,196	-
Accounts receivable, net	12,406,739	13,947,495	26,354,234	741,619
Intergovernmental receivable	24,847,020	6,575,082	31,422,102	-
Interest receivable	1,219,304	138,331	1,357,635	-
Lease receivable - due within one year	197,584	178,542	376,126	-
Deposits	1,000,000	-	1,000,000	-
Prepaid items	6,154,790	1,058,864	7,213,654	-
Inventories	-	570,994	570,994	-
Due from Fiduciary Funds	4,323,387	-	4,323,387	-
Due from Component Unit	1,197,474	-	1,197,474	-
Internal balances	311,020	(311,020)	-	-
Total current assets	<u>574,068,622</u>	<u>73,049,718</u>	<u>647,118,340</u>	<u>10,893,163</u>
Noncurrent assets:				
Lease receivable - due in more than one year	1,828,402	3,147,324	4,975,726	-
Loans receivable	14,259,918	-	14,259,918	-
Capital assets:				
Non-depreciable/amortizable	568,113,454	56,705,793	624,819,247	-
Depreciable/amortizable, net	150,067,776	400,539,151	550,606,927	1,152,244
Total capital assets, net	<u>718,181,230</u>	<u>457,244,944</u>	<u>1,175,426,174</u>	<u>1,152,244</u>
Total noncurrent assets	<u>734,269,550</u>	<u>460,392,268</u>	<u>1,194,661,818</u>	<u>1,152,244</u>
Total assets	1,308,338,172	533,441,986	1,841,780,158	12,045,407
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	886,869	285,040	1,171,909	-
Related to pensions	39,432,884	5,148,041	44,580,925	3,533,673
Total deferred outflows of resources	40,319,753	5,433,081	45,752,834	3,533,673

City of Tracy
Statement of Net Position (Continued)
June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Joaquin County Fire Authority
LIABILITIES				
Current liabilities:				
Accounts payable	13,029,510	5,799,945	18,829,455	459,995
Accrued payroll	1,247,943	-	1,247,943	1,006,303
Deposits	15,291,100	72,075	15,363,175	-
Interest payable	243,775	1,784,039	2,027,814	-
Unearned revenue	6,071,303	154,144	6,225,447	5,987,525
Due to Primary Government	-	-	-	1,197,474
Sick leave conversion - due within one year	1,015,617	-	1,015,617	-
Compensated absences - due within one year	1,562,838	304,621	1,867,459	830,184
Long-term debt - due within one year	2,539,672	2,243,491	4,783,163	-
Total current liabilities	<u>41,001,758</u>	<u>10,358,315</u>	<u>51,360,073</u>	<u>9,481,481</u>
Noncurrent liabilities:				
Total OPEB liability	5,894,681	1,340,720	7,235,401	-
Net pension liability	110,853,738	14,020,500	124,874,238	257,826
Sick leave conversion - due in more than one year	5,755,166	-	5,755,166	-
Compensated absences - due in more than one year	2,514,244	490,898	3,005,142	-
Long-term debt - due in more than one year	91,155,284	20,292,361	111,447,645	-
Total noncurrent liabilities	<u>216,173,113</u>	<u>36,144,479</u>	<u>252,317,592</u>	<u>257,826</u>
Total liabilities	<u>257,174,871</u>	<u>46,502,794</u>	<u>303,677,665</u>	<u>9,739,307</u>
DEFERRED INFLOWS OF RESOURCES				
Related to leases	1,955,684	3,198,917	5,154,601	-
Related to OPEB	988,660	389,934	1,378,594	-
Related to pensions	1,347,397	47,065	1,394,462	1,626
Total deferred inflows of resources	<u>4,291,741</u>	<u>3,635,916</u>	<u>7,927,657</u>	<u>1,626</u>
NET POSITION				
Net investment in capital assets	<u>619,338,804</u>	<u>434,709,092</u>	<u>1,054,047,896</u>	-
Restricted:				
Debt service	65,817,469	570	65,818,039	-
Public safety	508,293	-	508,293	-
Streets and roads	23,795,870	-	23,795,870	-
Community development	14,493,959	-	14,493,959	-
Special districts	7,015,553	-	7,015,553	-
Projects	235,953,718	-	235,953,718	-
Housing services	601,794	-	601,794	-
Total restricted	<u>348,186,656</u>	<u>570</u>	<u>348,187,226</u>	-
Unrestricted	<u>119,665,853</u>	<u>54,026,695</u>	<u>173,692,548</u>	<u>5,838,147</u>
Total net position	<u>\$ 1,087,191,313</u>	<u>\$ 488,736,357</u>	<u>\$ 1,575,927,670</u>	<u>\$ 5,838,147</u>

City of Tracy
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Primary government:					
Governmental activities:					
General government					
Economic development	\$ 1,069,968	\$ -	\$ 226,284	\$ 149,266	\$ 375,550
General government	22,322,106	25,617,960	12,915	2,495,539	28,126,414
Finance	5,938,802	-	-	-	-
Non-departmental	17,815,774	260	3,585,636	1,667,927	5,253,823
Public safety					
Police	49,569,085	424,655	2,420,306	413,950	3,258,911
Fire	18,950,341	-	-	-	-
Public ways and facilities					
Development and engineering	6,005,474	9,077,996	-	-	9,077,996
Public works	25,624,503	2,803,042	9,704,179	15,613,666	28,120,887
Community development					
Parks and community services	20,228,523	945,538	1,529,195	-	2,474,733
Interest and fiscal charges	1,435,622	-	-	-	-
Total governmental activities	168,960,198	38,869,451	17,478,515	20,340,348	76,688,314
Business-type activities:					
Water	23,603,123	21,967,306	262,199	2,203,710	24,433,215
Wastewater	25,873,622	21,145,969	168,314	2,502,242	23,816,525
Solid waste	36,571,150	34,658,823	295,376	168,144	35,122,343
Drainage	2,133,139	827,913	-	734,994	1,562,907
Municipal airport	2,168,118	856,455	41,684	16,314	914,453
Municipal transit	7,351,473	14,616	3,123,736	117,249	3,255,601
Total business-type activities	97,700,625	79,471,082	3,891,309	5,742,653	89,105,044
Total primary government	\$ 266,660,823	\$ 118,340,533	\$ 21,369,824	\$ 26,083,001	\$ 165,793,358
Component unit:					
South San Joaquin County Fire Authority	\$ 25,809,257	\$ 1,485,750	\$ 27,044,543	\$ -	\$ 28,530,293
Total component unit	\$ 25,809,257	\$ 1,485,750	\$ 27,044,543	\$ -	\$ 28,530,293

City of Tracy
Statement of Activities (Continued)
For the Year Ended June 30, 2024

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit South San Joaquin County Fire Authority
	Governmental Activities	Business-Type Activities	Total	
Primary government:				
Governmental activities:				
General government				
Economic development	\$ (694,418)	\$ -	\$ (694,418)	\$ -
General government	5,804,308	-	5,804,308	-
Finance	(5,938,802)	-	(5,938,802)	-
Non-departmental	(12,561,951)	-	(12,561,951)	-
Public safety				
Police	(46,310,174)	-	(46,310,174)	-
Fire	(18,950,341)	-	(18,950,341)	-
Public ways and facilities				
Development and engineering	3,072,522	-	3,072,522	-
Public works	2,496,384	-	2,496,384	-
Community development				
Parks and community services	(17,753,790)	-	(17,753,790)	-
Interest and fiscal charges				
Total governmental activities	(1,435,622)	-	(1,435,622)	-
	(92,271,884)	-	(92,271,884)	-
Business-type activities:				
Water	-	830,092	830,092	-
Wastewater	-	(2,057,097)	(2,057,097)	-
Solid waste	-	(1,448,807)	(1,448,807)	-
Drainage operations	-	(570,232)	(570,232)	-
Municipal airport	-	(1,253,665)	(1,253,665)	-
Municipal transit	-	(4,095,872)	(4,095,872)	-
Total business-type activities	-	(8,595,581)	(8,595,581)	-
	(92,271,884)	(8,595,581)	(100,867,465)	-
Component unit:				
South San Joaquin County Fire Authority	-	-	-	2,721,036
Total component unit	-	-	-	2,721,036
General Revenues and Transfers:				
General revenues:				
Taxes:				
Property taxes	32,051,399	-	32,051,399	-
Sales and use taxes	97,106,958	-	97,106,958	-
Franchise taxes	5,554,956	-	5,554,956	-
Transient occupancy tax	1,931,016	-	1,931,016	-
Business license tax	8,807,059	-	8,807,059	-
Transfer tax	2,000,158	-	2,000,158	-
Total taxes	147,451,546	-	147,451,546	-
Motor vehicle in lieu, unrestricted	118,105	-	118,105	-
Investment income	15,117,700	1,907,751	17,025,451	-
Other revenue	18,602,860	8,556,976	27,159,836	-
Transfers	(1,612,998)	1,612,998	-	-
	179,677,213	12,077,725	191,754,938	-
Change in net position	87,405,329	3,482,144	90,887,473	2,721,036
Net Position:				
Beginning of year	999,785,984	485,254,213	1,485,040,197	3,117,111
End of year	\$ 1,087,191,313	\$ 488,736,357	\$ 1,575,927,670	\$ 5,838,147

See accompanying Notes to the Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

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Governmental Funds Financial Statements

General Fund - This fund is used to account 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.

Housing Successor Special Revenue Fund - This fund is used to accounts for the revenues and expenditures of the Housing Successor Agency. This fund was established to account for housing activities assumed by the City from the former Tracy Community Development Agency and revenues and expenditures related to the low and moderate income housing program.

Community Development Fees Special Revenue Fund - This fund is used to account for restricted revenues and specific activities of the Building, Engineering and Planning Divisions.

Lease Revenue Bonds Debt Service Fund - This fund is used to accumulate funds for the payment of debt service on the lease revenue bonds, series 2020, 2022, and 2024.

General Capital Projects Fund - This fund is used to account for the construction of the capital project financed through transfers from the General Fund.

Tracy Infrastructure Master Plans Capital Projects Fund - This fund is used to account for construction projects within Tracy Infrastructure Master Plan. The Tracy Infrastructure Master Plans were approved in 2012 and 2013 and cover all subsequent new development in areas of the City not covered by their own financing plan. Capital development fees are levied on developments in these areas and expenditures for various capital facilities to support the developments are accounted for in six functional categories.

City of Tracy
Balance Sheet
Governmental Funds
June 30, 2024

	Major Funds			
	General Fund	Housing Successor Fund	Community Development Fees Fund	Lease Revenue Bonds Fund
ASSETS				
Cash and investments	\$ 26,160,461	\$ 4,593,137	\$ 5,592,304	\$ 1,759,069
Restricted cash and investments	4,392,919	-	-	-
Cash and investments with fiscal agents	-	-	-	55,411,626
Accounts receivable, net	1,156,537	-	7,204,137	-
Intergovernmental receivable	20,425,032	-	-	-
Interest receivable	396,379	11,937	50,879	-
Lease receivable	2,025,986	-	-	-
Due from other funds	606,822	-	-	-
Prepaid items	5,989,475	-	-	-
Deposits	-	-	-	-
Loans receivable	-	12,646,095	-	-
Due from Fiduciary Funds	-	-	-	4,323,387
Due from Component Unit	1,197,474	-	-	-
Total assets	<u>\$ 62,351,085</u>	<u>\$ 17,251,169</u>	<u>\$ 12,847,320</u>	<u>\$ 61,494,082</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,422,301	\$ -	\$ 1,185,049	\$ -
Accrued payroll	1,247,943	-	-	-
Due to other funds	-	-	-	-
Deposits payable	469,864	-	3,145,517	-
Unearned revenues	-	-	3,042,342	-
Total liabilities	<u>5,140,108</u>	<u>-</u>	<u>7,372,908</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	12,649,375	-	4,323,387
Related to leases	1,955,684	-	-	-
Total deferred inflows of resources	<u>1,955,684</u>	<u>12,649,375</u>	<u>-</u>	<u>4,323,387</u>
Fund Balances:				
Nonspendable	5,989,475	-	-	-
Restricted	9,433,564	601,794	5,474,412	57,170,695
Committed	19,919,000	4,000,000	-	-
Assigned	15,896,577	-	-	-
Unassigned (deficit)	4,016,677	-	-	-
Total fund balances	<u>55,255,293</u>	<u>4,601,794</u>	<u>5,474,412</u>	<u>57,170,695</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 62,351,085</u>	<u>\$ 17,251,169</u>	<u>\$ 12,847,320</u>	<u>\$ 61,494,082</u>

City of Tracy
Balance Sheet (Continued)
Governmental Funds
June 30, 2024

	Major Funds				Total Governmental Funds
	General Capital Projects Fund	Tracy Infrastructure Master Plans Fund	Non-major Governmental Funds		
	ASSETS				
Cash and investments	\$ 138,560,882	\$ 127,948,295	\$ 141,557,749	\$ 446,171,897	
Restricted cash and investments	-	-	-	4,392,919	
Cash and investments with fiscal agents	-	-	-	55,411,626	
Accounts receivable, net	4,000,000	-	45,740	12,406,414	
Intergovernmental receivable	-	-	4,421,988	24,847,020	
Interest receivable	-	336,563	380,629	1,176,387	
Lease receivable	-	-	-	2,025,986	
Due from other funds	-	-	-	606,822	
Prepaid items	-	-	-	5,989,475	
Deposits	-	-	1,000,000	1,000,000	
Loans receivable	-	-	1,613,823	14,259,918	
Due from Fiduciary Funds	-	-	-	4,323,387	
Due from Component Unit	-	-	-	1,197,474	
Total assets	<u>\$ 142,560,882</u>	<u>\$ 128,284,858</u>	<u>\$ 149,019,929</u>	<u>\$ 573,809,325</u>	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,127,873	\$ 2,121,468	\$ 2,347,721	\$ 12,204,412	
Accrued payroll	-	-	-	1,247,943	
Due to other funds	-	-	295,802	295,802	
Deposits payable	681,713	-	10,987,248	15,284,342	
Unearned revenues	-	-	3,028,961	6,071,303	
Total liabilities	<u>3,809,586</u>	<u>2,121,468</u>	<u>16,659,732</u>	<u>35,103,802</u>	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	1,613,823	18,586,585	
Related to leases	-	-	-	1,955,684	
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,613,823</u>	<u>20,542,269</u>	
Fund Balances:					
Nonspendable	-	-	-	-	5,989,475
Restricted	-	126,163,390	130,756,216	329,600,071	
Committed	-	-	-	-	23,919,000
Assigned	138,751,296	-	-	-	154,647,873
Unassigned (deficit)	-	-	(9,842)	-	4,006,835
Total fund balances	<u>138,751,296</u>	<u>126,163,390</u>	<u>130,746,374</u>	<u>518,163,254</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 142,560,882</u>	<u>\$ 128,284,858</u>	<u>\$ 149,019,929</u>	<u>\$ 573,809,325</u>	

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City of Tracy
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2024

Total Fund Balances - Total Governmental Funds	\$ 518,163,254
Amounts reported for Governmental Activities in the Statement of Net Position were different because:	
Unavailable revenues reported on the Governmental Fund Financial Statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements. Capital Assets used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Government-Wide Statement of Net Position	18,586,585
Less: capital assets reported in Internal Service Funds	(12,826,835)
Total capital assets	705,354,395
Long-term liabilities are not due and payable in the current period and therefore were not reported in the Governmental Funds Balance Sheet.	
Amount reported in Government-Wide Statement of Net Position	
Sick leave conversion - due within one year	(1,015,617)
Sick leave conversion - due in more than one year	(5,755,166)
Compensated absences - due within one year	(1,562,838)
Compensated absences - due in more than one year	(2,514,244)
Long-term debt - due within one year	(2,539,672)
Long-term debt - due in more than one year	(91,155,284)
Less: amount reported in Internal Service Funds:	
Long-term debt - due within one year	301,504
Long-term debt - due in more than one year	319,919
Compensated absences - due within one year	109,125
Compensated absences - due in more than one year	190,928
Total long-term liabilities	(103,621,345)
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.	
	(243,775)
Aggregate net pension liability and total OPEB liability used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Total OPEB liability	(5,894,681)
Net pension liability	(110,853,738)
Less: amount reported in Internal Service Funds:	
Total OPEB liability	418,207
Net pension liability	4,362,182
Total OPEB/pension liability	(111,968,030)
Deferred outflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred outflows of resources related to OPEB	886,869
Deferred outflows of resources related to pensions	39,432,884
Less: amount reported in Internal Service Funds:	
Deferred outflows of resources related to OPEB	(88,912)
Deferred outflows of resources related to pensions	(1,601,704)
Total deferred outflows of resources	38,629,137
Deferred inflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred inflows of resources related to OPEB	(988,660)
Deferred inflows of resources related to pensions	(1,347,397)
Less: amount reported in Internal Service Funds:	
Deferred inflows of resources related to OPEB	121,630
Deferred inflows of resources related to pensions	14,644
Total deferred inflows of resources	(2,199,783)
Internal service funds are used by management to charge the cost of fleet management, risk management, information technology, and building maintenance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	
	24,490,875
Net Position of Governmental Activities	\$ 1,087,191,313

See accompanying Notes to the Basic Financial Statements.

City of Tracy
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	Major Funds			
	General Fund	Housing Successor Fund	Community Development Fees Fund	Lease Revenue Bonds Fund
REVENUES:				
Taxes	\$ 142,266,642	\$ -	\$ -	\$ -
Licenses, permits and fees	5,533,938	-	9,029,411	-
Fines and penalties	190,597	-	-	-
Investment income	4,277,223	212,426	696,617	230
Intergovernmental	4,286,944	-	459,091	-
Charges for current services	6,520,456	-	177,719	-
Special assessments	-	-	-	-
Contributions	155,295	-	-	-
Other revenue	9,199,470	-	2,173,328	1,312,800
Total revenues	172,430,565	212,426	12,536,166	1,313,030
EXPENDITURES:				
Current:				
General government				
Economic development	627,008	-	-	-
General government	11,088,605	-	-	-
Finance	5,888,326	-	-	-
Non-departmental	10,728,030	-	-	6,410,272
Public safety				
Police	48,976,041	-	-	-
Fire	16,999,200	-	-	-
Public ways and facilities				
Development and engineering	20,274	-	8,698,692	-
Public works	6,907,520	-	6,085,163	-
Community development				
Parks and community services	14,292,349	-	-	-
Capital outlay	3,871,852	-	-	-
Debt service:				
Principal	1,080,676	-	12,774	1,470,000
Interest and fiscal charges	106,950	-	31	1,505,783
Total expenditures	120,586,831	-	14,796,660	9,386,055
REVENUES OVER (UNDER) EXPENDITURES	51,843,734	212,426	(2,260,494)	(8,073,025)
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of bonds	-	-	-	53,628,361
Inception of subscription agreement	675,231	-	-	-
Inception of lease agreement	1,597,992	-	-	-
Transfers in	-	-	-	1,653,250
Transfers out	(39,290,169)	(650,362)	-	-
Total other financing sources (uses)	(37,016,946)	(650,362)	-	55,281,611
NET CHANGE IN FUND BALANCES	14,826,788	(437,936)	(2,260,494)	47,208,586
FUND BALANCES:				
Beginning of year, as previously reported	40,428,505	5,039,730	7,734,906	-
Change with financial reporting entity (major and non-major fund classification)	-	-	-	9,962,109
Beginning of year, as restated (Note 22)	40,428,505	5,039,730	7,734,906	9,962,109
End of year	\$ 55,255,293	\$ 4,601,794	\$ 5,474,412	\$ 57,170,695

See accompanying Notes to the Basic Financial Statements.

City of Tracy
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2024

	Major Funds		Formerly Major Fund	Non-major Governmental Funds	Total Governmental Funds
	General Capital Projects Fund	Tracy Infrastructure Master Plans Fund	CARES/ARPA Grants Fund		
REVENUES:					
Taxes	\$ -	\$ -		\$ 5,688,701	\$ 147,955,343
Licenses, permits and fees	-	-		140,670	14,704,019
Fines and penalties	-	-		139,483	330,080
Investment income (loss)	22,133	4,097,716		5,455,159	14,761,504
Intergovernmental	2,129,574	-		10,034,064	16,909,673
Charges for current services	-	16,950,985		5,279,157	28,928,317
Special assessments	-	-		4,838,148	4,838,148
Contributions	4,000,000	-		-	4,155,295
Other revenue	2,631,504	2,455,834		1,842	17,774,778
Total revenues	8,783,211	23,504,535		31,577,224	250,357,157
EXPENDITURES:					
Current:					
General government					
Economic development	-	-		442,960	1,069,968
General government	-	-		58,443	11,147,048
Finance	-	-		84,937	5,973,263
Non-departmental	-	-		677,472	17,815,774
Public safety					
Police	-	-		444,456	49,420,497
Fire	-	-		-	16,999,200
Public ways and facilities					
Development and engineering	-	-		-	8,718,966
Public works	-	34,178		2,945,213	15,972,074
Community development					
Parks and community services	-	-		7,153,839	21,446,188
Capital outlay	10,100,928	1,131,380		5,361,309	20,465,469
Debt service:					
Principal	-	-		-	2,563,450
Interest and fiscal charges	-	-		-	1,612,764
Total expenditures	10,100,928	1,165,558		17,168,629	173,204,661
REVENUES OVER (UNDER) EXPENDITURES	(1,317,717)	22,338,977		14,408,595	77,152,496
OTHER FINANCING SOURCES (USES):					
Proceeds from issuance of bonds	-	-		-	53,628,361
Inception of subscription agreement	-	-		-	675,231
Inception of lease agreement	-	-		-	1,597,992
Transfers in	38,287,281	-		-	39,940,531
Transfers out	-	(1,612,998)		-	(41,553,529)
Total other financing sources (uses)	38,287,281	(1,612,998)		-	54,288,586
NET CHANGE IN FUND BALANCES	36,969,564	20,725,979		14,408,595	131,441,082
FUND BALANCES:					
Beginning of year, as previously reported	101,781,732	105,437,411	3,131,167	123,168,721	386,722,172
Change with financial reporting entity (major and non-major fund classification)	-	-	(3,131,167)	(6,830,942)	-
Beginning of year, as restated (Note 22)	101,781,732	105,437,411	-	116,337,779	386,722,172
End of year	\$ 138,751,296	\$ 126,163,390	\$ 3,131,167	\$ 130,746,374	\$ 518,163,254

See accompanying Notes to the Basic Financial Statements.

City of Tracy

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position For the Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 131,441,082
Amounts reported for Governmental Activities in the Statement of Net Position were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation and amortization expenses. This is the amount of capital assets recorded in the current period (net of \$3,280,969 added in internal service funds) (\$2,877,455 of the governmental fund capital outlay balance were for repairs and maintenance expenditures).	17,588,014
In the Government-Wide Statement of Activities, donated assets are reported as a capital contribution.	5,924,965
Depreciation and amortization expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation and amortization expense, net of internal service funds of \$2,577,112, was not reported as expenditures in the Governmental Funds.	(10,146,176)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net position (net of \$493,342 in net capital asset retirements in internal service funds).	(93,126)
Issuance of long-term liabilities provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position.	
Bonds payable	(53,628,361)
Subscription liability (net of \$908,158 in internal service funds)	(675,231)
Lease liability	(1,597,992)
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Principal payment of long-term debt, net of \$759,144 reported in the internal service funds	2,563,450
Amortization of bond premium	312,517
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year.	(134,408)
Sick leave conversion expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(1,144,450)
Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, net of \$4,361 in internal service funds.	328,399
Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds.	(1,048,733)
Certain pension expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in pension related deferred outflows of resources, net of \$103,987 in internal service funds	(3,797,874)
Changes in net pension liabilities, net of \$588,170 in internal service funds	(1,452,296)
Changes in pension related deferred inflows of resources, net of \$13,495 in internal service funds	(1,066,541)
Certain OPEB expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in OPEB related deferred outflows of resources, net of \$43,466 in internal service funds	125,531
Changes in total OPEB liabilities, net of \$105,999 in internal service funds	(857,021)
Changes in OPEB related deferred inflows of resources, net of \$292 in internal service funds	928,313
The internal service funds are used by management to charge the costs of fleet maintenance, facilities maintenance, and technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	3,835,267
Change in Net Position of Governmental Activities	\$ 87,405,329

Proprietary Funds Financial Statements

Water Fund - This fund is used to account for provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including administrative, operations, capital improvements, maintenance, financing, and related debt service, and billing and collection.

Wastewater Fund - This fund is used to account for the activities associated with operating and maintaining the City's sewer and surface drainage system. All activities necessary to provide such services are accounted for in this fund including administration, operations, capital improvements, maintenance, financing, and related debt service, and billing and collection.

Solid Waste Fund - This fund is used to account for the provision of refuse collection services to residents of the City, accomplished through a franchised operator. This fund is also used to account for the activities of the City's recycling program.

Drainage Fund - This fund is used to account for the activities of the City's storm drainage operations are accounted for in this fund.

Internal Service Funds - These funds are used to provide goods and services by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

City of Tracy
Statement of Net Position
Proprietary Funds
June 30, 2024

	Major Funds			
	Water Fund	Wastewater Fund	Solid Waste Fund	Drainage Fund
ASSETS				
Current assets:				
Cash and investments	\$ 15,559,960	\$ 18,299,543	\$ 6,836,812	\$ 865,009
Cash and investments with fiscal agents	-	570	-	-
Accounts receivable, net	3,759,359	3,834,406	6,122,069	155,668
Intergovernmental receivable	-	148,596	-	-
Interest receivable	40,439	47,917	23,480	2,248
Lease receivable - due within one year	-	98,407	-	-
Due from other funds	-	-	-	-
Prepaid items	1,058,864	-	-	-
Inventories	570,994	-	-	-
Total current assets	<u>20,989,616</u>	<u>22,429,439</u>	<u>12,982,361</u>	<u>1,022,925</u>
Noncurrent assets:				
Lease receivable - due in more than one year	-	1,363,765	-	-
Advances from other funds	-	500,000	-	-
Capital assets:				
Non-depreciable/amortizable	5,935,353	35,775,466	-	13,252,652
Depreciable/amortizable	<u>191,068,645</u>	<u>149,404,711</u>	<u>364,632</u>	<u>37,260,357</u>
Total capital assets, net	<u>197,003,998</u>	<u>185,180,177</u>	<u>364,632</u>	<u>50,513,009</u>
Total noncurrent assets	<u>197,003,998</u>	<u>187,043,942</u>	<u>364,632</u>	<u>50,513,009</u>
Total assets	<u>217,993,614</u>	<u>209,473,381</u>	<u>13,346,993</u>	<u>51,535,934</u>
DEFERRED OUTFLOW OF RESOURCES				
Related to OPEB	111,062	112,754	38,303	3,846
Related to pensions	<u>2,006,237</u>	<u>2,037,039</u>	<u>692,018</u>	<u>69,818</u>
Total deferred outflow of resources	<u>2,117,299</u>	<u>2,149,793</u>	<u>730,321</u>	<u>73,664</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,467,278	1,135,303	2,408,616	18,441
Interest payable	-	72,075	-	-
Deposits payable	1,049,930	2,000	32,865	640,208
Unearned revenue	-	-	113,818	-
Compensated absences - due within one year	117,195	119,781	39,117	4,694
Long-term debt - due within one year	<u>1,166,336</u>	<u>1,050,000</u>	<u>27,155</u>	-
Total current liabilities	<u>3,800,739</u>	<u>2,379,159</u>	<u>2,621,571</u>	<u>663,343</u>
Noncurrent liabilities:				
Advances from other funds	500,000	-	-	-
Net OPEB liability	522,396	530,355	180,161	18,089
Net pension liability	5,463,913	5,547,801	1,884,686	190,146
Compensated absences - due in more than one year	199,823	187,501	55,892	14,282
Long term debt - due in more than one year	<u>3,037,361</u>	<u>17,255,000</u>	-	-
Total noncurrent liabilities	<u>9,723,493</u>	<u>23,520,657</u>	<u>2,120,739</u>	<u>222,517</u>
Total liabilities	<u>13,524,232</u>	<u>25,899,816</u>	<u>4,742,310</u>	<u>885,860</u>
DEFERRED INFLOWS OF RESOURCES				
Related to leases	-	1,387,250	-	-
Related to OPEB	<u>151,933</u>	<u>154,248</u>	<u>52,398</u>	<u>5,261</u>
Related to pensions	<u>18,342</u>	<u>18,623</u>	<u>6,327</u>	<u>638</u>
Total deferred inflows of resources	<u>170,275</u>	<u>1,560,121</u>	<u>58,725</u>	<u>5,899</u>
NET POSITION				
Net investment in capital assets	192,800,301	166,875,177	337,477	50,513,009
Restricted:				
Debt service	-	570	-	-
Unrestricted	<u>13,616,105</u>	<u>17,287,490</u>	<u>8,938,802</u>	<u>204,830</u>
Total net position	<u>\$ 206,416,406</u>	<u>\$ 184,163,237</u>	<u>\$ 9,276,279</u>	<u>\$ 50,717,839</u>

See accompanying Notes to the Basic Financial Statements.

City of Tracy
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2024

	Non-major Funds	Total	Governmental Activities Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 9,329,536	\$ 50,890,860	\$ 16,434,862
Cash and investments with fiscal agents	-	570	-
Accounts receivable, net	75,993	13,947,495	325
Intergovernmental receivable	6,426,486	6,575,082	-
Interest receivable	24,247	138,331	42,917
Lease receivable - due within one year	80,135	178,542	-
Due from other funds	-	-	-
Prepaid items	-	1,058,864	165,315
Inventories	-	570,994	-
Total current assets	<u>15,936,397</u>	<u>73,360,738</u>	<u>16,643,419</u>
Noncurrent assets:			
Lease receivable - due in more than one year	1,783,559	3,147,324	-
Advances from other funds	-	500,000	-
Capital assets:			
Non-depreciable/amortizable	1,742,322	56,705,793	-
Depreciable/amortizable	22,440,806	400,539,151	12,826,835
Total capital assets, net	<u>24,183,128</u>	<u>457,244,944</u>	<u>12,826,835</u>
Total noncurrent assets	<u>25,966,687</u>	<u>460,892,268</u>	<u>12,826,835</u>
Total assets	<u>41,903,084</u>	<u>534,253,006</u>	<u>29,470,254</u>
DEFERRED OUTFLOW OF RESOURCES			
Related to OPEB	19,075	285,040	88,912
Related to pensions	<u>342,929</u>	<u>5,148,041</u>	<u>1,601,704</u>
Total deferred outflow of resources	<u>362,004</u>	<u>5,433,081</u>	<u>1,690,616</u>
LIABILITIES			
Current liabilities:			
Accounts payable	770,307	5,799,945	825,098
Interest payable	-	72,075	-
Deposits payable	59,036	1,784,039	6,758
Unearned revenue	40,326	154,144	-
Compensated absences - due within one year	23,834	304,621	109,125
Long-term debt - due within one year	-	2,243,491	301,504
Total current liabilities	<u>1,204,523</u>	<u>10,669,335</u>	<u>1,242,485</u>
Noncurrent liabilities:			
Advances from other funds	-	500,000	-
Net OPEB liability	89,719	1,340,720	418,207
Net pension liability	933,954	14,020,500	4,362,182
Compensated absences - due in more than one year	33,400	490,898	190,928
Long term debt - due in more than one year	-	20,292,361	319,919
Total noncurrent liabilities	<u>1,057,073</u>	<u>36,644,479</u>	<u>5,291,236</u>
Total liabilities	<u>2,261,596</u>	<u>47,313,814</u>	<u>6,533,721</u>
DEFERRED INFLOWS OF RESOURCES			
Related to leases	1,811,667	3,198,917	-
Related to OPEB	26,094	389,934	121,630
Related to pensions	3,135	47,065	14,644
Total deferred inflows of resources	<u>1,840,896</u>	<u>3,635,916</u>	<u>136,274</u>
NET POSITION			
Net investment in capital assets	24,183,128	434,709,092	12,826,835
Restricted:			
Debt service	-	570	-
Unrestricted	13,979,468	54,026,695	11,664,040
Total net position	<u>\$ 38,162,596</u>	<u>\$ 488,736,357</u>	<u>\$ 24,490,875</u>

City of Tracy
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Major Funds			
	Water Fund	Wastewater Fund	Solid Waste Fund	Drainage Fund
OPERATING REVENUES:				
Sales and charges for services	\$ 21,967,306	\$ 21,145,969	\$ 34,658,823	\$ 827,913
Other operating revenue	-	200,182	71,434	-
Total operating revenues	21,967,306	21,346,151	34,730,257	827,913
OPERATING EXPENSES:				
Purchase of water	6,478,205	-	-	-
Maintenance and operation	11,814,355	15,165,241	30,482,746	366,420
Administration	246,915	3,511,255	6,051,997	81,179
Insurance costs and claims	-	-	-	-
Depreciation and amortization	4,859,540	6,313,059	36,407	1,685,540
Total operating expenses	23,399,015	24,989,555	36,571,150	2,133,139
OPERATING INCOME (LOSS)	(1,431,709)	(3,643,404)	(1,840,893)	(1,305,226)
NONOPERATING REVENUES (EXPENSES):				
Operating grants	262,199	168,314	295,376	-
Investment income	506,163	886,117	365,726	19,946
Interest expense	(119,264)	(884,067)	-	-
Gain (loss) on sale of capital assets	(84,844)	-	-	-
Total nonoperating revenues (expenses)	564,254	170,364	661,102	19,946
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(867,455)	(3,473,040)	(1,179,791)	(1,285,280)
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	2,203,710	2,502,242	168,144	734,994
Transfers in	-	1,612,998	-	-
Total capital contributions and transfers	2,203,710	4,115,240	168,144	734,994
Changes in net position	1,336,255	642,200	(1,011,647)	(550,286)
NET POSITION:				
Beginning of year	205,080,151	183,521,037	10,287,926	51,268,125
End of year	\$ 206,416,406	\$ 184,163,237	\$ 9,276,279	\$ 50,717,839

City of Tracy
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2024

	Non-major Funds	Total	Governmental Activities	Internal Service Funds
OPERATING REVENUES:				
Sales and charges for services	\$ 871,071	\$ 79,471,082	\$ 22,676,651	
Other operating revenue	8,285,360	8,556,976		732,543
Total operating revenues	<u>9,156,431</u>	<u>88,028,058</u>		<u>23,409,194</u>
OPERATING EXPENSES:				
Purchase of water	-	6,478,205		-
Maintenance and operation	5,358,721	63,187,483	4,921,316	
Administration	1,850,069	11,741,415	6,246,608	
Insurance costs and claims	1,963	1,963	7,971,528	
Depreciation and amortization	2,308,838	15,203,384	2,577,112	
Total operating expenses	<u>9,519,591</u>	<u>96,612,450</u>		<u>21,716,564</u>
OPERATING INCOME (LOSS)	<u>(363,160)</u>	<u>(8,584,392)</u>		<u>1,692,630</u>
NONOPERATING REVENUES (EXPENSES):				
Operating grants	3,165,420	3,891,309		-
Investment income	129,799	1,907,751	437,792	
Interest expense	-	(1,003,331)		(967)
Gain (loss) on sale of capital assets	-	(84,844)	37,885	
Total nonoperating revenues (expenses)	<u>3,295,219</u>	<u>4,710,885</u>		<u>474,710</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>2,932,059</u>	<u>(3,873,507)</u>		<u>2,167,340</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	133,563	5,742,653	1,667,927	
Transfers in	-	1,612,998		-
Total capital contributions and transfers	<u>133,563</u>	<u>7,355,651</u>		<u>1,667,927</u>
Changes in net position	<u>3,065,622</u>	<u>3,482,144</u>		<u>3,835,267</u>
NET POSITION:				
Beginning of year	35,096,974	485,254,213	20,655,608	
End of year	<u>\$ 38,162,596</u>	<u>\$ 488,736,357</u>		<u>\$ 24,490,875</u>

City of Tracy
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Major Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 22,211,646	\$ 20,262,442	\$ 34,494,459	\$ 833,511
Cash payments to suppliers for goods and services	(17,830,074)	(18,877,769)	(37,628,706)	(443,461)
Cash payments to employees for services	179,873	(152,880)	60,668	(58,503)
Other operating revenues and expenses	-	200,182	71,434	-
Net cash provided by (used in) operating activities	4,561,445	1,431,975	(3,002,145)	331,547
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating grants	262,199	19,718	295,376	-
Borrowing from other funds	-	500,000	-	-
Repayment to other funds	(500,000)	-	-	-
Transfers from other funds	-	1,612,998	-	-
Net cash provided by (used in) noncapital financing activities	(237,801)	2,132,716	295,376	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grants	-	-	-	-
Capital contributions from developers and others	2,203,710	2,502,242	168,144	-
Acquisition of capital assets	(3,093,398)	(8,044,594)	(168,144)	-
Proceeds from the sale of assets	(84,844)	-	-	-
Principal payment of long-term debt	(1,139,515)	(1,000,000)	(26,705)	-
Interest paid on debt	(119,264)	(887,900)	-	-
Net cash provided by (used in) capital and related financing activities	(2,233,311)	(7,430,252)	(26,705)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest from investments	550,862	993,851	403,697	21,079
Net cash provided by investing activities	550,862	993,851	403,697	21,079
Net change in cash and cash equivalents	2,641,195	(2,871,710)	(2,329,777)	352,626
CASH AND CASH EQUIVALENTS:				
Beginning of year	12,918,765	21,171,823	9,166,589	512,383
End of year	\$ 15,559,960	\$ 18,300,113	\$ 6,836,812	\$ 865,009
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:				
Cash and cash investments	\$ 15,559,960	\$ 18,299,543	\$ 6,836,812	\$ 865,009
Restricted cash and investments	-	570	-	-
Total cash and cash equivalents	\$ 15,559,960	\$ 18,300,113	\$ 6,836,812	\$ 865,009

(Continued)

City of Tracy
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2024

	Major Funds			
	Water Fund	Wastewater Fund	Solid Waste Fund	Drainage Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,431,709)	\$ (3,643,404)	\$ (1,840,893)	\$ (1,305,226)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,859,540	6,313,059	36,407	1,685,540
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:				
Accounts receivable, net	211,772	(860,142)	(181,754)	4,368
Intergovernmental receivable	-	-	-	-
Lease receivable	-	163,724	-	-
Prepaid items	50,422	-	-	-
Deferred outflows - OPEB related	(49,026)	(45,864)	(17,389)	(669)
Deferred outflows - pension related	39,939	169,456	(2,225)	33,546
Accounts payable	658,979	(201,273)	(1,093,963)	4,138
Accrued payroll	(238,272)	(253,027)	(80,498)	(9,011)
Deposits payable	32,568	1,000	32,865	1,230
Unearned revenue	-	-	(15,475)	-
Compensated absences	56,949	(34,879)	(12,145)	(3,795)
Net OPEB liability	96,218	70,835	36,485	(3,735)
Net pension liability	307,867	(12,224)	146,514	(70,314)
Deferred inflows - lease related	-	(188,109)	-	-
Deferred inflows - OPEB related	(13,700)	(24,344)	(3,441)	(3,221)
Deferred inflows - pension related	(20,102)	(22,833)	(6,633)	(1,304)
Total adjustments	<u>5,993,154</u>	<u>5,075,379</u>	<u>(1,161,252)</u>	<u>1,636,773</u>
Net cash provided by (used in) operating activities	<u>\$ 4,561,445</u>	<u>\$ 1,431,975</u>	<u>\$ (3,002,145)</u>	<u>\$ 331,547</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Initiation of a SBITA liability	\$ -	\$ -	\$ -	\$ -
Total noncash capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

City of Tracy
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2024

	Non-major Funds	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 3,385,318	\$ 81,187,376	\$ 22,676,326
Cash payments to suppliers for goods and services	(6,869,577)	(81,649,587)	(18,715,528)
Cash payments to employees for services	(47,810)	(18,652)	374,610
Other operating revenues and expenses	8,285,360	8,556,976	732,543
Net cash provided by (used in) operating activities	4,753,291	8,076,113	5,067,951
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	3,165,420	3,742,713	-
Borrowing from other funds	-	500,000	-
Repayment to other funds	25,980	(474,020)	-
Transfers from other funds	-	1,612,998	-
Net cash provided by (used in) noncapital financing activities	3,191,400	5,381,691	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants	-	-	-
Capital contributions from developers and others	133,563	5,007,659	1,667,927
Acquisition of capital assets	(138,160)	(11,444,296)	(2,309,173)
Proceeds from the sale of assets	-	(84,844)	-
Principal payment of long-term debt	-	(2,166,220)	(759,144)
Interest paid on debt	-	(1,007,164)	(967)
Net cash provided by (used in) capital and related financing activities	(4,597)	(9,694,865)	(1,401,357)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	113,940	2,083,429	475,967
Net cash provided by investing activities	113,940	2,083,429	475,967
Net change in cash and cash equivalents	8,054,034	5,846,368	4,142,561
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,275,502	45,045,062	12,292,301
End of year	\$ 9,329,536	\$ 50,891,430	\$ 16,434,862
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ 9,329,536	\$ 50,890,860	\$ 16,434,862
Restricted cash and investments	-	570	-
Total cash and cash equivalents	\$ 9,329,536	\$ 50,891,430	\$ 16,434,862

(Continued)

City of Tracy
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2024

	Non-major Funds	Total	Governmental Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (363,160)	\$ (8,584,392)	\$ 1,692,630
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,308,838	15,203,384	2,577,112
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	113,019	(712,737)	(325)
Intergovernmental receivable	2,450,621	2,450,621	-
Lease receivable	78,416	242,140	-
Prepaid items	-	50,422	(63,725)
Deferred outflows - OPEB related	(7,515)	(120,463)	(43,466)
Deferred outflows - pension related	38,883	279,599	(103,987)
Accounts payable	341,176	(290,943)	487,649
Accrued payroll	(45,651)	(626,459)	(163,264)
Deposits payable	3,038	70,701	-
Unearned revenue	(35,496)	(50,971)	-
Compensated absences	(6,867)	(737)	4,361
Net OPEB liability	10,303	210,106	105,999
Net pension liability	(28,154)	343,689	588,170
Deferred inflows - lease related	(95,351)	(283,460)	-
Deferred inflows - OPEB related	(4,771)	(49,477)	292
Deferred inflows - pension related	(4,038)	(54,910)	(13,495)
Total adjustments	<u>5,116,451</u>	<u>16,660,505</u>	<u>3,375,321</u>
Net cash provided by (used in) operating activities	<u>\$ 4,753,291</u>	<u>\$ 8,076,113</u>	<u>\$ 5,067,951</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Initiation of a SBITA liability	\$ -	\$ -	\$ 908,158
Total noncash capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 908,158</u>

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Fiduciary Funds Financial Statements

Custodial funds - These funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. This includes various Community Facilities Districts and Assessments Districts.

Private Purpose Funds - These funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e. unclaimed property/escheat property). This includes the Successor Agency Private Purpose Trust Fund.

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City of Tracy
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Custodial Funds	Successor Agency Private Purpose Trust Fund
ASSETS		
Cash and investments	\$ 8,738,800	\$ 6,095,708
Cash and investments with fiscal agent	42,820,909	535
Interest receivable	-	15,842
Total assets	51,559,709	6,112,085
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	-	1,453,090
Total deferred outflows of resources	-	1,453,090
LIABILITIES		
Interest payable	-	427,417
Deposits payable	322,814	-
Due to City	-	4,323,387
Long-term debt - due within one year	-	1,820,000
Long-term debt - due in more than one year	-	23,896,854
Total liabilities	322,814	30,467,658
NET POSITION (DEFICIT)		
Held for:		
Individuals, organizations, and other governments	51,236,895	-
Dissolution of RDA	-	(22,902,483)
Total net position (deficit)	\$ 51,236,895	\$ (22,902,483)

City of Tracy
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	Custodial Funds	Successor Agency Private Purpose Trust Fund
ADDITIONS:		
Fee collections for other governments	\$ 26,754,522	\$ 304,686
Special assessments for other governments	18,175,877	-
Investment income (loss)	1,074,693	184,450
RDA property tax trust fund distribution	-	3,147,471
Total additions	46,005,092	3,636,607
DEDUCTIONS:		
Administration	264,576	-
Payments on conduit bonds - principal	8,675,000	-
Payments on conduit bonds - interest	7,258,825	-
Project payments	23,891,590	-
Payments to other governments	218,087	299,571
Interest expense	-	888,789
Total deductions	40,308,078	1,188,360
Change in net position	5,697,014	2,448,247
NET POSITION (DEFICIT):		
Beginning of year	45,539,881	(25,350,730)
End of year	\$ 51,236,895	\$ (22,902,483)

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Tracy
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For the Year Ended June 30, 2024

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City of Tracy
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Tracy, California (the “City”) have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting standards in the United States. The more significant of the City’s accounting policies are described below.

A. Financial Reporting Entity

The City was incorporated on July 10, 1910 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, general administration services, and redevelopment.

Blended Component Units

The financial reporting entity consists of the primary government, the City, and its component units. Component units are legally separate entities for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government is accountable and their exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance part of the government’s operation and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Although the following are legally separate from the City, they have been “blended” as though they are part of the City because the component unit’s governing body is substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component units; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

The accompanying basic financial statements of the City include the financial activities of the City as well as the Tracy Operating Partnership Joint Powers Authority, Tracy Public Financing Authority, and Tracy Industrial Development Authority, which are controlled by and dependent on the City. While they are separate legal entities, City Council serves in separate sessions as the governing body of the Tracy Operating Partnership Joint Powers Authority, the Tracy Public Financing Authority, and the Tracy Industrial Development Authority; their financial activities are integral to those of the City. The financial activities of all three entities have been aggregated and merged (termed “blended”) with those of the City in the accompanying financial statements. Further details about each entity follow:

The **Tracy Operating Partnership Joint Powers Authority (TOP)**, established in October 1995, is a separate governmental entity whose purpose is to assist in the financing and refinancing of certain redevelopment activities of the former Community Development Agency and certain programs and projects of the City. The TOP is administered by a Governing Board whose members are the City Council of the City of Tracy, and the City also performs all accounting and administrative functions for the TOP. The TOP does not issue separate financial statements.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

The **Tracy Public Financing Authority (TPFA)**, established in May 2013, is a separate government entity whose purpose is to assist the City and the former South County Fire Authority (SCFA) with the financing or refinancing of certain public capital facilities within the City. The SCFA was dissolved on June 30, 2018 and was replaced as a member of the TPFA by the Tracy Industrial Development Authority. The TPFA 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 TPFA is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the TPFA. The TPFA does not issue separate financial statements.

The **Tracy Industrial Development Authority (TIDA)**, established in August 2018, is a separate governmental entity whose purpose is to implement the provisions of the California Industrial Development Financing Act. The TIDA is administered by a Governing Board whose members are the City Council of the City, and the City also performs all accounting and administrative functions for the TIDA. The TIDA does not issue separate financial statements.

Discretely Presented Component Units

A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The **South San Joaquin County Fire Authority (SSJCFA)** was created in March 2018 by a Joint Exercise of Powers Agreement between the City and the Tracy Rural Fire Protection District to provide fire administration, fire prevention and fire training and safety within the jurisdictional area of the SSJCFA. The jurisdictional area effective as of June 30, 2019 includes the City of Tracy and the Tracy Rural Fire Protection District. The SSJCFA is governed by a Board comprised of two members each from the City and the District. The City and District lease all facilities to be used in providing fire protection services to the SSJCFA and the City performs certain accounting and administrative functions for the SSJCFA. The SSJCFA issues separate financial statements that are available from the SSJCFA, 835 N. Central Avenue, Tracy, CA 95376. Further information regarding the SSJCFA is discussed in Note 20.

B. Basis of Presentation, Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of U.S. GAAP.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Program revenues for the City are classified in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days for all revenues except grants, which use a six-month availability period.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in-lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the measurable and available criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed non-exchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary non-exchange transactions have been recognized as revenues when all applicable eligibility requirements have been met.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major governmental funds:

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.

Housing Successor Special Revenue Fund - This fund was established to account for housing activities assumed by the City from the former Tracy Community Redevelopment Agency and revenues and expenditures related to the low- and moderate-income housing program.

Community Development Fees Special Revenue Fund - This fund is used to account for revenues and expenditures of the Building, Engineering and Planning Divisions. These funds were added in fiscal year 15-16 to better account for these specific activities and restricted revenue sources. Prior to fiscal year 15-16, these activities were in the General Fund.

Lease Revenue Bonds Debt Service Fund - This fund is used to accumulate funds for the payment of debt service on the lease revenue bonds, series 2020, 2022, and 2024.

General Capital Projects Fund - This fund is used to account for the construction of the capital project financed through transfers from the General Fund.

Tracy Infrastructure Master Plans Capital Projects Fund - This fund is used to account for the construction of the project with the Tracy Infrastructure Master Plan. The Tracy Infrastructure Master Plans were approved in 2012 and 2013 and cover all subsequent new development in areas of the City not covered by their own financing plan. Capital development fees are levied on developments in these areas and expenditures for various capital facilities to support the developments are accounted for in six functional categories.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major Proprietary Fund and an aggregate column for all nonmajor funds.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City's internal service funds include funds which provide services directly to other City funds. These areas of service include fleet maintenance, facilities maintenance, and technology.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary funds:

Water Fund – This fund is used to account for the provision of water services to the residential, commercial and industrial segments of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Wastewater Fund – This fund is used to account for the provision of treatment to residential, commercial and industrial segments of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Solid Waste Fund – This fund is used to account for City's activities related to solid waste removal and street cleaning activities.

Drainage Fund – This fund is used to account for the City's activities related to drainage operations.

Discretely Presented Component Unit Financial Statements

The activities of the Authority closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. The Authority provides services on a continuous basis and its activities are substantially financed by revenues derived from user charges and contributions from the member agencies. The Authority utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent custodial funds and private purpose trust funds. Both custodial funds and the private purpose trust funds are accounted for on the full accrual basis of accounting. Fiduciary fund types are accounted for according to the nature of the fund.

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. They are also used to account for various assessment districts for which the City acts as an agent for debt service activity, as the City is prohibited from levying additional taxes for these districts. Such funds include various Community Facilities Districts, Assessments Districts, and the Tracy Rural Fire Medical Leave Bank Custodial Funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e., unclaimed property/escheat property). The City's private purpose trust fund is a fiduciary fund type used by the City to report assets, liabilities and activities of the Successor Agency to the Redevelopment Agency (Successor Agency) for the City of Tracy. Its results of operations are presented on the Statement of Changes of Fiduciary Net Position.

Successor Agency of the Redevelopment Agency for the City of Tracy

The Redevelopment Obligation Retirement Fund was created to serve as a custodian for the assets and to wind down the affairs of the RDA on February 1, 2012, pursuant to Assembly Bill x1 26. Its purpose is to expeditiously wind down the affairs of the dissolved Redevelopment Agency (RDA). The Successor Agency is a separate public entity from the City, subject to the direction of an oversight board. The City Council serves as the governing board of the Successor Agency. In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former RDA until all enforceable obligations of the former RDA have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency has been included in the accompanying basic financial statements as a private purpose trust fund.

C. Deferred Outflows and Inflows of Resources

The Statement of Net Position and Balance Sheet – Governmental Funds reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

Deferred Inflows of Resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Cash, Cash Equivalents 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 and Investments 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. It is the City's intent to hold investments to maturity.

Investments are reported in the accompanying financial statements at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year, and may result in negative investment income in the accompanying financial statements. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except for investment income associated with funds not legally required to receive pooled investment income which has been assigned to and recorded as revenue of the general fund, as provided by California Government Code Section 53647.

For purposes of the statement of cash flows, amounts reported as cash and cash equivalents, include amounts on deposit in the City pool and any short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Certain disclosure requirements, if applicable, for deposits and investment risks in the following areas:

- Interest rate risk
- Credit risk
 - Overall
 - Custodial credit risk
 - Concentration of credit risk
- Foreign currency risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

U.S. GAAP establishes a framework for measuring fair value, and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, which are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Cash and Investments with Fiscal Agents

Amounts reported as cash and investments with fiscal agents have been restricted by bond indentures or are to be used for specified purposes based on contract provisions, such as bonded debt service.

F. Receivables

Customer or trade receivables are reported as “accounts receivable” and are shown net of an allowance for uncollectible accounts based on historical and management estimates.

Noncurrent portions of long-term receivables (e.g., “notes receivable”) due to governmental fund types are reported in their respective balance sheets despite their spending measurement focus. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of long-term notes receivable are offset by restricted fund balance in the special revenue funds.

G. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Governmental-Wide Financial Statements as “internal balances.”

H. Inventories and Prepaid Items

Inventories are valued at cost, using the weighted-average method. Inventories of the Enterprise Funds. consist primarily of water storage held for future use. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased. Prepaid items in governmental funds are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

I. Leases

Lessee

The City has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$25,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Leases (Continued)

Lessee (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor

The City is a lessor for leases of special purpose facilities, office and commercial space, and land. The City recognizes leases receivable and deferred inflows of resources in the financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Subscription-Based Information Technology Arrangements (SBITAs)

The City has a policy to recognize a SBITA liability and a right-to-use subscription asset (SBITA asset) in our financial statements with an initial, individual value of \$50,000 or more with a subscription term greater than one year.

At the commencement of a subscription, when the subscription asset is placed into service, the SBITA liability is measured at the present value of payments expected to be made during the subscription term. Future subscription payments are discounted using the City's incremental borrowing rate and the City recognizes amortization of the discount on the subscription liability as interest expense in subsequent financial reporting periods.

SBITA assets are measured as the sum of the initial subscription liability, payments made to the SBITA vendor before the commencement of the lease term, and capitalizable implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized using the straight-line method over the subscription term.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the period during which the City has a noncancelable right to use the underlying IT asset. The subscription term also includes periods covered by an option to extend if it is reasonably certain to be exercised.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option years that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of a subscription and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use subscription assets are reported along with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

K. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets, and the right to use leased equipment and buildings, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost (except for intangible right-to-use lease assets) or estimated historical cost if purchased or constructed. Donated assets are valued at the fair value of the assets on the date on which they were contributed. Donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Capital assets with limited useful lives are depreciated over their estimated useful lives. Alternatively, the "modified approach" is used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements. 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 Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Capital Assets (Continued)

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

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 and capitalization thresholds listed below to capital assets:

Asset Type	Useful Lives	Capitalization Threshold
Land	n/a	\$0
Land improvements	n/a	\$50,000
Buildings	10-30 years	\$50,000
Building Improvements	5-50 years	\$50,000
Equipment and vehicles	5-30 years	\$5,000
Grading, curbs, gutters, sidewalks, driveway approaches	40 years	\$50,000
Traffic signals	20 years	\$50,000
Street drainage	40 years	\$50,000
Infrastructure	5-40 years	\$50,000
Intangibles	5 years	\$5,000
Finance purchase agreements	Term of contract	\$5,000
Lease agreements	Term of contract	\$50,000
Subscription agreements	Term of contract	\$50,000
Works of Art / Historical Treasures	n/a	\$0
Construction in Progress for Year End Reporting	n/a	Projects to exceed \$50,000 at completion

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.

The City has elected to use the modified approach discussed above with respect to its roads, most of which are relatively new. The City's policy is to maintain these roads at an overall Pavement Condition Index (PCI) level averaging 69, instead of providing depreciation. During the fiscal year 2024, the City expended \$7,389,773 to preserve its roads. The City estimates that it will be required to expend approximately \$19M in fiscal year 2025 through 2028 to maintain its roads at this condition level or \$11.5M annually to maintain its roads at the current PCI level of 64. Please see Modified Approach to Reporting Street Pavement Costs section of the Required Supplementary Information section following the Notes to the Basic Financial Statements for more detailed information.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Long-Term Debt

Government-Wide Financial Statements and Proprietary Fund Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are expensed when incurred. Gains or losses on bond refunding are reported as either deferred outflows of resources or deferred inflows of resources and amortized over the term of the related debt.

Governmental Fund Financial Statements

The governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. Governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Compensated Absences/Sick Leave Conversion

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Employees hired prior to July 1, 1994, after 10 years with the City and only upon retirement, may convert their accumulated sick leave time to offset the cost of retiree medical insurance premiums under the following options: bank or conversion. The bank option converts the unused sick leave into a dollar amount that will be placed into a "bank" to be used until the bank is exhausted to offset the cost of retiree medical insurance premiums for the retiree. The conversion option takes the unused sick leave and converts it to days and the City will pay the medical insurance premiums for the retiree for each day after conversion.

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences/sick leave conversion are recorded as a liability when earned and as an expense when paid.

Fund Financial Statements

For governmental funds, compensated absences/sick leave conversion are recorded as expenditures in the year paid. The General Fund is typically used to liquidate compensated absences and sick leave conversion. In proprietary funds, compensated absences/sick leave conversion are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 14). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The General Fund and Internal Service Funds are typically used to liquidate the pension liability related to the City's governmental activities while the pension liability for Business-type activities is liquidated from the respective Enterprise Funds.

The following timeframes are used for pension reporting:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Measurement period	July 1, 2022 to June 30, 2023

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

O. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan, the assets of which are held in an irrevocable trust, and additions to/deductions from the OPEB plan's fiduciary net position have been determined by an independent actuary (Note 15). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The Enterprise Funds are used to liquidate the OPEB liability.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Measurement period	July 1, 2022 to June 30, 2023

P. Fund Balances

As prescribed by U.S. GAAP, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2024, fund balances for governmental funds are made up of the following:

- Nonspendable Fund Balance – includes amounts that are (a) not in a spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: deposits and prepaid items.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Fund Balances (Continued)

- Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.
- Committed Fund Balance – includes amounts that have been limited to specific purposes or through adoption of a resolution or an ordinance by the City Council, the highest level of decision-making authority of the City, and resources that have been specifically committed for use in satisfying contractual obligations, as in agreements with third-parties. The City has determined that both a resolution and an ordinance are equally binding. These commitments may be changed or lifted, but only by the same formal action that was used to impose the constraint originally. City Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be subsequently determined.
- Assigned Fund Balance – includes amounts that are intended to be used by the City for specific purposes. Intent is expressed by (a) the City Council or (b) a body or official to which the City Council has delegated the authority to assign amounts to be used for a specific purpose. This policy delegates to the Finance Director the authority to assign unassigned fund balance amounts where the City's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.
- Unassigned Fund Balance – includes amounts within the General Fund, the residual resources, either positive or negative in excess of what can be properly classified in one of the other four fund balance categories. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification of fund balance in the nonspendable, restricted or committed categories.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

General Fund Reserve Policies

The City Council adopted a revised General Fund Reserve (Unassigned Fund Balance) Policy in May 2021 with Resolution 2021-061 that established a minimum fund balance policy for the General Fund in order to mitigate the effect of unanticipated situations such as natural disasters and severe unforeseen events. Reserves also provide the City with stability in times of economic fluctuations and help provide for a smooth transition to changes in service levels caused by changes in the City's financial situation. The Policy established the following reserves:

Contingency/Emergency Reserve – The Contingency/Emergency Reserve funds help mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Contingency/Emergency Reserve also serves as back-up liquidity to self-insured losses if this need were to arise. The Contingency/Emergency Reserve is established with a target goal of 18% of the General Fund's adopted annual budget for expenditures and recurring transfers out. The City Manager will first evaluate the City's financial condition and make a recommendation to City Council as to the need to make contributions to the Contingency/Emergency Reserve or the possible need to access funds from the Contingency/Emergency Reserve. This action is done as part of the annual budget adoption; however, these actions can be completed at any time the City Manager deems necessary. The balance of the Contingency/Emergency Reserve was \$19,919,000 at June 30, 2024, which is a component of committed fund balance of the General Fund.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Fund Balances (Continued)

Economic/Budget Stability Reserve – The Economic/Budget Stability Reserve is intended to offset quantifiable revenue/expenditure uncertainty in the multi-year forecast thereby helping to stabilize service levels through economic cycles. The long-term use of this reserve is determined by estimating the level of financial risk associated and may be authorized and expended only when certain specific circumstances exist within the following three areas of uncertainty:

1. Revenue risks: Revenues falling short of budget projections may cause deficits. Transitional funding may be necessary to respond to reductions in major revenues due to local, regional, and national economic downturns. This may be due to a loss in housing values, a loss of a major employer, a loss of a major retailer, a sudden spike in unemployment or inflation, and/or other major economic factors. This may also be due to state and/or voter initiatives; including changes in legislation, revenue sources that sunset or expire, or other political impacts to revenues that are outside of the control of the City Council.
 - a. Projected General Fund revenue totals in aggregate are anticipated to decrease by 5% (or more) over the prior year or decrease 10% (or more) cumulative over three years; excluding one-time revenue sources.
 - b. Projected General Fund revenues from a single revenue source are anticipated to decrease by 10% (or more) over the prior year or decrease by 15% over three years; excluding one-time revenue sources.
2. Expenditure risks: The City may require a source of supplemental funding for uncontrollable costs or contractually obligated costs. Such costs may include maintaining service levels.
 - a. Projected General Fund expenditure totals (in aggregate) increase by 10% (or more) over the prior year or increase 15% (or more) over three years; excluding one-time expenditure requests.
 - b. Projected General Fund expenditures from a single source are anticipated to increase by 10% (or more) over the prior year or increase by 15% over three years.
3. Structural deficit risk: Economic factors may create a structural deficit when revenue growth does not keep pace with expenditure growth. The City may elect to use the Economic/Budget Stability Reserve for up to 24 months while a plan is developed to correct the deficit.
 - a. Projected General Fund expenditure totals (in aggregate) exceed incoming revenues by 5% (or more) over the prior year or exceed by 10% over three years; excluding one-time expenditure requests.
 - b. Need funding for an unanticipated major repair, purchase or other maintenance charge creating a deficit of 5% of incoming revenues.

The nature of these reserves is intended to stabilize the General Fund budget in the short-term to address non-routine or unanticipated changes in economic position. A regular 5-year forecast should be used to identify foreseeable changes in revenues and/or expenditures. However, not all changes in economic and fiscal position are known. In those cases, the City Manager will first evaluate the City's financial condition and make a recommendation to City Council as to the need to make contributions to the Economic/Budget Stability Reserve or the possible need to access funds from the Economic/Budget Stability Reserve. This action is done as part of the annual budget adoption; however, these actions can be completed at any time the City Manager deems necessary. The balance of the Economic/Budget Stability Reserve was \$12,609,000 at June 30, 2024, which is a component of assigned fund balance of the General Fund.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Fund Balances (Continued)

The City Manager must present a report to the City Council to justify the use of the Contingency Reserve and Economic/Budget Stability Reserve and the circumstances of the catastrophic and/or fiscal emergency. All uses of the Contingency Reserve and Economic/Budget Stability Reserve must be approved by Resolution of the City Council with a four-fifths vote. Any such uses are to be repaid to the respective reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. Year-end excess and/or one-time revenue under the proposed reserves structure would remain in the General Fund's committed or assigned fund balance, as applicable. As part of the annual budget adoption process, or at any time the City Manager deems necessary, the City Manager would recommend whether the excess funds could be allocated to other reserves, or used as one-time funding with consideration given to economic development and/or capital projects.

Q. Net Position

The financial statements utilize a net position presentation. Net position is classified as follows:

- Net Investment in Capital Assets – This category of net position consists of capital assets, net of accumulated depreciation and amortization, and reduced by any debt outstanding and any deferred outflows/inflows of resources related to such borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is offset by unspent proceeds.
- Restricted Net Position – This category presents restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Those assets are restricted due to external restrictions imposed by creditors (such as through bond covenants), grantors or laws and regulations of other governments and restrictions imposed through constitutional provisions or enabling legislation.
- Unrestricted – This category represents net position of the City that is not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources that are needed.

R. Revenue Recognition for Utility Funds

Revenues are recognized based on cycle billings rendered to customers. Utility service accounts receivable are reported net of allowance for doubtful collections and include unbilled receivables using actual amounts billed in July for June services.

S. Property Tax

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Property Tax (Continued)

Property Valuations are established by the Assessor of the County of San Joaquin for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments.

The County of San Joaquin levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year of levy, due to the adoption of the "alternate method of property tax distribution", known as the Teeter Plan, by the City and the County of San Joaquin. The Teeter Plan authorizes the Auditor/Controller of the County of San Joaquin to allocate 100 percent of the secured property taxes billed, but not yet paid. The County of San Joaquin remits tax monies to the City in three installments as follows:

50 percent remitted in December
45 percent remitted in April
5 percent remitted in June

Tax Levy Apportionments - Due to the nature of the City-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - The State of California fiscal year 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

T. Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions, in some cases when applicable, that affect the amounts in the financial statements and the accompanying notes. Actual results could differ from the estimates.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

U. Implementation of New GASB Pronouncements for the Year Ended June 30, 2024

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2024. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Implementation of this Statement had a moderate effect on the City's financial statements for the fiscal year ended June 30, 2024.

V. Upcoming Government Accounting Standards Implementations

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the City's fiscal year ending June 30, 2025.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Application of this statement is effective for the City's fiscal year ending June 30, 2025.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Application of this statement is effective for the City's fiscal year ending June 30, 2026.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Application of this statement is effective for the City's fiscal year ending June 30, 2026.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 2 – Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2024 as follows:

	Government-Wide Statement of Net Position			Fiduciary Funds		
	Governmental Activities	Business-Type Activities	Total	Component Unit	Statement of Net Position	Total
Cash and investments	\$ 462,606,759	\$ 50,890,860	\$ 513,497,619	\$ 10,151,544	\$ 14,834,508	\$ 538,483,671
Restricted cash and investments	4,392,919	-	\$ 4,392,919	-	-	4,392,919
Cash and investments with fiscal agent	55,411,626	570	55,412,196	-	42,821,444	98,233,640
Total cash and investments	\$ 522,411,304	\$ 50,891,430	\$ 573,302,734	\$ 10,151,544	\$ 57,655,952	\$ 641,110,230

Cash and investments at June 30, 2024, consisted of the following:

Cash:	
Cash on hand	\$ 8,944
Deposits with financial institution	<u>27,087,287</u>
Total cash	<u>27,096,231</u>
Investments:	
Investments	515,780,359
Investments held by bond trustee	<u>98,233,640</u>
Total investments	<u>614,013,999</u>
Total cash and investments	<u>\$ 641,110,230</u>

As part of the City's investment guidelines, the City continually seeks ways to increase investment income while not risking investment principal. One way the City accomplishes this is by "sweeping", on a nightly basis, any excess cash held in its non-interest-bearing checking account to an interest-bearing money market account with the same bank.

A. Demand Deposits

The carrying amounts of the City's demand deposits were \$27,087,287 at June 30, 2024. Bank balances were \$21,177,644 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The City, however, has not waived the collateralization requirements.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 2 – Cash and Investments (Continued)

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Bills, Bonds, Notes	5 years	None	100%	No Limit
Federal Agency Obligations or U.S. Government-Sponsored Enterprise Obligations (GSE)	5 years	None	100%	25%
Municipal Securities	5 years	A	30%	5%
Bankers' Acceptances	180 days	A/A-1 or higher	40%	5%
Commercial Paper	270 days	A/A-1 or higher	25%	5% (A)
Negotiable Certificates of Deposit (NCDs)	5 years	A/A-1 or higher	30% (B)	5%
Federally Insured Non - Negotiable Certificates of Deposit	5 years	None	20% (C)	(D)
Collateralized Non-Negotiable Certificates of Deposit	5 years	None	20% (C)	No Limit
Certificate of Deposit Placement Service (CDARS)	5 years	None	30% (B)	No Limit
Repurchase Agreements	1 year	None	100%	10%
Local Agency Investment Fund	N/A	None	\$75 million	\$75 million
Local Government Investment Pools	N/A	None	100%	No Limit
Medium-Term Corporate Notes	5 years	A	30%	5%
Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	5 years	A/AA or higher	20%	5% (E)
Mutual Funds	N/A	Highest Category	20%	10%
Money Market Mutual Funds	N/A	Highest Category	20%	20%
Supranational Securities	5 years	AA	30%	10%

(A) The City may purchase no more than 10% of the outstanding commercial paper of any single issuer.

(B) Combined limit for NCD and CDARS.

(C) Combined limit for Federally Insured and Collateralized Non-Negotiable Certificates of Deposit.

(D) The amount per institution is limited to the maximum covered under federal insurance.

(E) No issuer limitation on any mortgage security where the issuer is the U.S. Treasury or a Federal Agency/GSE.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 2 – Cash and Investments (Continued)

C. 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 or Government-Sponsored Enterprise Obligations	5 years	AAA
Certificates of Deposit	5 years	Three Highest Categories
Investment Agreements, Short Term	None	Two Highest Categories
Investment Agreements, Long Term	None	Three Highest Categories
Repurchase Agreements	1 year	A-
Money Market Mutual Funds	N/A	Highest Category
Local Agency Investment Fund	N/A	Not rated
California Asset Management Program	N/A	Not rated
Banker's Acceptances	180 days	A-1 or A-1+
Commercial Paper	270 days	A-1 or A-1+
State Obligations	None	Highest Category

D. Fair Value Measurement

As of June 30, 2024, the City's investments had the following recurring fair value measurements:

Investments measured by fair value level:	June 30, 2024	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 115,100,228	\$ -	\$ 115,100,228	\$ -
Federal Agency Obligations	173,649,487	-	173,649,487	-
Commercial Paper	1,480,909	-	1,480,909	-
Municipal Bond	1,664,130	-	1,664,130	-
Supranational	10,089,030	-	10,089,030	-
Medium Term Corporate Notes	110,642,500	-	110,642,500	-
Negotiable CD	1,134,175	-	1,134,175	-
Asset-Backed Securities	13,986,425	-	13,986,425	-
Total investments by fair value level	427,746,884	\$ -	\$ 427,746,884	\$ -
Investments not subject to the fair value hierarchy:				
California Local Agency Investment Fund	72,990,212			
California Asset Management Program (CAMP)	4,447,172			
Investments Held in Section 115 Trust (Mutual Funds)	4,392,919			
Money Market Funds - Held by City	6,203,172			
Money Market Funds - Held by Trustee	98,233,640			
Total investments not subject to the fair value hierarchy	186,267,115			
Total investments	\$ 614,013,999			

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement (Continued)

Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Medium term notes: quoted prices for similar securities in active markets; and
- Asset-backed securities: recent appraisals of the asset value.

E. Risk Disclosure

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate 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. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. For purposes of the schedule shown on the next page, any callable securities are assumed to be held to maturity.

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	37 to 48 Months	49 to 60 Months	Total
<i>Held by City:</i>						
U.S. Treasury Notes	\$ 8,449,854	\$ 8,286,929	\$ 8,766,914	\$ -	\$ 89,596,531	\$ 115,100,228
Federal Agency Obligations	6,206,843	17,588,457	30,045,472	27,019,591	92,789,124	173,649,487
Commercial Paper	-	1,480,909	-	-	-	1,480,909
Municipal Bond	944,253	-	719,877	-	-	1,664,130
Supranational	3,628,176	-	-	-	6,460,854	10,089,030
Medium Term Corporate Notes	20,830,193	2,520,448	9,807,651	16,122,026	61,362,182	110,642,500
Negotiable CD	-	392,439	-	293,597	448,139	1,134,175
Asset-Backed Securities	-	-	1,271,819	430,980	12,283,626	13,986,425
California Local Agency Investment Fund	72,990,212	-	-	-	-	72,990,212
California Asset Management Program (CAMP)	4,447,172	-	-	-	-	4,447,172
Investments Held in Section 115 Trust (Mutual Funds)	4,392,919	-	-	-	-	4,392,919
Money Market Funds	6,203,172	-	-	-	-	6,203,172
<i>Held by Trustees:</i>						
Money Market Funds	98,233,640	-	-	-	-	98,233,640
Total Investments	\$ 226,326,434	\$ 30,269,182	\$ 50,611,733	\$ 43,866,194	\$ 262,940,456	\$ 614,013,999

Disclosures Relating to Credit Risk

Generally, 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. However, some issuers do not seek a credit rating. For instance, the California Local Agency Investment Fund (LAIF) has not sought or received a credit rating. In these cases, the purchaser is solely responsible for performing their own due diligence before purchasing an investment or participating in an external investment pool. Certificates of deposit of \$250,000 or less are fully insured by the Federal Deposit Insurance Corporation (FDIC), and therefore, do not seek a credit rating.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 2 – Cash and Investments (Continued)

E. Risk Disclosure (Continued)

Disclosures Relating to Credit Risk (Continued)

Presented below is the actual rating as of June 30, 2024, for each investment-type as provided by Standard and Poor's investment rating system.

Investment Type	AA+/AA-AA-	A+/A/A-	AAA/AAAm	A-1+/A-1/A-2	BBB+/BBB	Total
<i>Held by City:</i>						
Municipal Bonds	\$ 1,087,254	\$ -	\$ -	\$ -	\$ -	\$ 1,087,254
Asset-Backed Securities	-	-	10,609,939	-	-	10,609,939
Medium Term Corporate Notes	11,005,871	79,526,528	-	-	20,110,101	110,642,500
Federal Agency Obligations	172,699,326	-	950,161	-	-	173,649,487
Commercial Paper	-	-	-	1,480,909	-	1,480,909
Supranationals	-	-	10,089,030	-	-	10,089,030
Money Market Funds	-	-	6,203,172	-	-	6,203,172
Negotiable CDs	-	526,201	-	-	607,974	1,134,175
California Asset Management Program	-	-	4,447,172	-	-	4,447,172
<i>Held by Trustee:</i>						
Money Market Funds	-	-	98,233,640	-	-	98,233,640
Total Rated Investments	\$ 184,792,451	\$ 80,052,729	\$ 130,533,114	\$ 1,480,909	\$ 20,718,075	\$ 417,577,278
<i>Not rated:</i>						
Municipal Bonds						576,876
Asset-Backed Securities						3,376,486
California Local Agency Investment Fund						72,990,212
Investments Held in Section 115 Trust (Mutual Funds)						4,392,919
<i>Exempt from credit rating disclosure:</i>						
U.S. Treasury Notes						115,100,228
Total Investments						\$ 614,013,999

Disclosure Relating to Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated in the Government Code. GASB Statement No. 40 requires disclosure by amount and issuer, of investments in any one issuer that represent 5% or more of total investments. At June 30, 2024, the City had the following investments (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of the City's total investments:

Issuer	Investment Type	Amount
Federal Home Loan Mortgage Corporation	Federal Agency Obligations	\$ 55,753,665
Federal Home Loan Bank	Federal Agency Obligations	\$ 67,005,633

Disclosures Relating to Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 2 – Cash and Investments (Continued)

E. Risk Disclosure (Continued)

Disclosures Relating to Custodial Credit Risk (Continued)

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2024, the City's deposits (bank balances) were collateralized under California Law.

F. Investment in State Investment Pool

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2024, the City had \$72,990,212 invested in LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. LAIF is reported at amortized cost, which approximates fair value.

G. California Asset Management Program (CAMP)

The City is a voluntary 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 for the purpose of exercising the common power of its Participants to invest funds. The investments are limited to investments permitted by California Government Code. The total amount invested by all public agencies in CAMP at June 30, 2024 was \$20.0 billion, respectively. A board of five trustees who are officials or employees of public agencies has oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn at any time, is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool. At June 30, 2024 the amortized cost approximates the City's cost.

H. Investments Held in Section 115 Trust

During the year ended June 30, 2024, the City established an irrevocable trust for the purpose of accumulating additional resources restricted for retirement benefits. CalPERS is the trust administrator while the City, as the plan administrator, is responsible to provide direction on the usage and distribution of the funds held in the Section 115 Trust. The City's investments in the Section 115 Trust consisted of various publicly available mutual fund investments. During the year ended June 30, 2024, the City contributed \$4,000,000 to the Section 115 Trust. At June 30, 2024, the total amount accumulated in the Section 115 Trust was \$4,392,919.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 3 – Loans Receivable

A. Summary of Loans Receivable and Unavailable Revenue

The former Community Development 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 21, the City agreed to become the successor to the Community Development Agency's housing activities and as a result the Housing Successor Fund assumed the loans receivable of the Community Development Agency's Low- and Moderate-Income Housing Fund. In addition, other funds of the City have made loans to third parties.

At June 30, 2024, these loans totaled:

Housing Successor Loans:		
Commercial Rehabilitation Program	\$	88,033
Mountain View Townhomes		1,033,756
Eden Housing Inc.		2,655,081
Habitat for Humanity		61,770
Down Payment Assistance Program		750,676
Tracy Place Associates		5,102,044
DHI Tracy Garden Associates, LP		2,954,735
Tracy Mall Partners, LP		1,613,823
Total Loans Receivable	\$	14,259,918

B. Housing Successor Loans

The City administers a residential and commercial rehabilitation program using Housing and Urban Development funds. Federal funds received by the City are deposited with a commercial bank. Upon approval of the loans, the funds are disbursed and collected by an outside collection agency. The programs are designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs' loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. The balance of the loan's receivable arising from these programs was \$88,033 at June 30, 2024.

In 1994, the Agency loaned \$609,000 in Low- and Moderate-Income Housing funds to Mountain View Townhomes Association, a partnership of non-profit corporations, to assist in the construction of thirty- seven residential rental units, thirty-six of which are available to low-income families. As of December 1, 2015, the loan was assigned to Sutter Ville SJC Holding Company, LLC. The loan is secured by a third deed of trust on the property, is payable over twenty-eight years beginning in 2026 and accrues interest at 3%. The loan was amended December 2015 and is now repayable from residual receipts as defined in the amendment. Commencing no later than 120 days following the end of the 2017 calendar year and for each calendar year thereafter until the maturity date, the Association shall make repayments on the loan for the prior calendar year based on the available amount of residual receipts as defined in the amendment. As of June 30, 2024, principal and accrued interest totaled \$1,033,756.

In 1996, the Agency agreed to loan Eden Housing Inc., up to \$2,208,691 to assist in the development and construction of seventy-two low-income housing units at Stone Pine Meadows. The loan is payable over seven years beginning forty years after the project was complete, which was January 11, 2000, and is secured by a subordinated deed of trust on the property. The loan does not bear interest for the first three years, then accrues interest at 1% per year for the next forty years and 3% for the last seven years. As of June 30, 2024, principal and accrued interest totaled \$2,655,081.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 3 – Loans Receivable (Continued)

B. Housing Successor Loans (Continued)

In 2000, the Agency agreed to loan Habitat for Humanity up to \$100,000 to construct/reconstruct from five to seven properties to ownership housing for very low-income families. The funds are to be used to pay all City fees necessary to develop and build affordable housing under the sponsorship of Habitat for Humanity. The loan proceeds were available for draw down through December 31, 2005 and Habitat for Humanity drew down only \$40,093 of the loan proceeds through that date. The loan is secured by a deed of trust on the property and may be forgiven if the property remains occupied by a low-income family for a period of thirty years. The balance of the outstanding loan, including accrued interest, as of June 30, 2024 is \$61,770.

The City loaned 37 individuals from the Low- and Moderate-Income Housing Fund of the Redevelopment Agency. The loans have been authorized for each of the recipients as part of the housing down payment assistance program. The City is the beneficiary of the promissory notes issued, recorded, and secured by real property. The loans are due when the underlying property is sold. As of June 30, 2024, principal and accrued interest totaled \$750,676.

In November 2005, the Agency entered into a loan agreement with Tracy Place Associates for an amount not to exceed \$4,350,000 to be used as construction and permanent financing costs for the development of a 49-unit affordable senior housing complex, Tracy Place Senior Apartments. The loan is secured by a deed of trust on the property and bears simple interest of 1%. The loan is repayable from residual receipts as defined in the loan agreement starting in April 2008, and is due 55 years from the issuance of the certificate of occupancy, which was December 29, 2008, or if a transfer occurs that is not approved by the City. As of June 30, 2024, the developer owes \$5,102,044, including accrued interest.

In November 2007, the Community Development Agency of the City of Tracy (Agency) entered into an Owner Participation and Loan Agreement with DHI Tracy Garden Associates, LP (DHI). DHI was to develop and rehabilitate an 88-unit Senior Housing Complex for low-income senior households. The maximum amount of loan from the Agency was \$1,975,000. Simple interest accrues annually at 3%. Upon default, the rate will increase to the lesser of 10% or the maximum allowed by law. The loan is secured by a trust deed on the underlying property. This trust deed is subordinated to all other loans that DHI has for the project. Maturity of the loan is November 1, 2064. Payment on the loan is deferred until maturity unless the property is conveyed (other than that approved by the City) or there is a default. Total amount owed as of June 30, 2024 is \$2,954,735.

C. Tracy Mall Partners, L.P. Loan

The West Valley Mall Revitalization Program provides a financial incentive to the owners of the West Valley Mall (Mall Owner) or a prospective tenant to be used for tenant improvements.

During fiscal year 2011, the City and the Tracy Mall Partners, L.P. entered into an agreement where the City provided a financial contribution of \$2,750,000 to the Mall Owner. In exchange, the Mall Owner guarantees that Macy's will lease the anchor tenant location for a minimum of 10 years. Over the 20-year term, the Mall Owner is obligated to repay the City for the financial incentive at the rate of \$151,250 a year or \$3,025,000 for the 20-year term. The annual repayment will be forgiven to the extent that increased sales tax revenue to the City exceeds \$151,250 per year from Macy's or new tenants of the Macy's space. The Mall Owner gets credit for 100% of the Macy's sales tax collected in any one year, and any amount under or over that threshold can be used toward a prior shortage.

The sales tax revenue collected from Macy's in fiscal year 2024 did not exceed the threshold, therefore only \$76,036 of the annual repayment was forgiven. The cumulative shortage of sales tax collections was \$579,163 as of June 30, 2024 and the balance of the loan is \$1,613,823 at that date.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 4 – Lease Receivable

A. Governmental Activities

The portion of the City's property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 1 to 30 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2024, the City recognized \$216,641 in lease revenue and \$28,200 in interest revenue. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was \$1,955,684.

A summary of changes in lease receivable for the fiscal year ended June 30, 2024 is as follows:

	Classification					
	July 1, 2023	Additions	Deletions	Balance	Due within One Year	Due in More Than One Year
Leases receivable	\$ 2,040,473	\$ 181,183	\$ (195,670)	\$ 2,025,986	\$ 197,584	\$ 1,828,402

As of June 30, 2024, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 197,584	\$ 23,920	\$ 221,504
2026	201,599	21,604	223,203
2027	169,106	19,354	188,460
2028	162,752	17,321	180,073
2029	135,272	15,406	150,678
2030-2034	415,102	59,060	474,162
2035-2039	340,613	41,539	382,152
2040-2044	233,642	24,725	258,367
2045-2049	140,367	9,633	150,000
2050-2052	29,949	54	30,003
Total	\$ 2,025,986	\$ 232,616	\$ 2,258,602

B. Business-Type Activities

The portion of the City's property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 2 to 30 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2024, the City recognized \$283,460 in lease revenue and \$74,730 in interest revenue. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was \$3,198,917.

A summary of changes in lease receivable for the fiscal year ended June 30, 2024 is as follows:

	Classification					
	July 1, 2023	Additions	Deletions	Balance	Due within One Year	Due in More Than One Year
Leases receivable	\$ 3,568,006	\$ -	\$ (242,140)	\$ 3,325,866	\$ 178,542	\$ 3,147,324

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 4 – Lease Receivable (Continued)

B. Business-Type Activities (Continued)

As of June 30, 2024, the required payments for these leases, including interest, are:

Year Ending				
June 30,	Principal	Interest	Total	
2025	\$ 178,542	\$ 70,735	\$ 249,277	
2026	114,646	68,194	182,840	
2027	117,187	65,654	182,841	
2028	119,783	63,057	182,840	
2029	122,438	60,403	182,841	
2030-2034	654,106	260,097	914,203	
2035-2039	729,863	184,340	914,203	
2040-2044	693,415	100,787	794,202	
2045-2049	262,861	51,341	314,202	
2050-2054	275,135	21,009	296,144	
2055-2057	57,890	436	58,326	
Total	\$ 3,325,866	\$ 946,053	\$ 4,271,919	

Note 5 – Deposits Receivable

The City and the Grow America Fund, Inc. (GAF) established and capitalized the Grow Tracy Fund as an economic development tool designed to assist eligible small businesses within the City to obtain the financing required to grow their businesses. The City contributed \$1 million as its share of the capitalization of the program. Loans made under the program are underwritten by the GAF and guaranteed by the Small Business Administration (SBA) under GAF's Small Business Lending Company License. Therefore, each loan must comply with SBA guidelines and procedures. In order to qualify for these loans, a business must be a for-profit operating entity; it must be financially healthy and in need of expansion capital. The Grow Tracy Fund can make loans ranging from \$100,000 to \$2 million as permitted by the SBA at or below market rates, for terms up to 25 years, depending on the proposed use of funds.

As of June 30, 2024, there were five loans outstanding in the amount of \$1,025,768, under the program. The City has not recorded these loans and instead has recorded the capitalization contribution that GAF uses to fund the share of the loans that the SBA does not guarantee. The City has recorded its capitalization contribution to the program as a deposit receivable, and the portion of the loans funded with that contribution as of June 30, 2024 was \$762,568 and the unused balance of the capitalization contribution was \$237,432. The total deposits receivable balance as of June 30, 2024 was \$1,000,000.

Note 6 – Interfund Receivables, Payables, and Transfers

A. Due To / From Other Funds

Amounts due to and due from other funds at June 30, 2024, were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Transportation Development Special Revenue Fund	\$ 266,184	Overdrawn Cash
General Fund	Community Development Block Grant Special Revenue Fund	29,618	Overdrawn Cash
General Fund	Municipal Airport Enterprise Fund	311,020	Overdrawn Cash
	Total	\$ 606,822	

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 6 – Interfund Receivables, Payables, and Transfers (Continued)

B. Long-Term Advances

At June 30, 2024 the fund below had made an advance that is not expected to be repaid within the next year. This long-term interfund advance is expected to be repaid when sufficient cash is available in the borrowing fund.

Advances To	Advances From	Amount
Water Utility Enterprise Fund	Wastewater Utility Enterprise Fund	\$ 500,000

In November 2016 the Wastewater Utility Enterprise Fund advanced funds to the Water Utility Enterprise Fund in order to fund operating expenses, capital costs for maintenance and replacement of existing water infrastructure, debt payments and to maintain an adequate reserve for any emergency to continue providing uninterrupted service. The advance bears the interest at the Local Agency Investment Fund (LAIF) rate and was to be repaid in two years. The advance was amended in October 2017 to extend the repayment additional years to fiscal year 2025. At June 30, 2024, the outstanding principal balance of the advance was \$1,000,000. Interest is accrued and paid annually through a cash transfer.

C. Transfers

Interfund transfers during the year ended June 30, 2024, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Capital Projects Fund	General Fund	\$ 37,636,919	Capital projects
Lease Revenue Bonds Debt Service Fund	General Fund	1,653,250	Debt service
		Subtotal	39,290,169
General Capital Projects Fund	Housing Successor Agency Special Revenue Fund	650,362	Capital projects
Wastewater Enterprise Fund	Tracy Infrastructure Master Plans Capital Projects Fund	1,612,998	Capital projects
		Total	\$ 41,553,529

Note 7 – Due from Fiduciary Funds

Due from fiduciary funds as of June 30, 2024, was as follows:

Receivable Fund	Payable Fund	Amount
Lease Revenue Bonds Debt Service Fund	Successor Agency Private Purpose Trust Fund	\$ 4,323,387

A. Successor Agency Reimbursement Agreement

On December 1, 2008, the Agency entered into a Reimbursement Agreement with the City related to the City's 2008 Lease Revenue Bonds and the portion of those Bonds that funded improvements that benefitted the Redevelopment Project. Under the terms of the Reimbursement Agreement, the Agency reimburses the City for a portion of lease payments made by the City under the property lease for the 2008 Lease Revenue Bonds that are attributable to the Redevelopment Improvements. The City refunded the 2008 Lease Revenue Bonds and amended the Reimbursement Agreement on March 1, 2020. Under the terms of the amendment, the Agency reimburses the City for a portion of lease payments made by the City under the property lease for the 2020 Lease Revenue Bonds. The terms of the Reimbursement Agreement indicate that the Agency is required to make annual payments to the City, regardless of whether the City's annual lease payments are abated. The Agency has pledged tax revenues for the repayment of the Reimbursement Agreement, subordinate to other obligations of the Agency. The Reimbursement Agreement does not bear interest and annual principal payments are due through 2038. The balance owed by the Successor Agency to the Lease Revenue Bonds Debt Service Fund as of June 30, 2024 was \$4,323,387.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 8 – Capital Assets

A. Governmental Activities

The summary of changes in governmental activities capital assets for the year ended June 30, 2024, is as follows:

	Balance June 30, 2023	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 181,055,520	\$ 35,382	\$ -	\$ -	\$ 181,090,902
Roads accounted for using the modified approach	327,059,255	5,150,667	- -	- -	332,209,922
Construction in progress	58,826,621	15,225,102	(93,126)	(19,145,967)	54,812,630
Total capital assets not being depreciated	566,941,396	20,411,151	(93,126)	(19,145,967)	568,113,454
Capital assets being depreciated/amortized:					
Buildings and improvements	147,475,826	39,992	- -	- -	147,515,818
Improvements	51,064,249	1,012	- -	19,145,967	70,211,228
Grading, curb & gutter, sidewalk and driveway approaches	32,135,175	- -	- -	- -	32,135,175
Traffic signals and street lights	31,957,076	791,038	- -	- -	32,748,114
Equipment	34,629,434	2,372,811	(109,961)	- -	36,892,284
Infrastructure and drainage	12,218,531	- -	- -	- -	12,218,531
Intangibles	1,367,751	- -	- -	- -	1,367,751
Lease assets - buildings and improvements	1,094,185	1,594,555	(405,958)	- -	2,282,782
Subscription assets	2,284,115	1,583,389	(1,724,662)	- -	2,142,842
Total capital assets being depreciated/amortized	314,226,342	6,382,797	(2,240,581)	19,145,967	337,514,525
Less accumulated depreciation/amortization for:					
Buildings and improvements	(70,468,715)	(4,729,404)	- -	- -	(75,198,119)
Improvements	(41,688,720)	(1,928,675)	- -	- -	(43,617,395)
Grading, curb & gutter, sidewalk and driveway approaches	(17,871,472)	(706,518)	- -	- -	(18,577,990)
Traffic signals and street lights	(18,244,794)	(821,777)	- -	- -	(19,066,571)
Equipment	(21,206,133)	(2,241,862)	84,208	- -	(23,363,787)
Infrastructure and drainage	(5,208,565)	(237,176)	- -	- -	(5,445,741)
Intangibles	(818,724)	(113,763)	- -	- -	(932,487)
Lease assets - buildings and improvements	(453,282)	(301,944)	405,958	- -	(349,268)
Subscription assets	(977,884)	(1,174,580)	1,257,073	- -	(895,391)
Total accumulated depreciation/amortization	(176,938,289)	(12,255,699)	1,747,239	- -	(187,446,749)
Total capital assets, being depreciated/amortized, net	137,288,053	(5,872,902)	(493,342)	19,145,967	150,067,776
Governmental activities capital assets, net	\$ 704,229,449	\$ 14,538,249	\$ (586,468)	\$ -	\$ 718,181,230

Depreciation and amortization expense were charged to the functions/programs of the governmental activities as follows:

Governmental Activities	
General government	\$ 417,242
Police	279,272
Fire	130,463
Development and engineering	4,463
Public works	10,183,933
Parks and community services	874,130
Internal service funds	1,842,720
Total depreciation and amortization expense	\$ 13,732,223

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 8 – Capital Assets (Continued)

B. Business-Type Activities

The summary of changes in business-type activities capital assets for the year ended June 30, 2024, is as follows:

	Balance	Adjustments/			Balance
	June 30, 2023	Additions	Deletions	Transfers	June 30, 2024
Capital assets not being depreciated:					
Land	\$ 19,056,776	\$ -	\$ -	\$ -	\$ 19,056,776
Construction in progress	63,529,010	10,120,750	(84,844)	(35,915,899)	37,649,017
Total capital assets not being depreciated	<u>82,585,786</u>	<u>10,120,750</u>	<u>(84,844)</u>	<u>(35,915,899)</u>	<u>56,705,793</u>
Capital assets being depreciated/amortized:					
Buildings	171,165,547	-	-	-	171,165,547
Improvements	8,117,986	-	-	-	8,117,986
Equipment	47,439,585	188,293	(25,920)	-	47,601,958
Infrastructure	398,104,649	1,955,090	-	35,915,899	435,975,638
Intangibles	73,476,025	-	-	-	73,476,025
Subscription assets	86,132	-	-	-	86,132
Total capital assets being depreciated/amortized	<u>698,389,924</u>	<u>2,143,383</u>	<u>(25,920)</u>	<u>35,915,899</u>	<u>736,423,286</u>
Less accumulated depreciation/amortization for:					
Buildings	(109,777,655)	(4,669,051)	-	-	(114,446,706)
Improvements	(3,755,982)	(606,630)	-	-	(4,362,612)
Equipment	(26,360,962)	(1,922,111)	25,920	-	(28,257,153)
Infrastructure	(180,731,018)	(7,956,291)	-	-	(188,687,309)
Intangibles	(73,876)	(20,591)	-	-	(94,467)
Subscription assets	(7,178)	(28,710)	-	-	(35,888)
Total accumulated depreciation/amortization	<u>(320,706,671)</u>	<u>(15,203,384)</u>	<u>25,920</u>	<u>-</u>	<u>(335,884,135)</u>
Total capital assets, being depreciated/amortized, net	<u>377,683,253</u>	<u>(13,060,001)</u>	<u>-</u>	<u>35,915,899</u>	<u>400,539,151</u>
Governmental activities capital assets, net	<u><u>\$ 460,269,039</u></u>	<u><u>\$ (2,939,251)</u></u>	<u><u>\$ (84,844)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 457,244,944</u></u>

Depreciation and amortization expense were charged to the functions/programs of the business-type activities as follows:

Water	\$ 4,859,540
Sewer	6,313,059
Solid waste	36,407
Drainage operations	1,685,540
Municipal Airport	1,133,825
Municipal Transit	1,175,013
Total depreciation and amortization expense	<u>\$ 15,203,384</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 8 – Capital Assets (Continued)

C. Component Unit

The summary of changes in component unit capital assets for the year ended June 30, 2024, is as follows:

	Balance			Balance
	July 1, 2023	Additions	Deletions	June 30, 2024
Capital assets being depreciated:				
Machinery and equipment	\$ 1,853,296	\$ 144,787	\$ -	\$ 1,998,083
Vehicles	2,749,818	122,857	-	2,872,675
Total capital assets being depreciated	<u>4,603,114</u>	<u>267,644</u>	<u>-</u>	<u>4,870,758</u>
Less accumulated depreciation for:				
Machinery and equipment	(1,276,446)	(143,605)	-	(1,420,051)
Vehicles	(2,196,122)	(102,341)	-	(2,298,463)
Total accumulated depreciation	<u>(3,472,568)</u>	<u>(245,946)</u>	<u>-</u>	<u>(3,718,514)</u>
Total capital assets, being depreciated, net	<u>1,130,546</u>	<u>21,698</u>	<u>-</u>	<u>1,152,244</u>
Component unit capital assets, net	<u><u>\$ 1,130,546</u></u>	<u><u>\$ 21,698</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,152,244</u></u>

Depreciation expense for the component unit for the year ended June 30, 2024 was \$245,946.

Note 9 – Long-Term Liabilities

A. Summary

	Final	Interest	Remaining	Original	Outstanding at
	Maturity	Rate	Annual Principal	Issue	June 30, 2024
<i>Governmental Activities</i>					
Direct Borrowing:					
Lease Liability	2028	0.26% - 3.38%	\$247,925-\$158,109	\$ 1,094,186	\$ 1,931,247
Subscription Liability	2027	2.45% - 3.28%	\$770,107-\$5,838	2,796,877	1,186,523
Public Borrowing:					
Lease Revenue Refunding Bonds, Series 2020	2039	3.00% - 4.00%	\$705,000-\$1,295,000	18,190,000	15,735,000
Lease Revenue Bonds, Series 2022	2038	5.00%	\$845,000-\$1,615,000	18,275,000	1,784,742
Lease Revenue Bonds, Series 2024	2055	5.00%	\$745,000-\$3,065,000	50,355,000	50,355,000
Total Governmental Activities				<u><u>\$ 90,711,063</u></u>	<u><u>\$ 70,992,512</u></u>
<i>Business-Type Activities</i>					
Direct Borrowing:					
Subscription Liability	2026	2.45%	\$27,155	\$ 81,452	\$ 27,155
State of California Department of Public Health	2028	2.34%	\$573,072-\$621,686	20,000,000	4,203,697
Public Borrowing:					
Certificates of Participation, Series 2004 (Wastewater Treatment Plant Upgrade)	2037	2.00% - 4.75%	\$1,050,000-\$1,840,000	30,955,000	18,305,000
Total Business-Type Activities				<u><u>\$ 51,036,452</u></u>	<u><u>\$ 22,535,852</u></u>
<i>Successor Agency</i>					
Public Borrowing:					
Tax Allocation Refunding Bonds, Series 2016	2034	3.00% - 4.00%	\$1,820,000-\$2,730,000	\$ 33,720,000	\$ 22,670,000
Total Successor Agency				<u><u>\$ 33,720,000</u></u>	<u><u>\$ 22,670,000</u></u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 9 – Long-Term Liabilities (Continued)

B. Governmental Activities

A summary of changes in the long-term liabilities of the governmental activities for the year ended June 30, 2024, is as follows:

	Balance July 1, 2023	Debt Issued	Debt Retired	Balance June 30, 2024	Classification	
					Due within One Year	Due in More Than One Year
Governmental Activities:						
Direct borrowings:						
Lease liability	\$ 575,495	\$ 1,597,992	\$ (242,240)	\$ 1,931,247	\$ 219,565	\$ 1,711,682
Subscription liability	1,213,488	1,583,389	(1,610,354)	1,186,523	770,107	416,416
Public borrowings:						
Lease revenue bonds:						
2020 Lease Revenue Refunding Bonds	16,405,000	-	(670,000)	15,735,000	705,000	15,030,000
plus: bond premium	2,948,356	-	(184,273)	2,764,083	-	2,764,083
2022 Lease Revenue Bonds	17,465,000	-	(800,000)	16,665,000	845,000	15,820,000
plus: bond premium	1,912,986	-	(128,244)	1,784,742	-	1,784,742
2024 Lease Revenue Bonds	-	50,355,000	-	50,355,000	-	50,355,000
plus: bond premium	-	3,273,361	-	3,273,361	-	3,273,361
Total lease revenue bonds	38,731,342	53,628,361	(1,782,517)	90,577,186	1,550,000	89,027,186
Total	\$ 40,520,325	\$ 56,809,742	\$ (3,635,111)	\$ 93,694,956	\$ 2,539,672	\$ 91,155,284

Lease Liability

The City has entered into leases for building space and equipment use. The terms of the agreements range from 2 to 8 years. The calculated interest rates vary from 0.26% to 3.38% based on the length of the lease. As of June 30, 2024, the capitalized right-to-use assets related to leases were \$2,282,782 and the total lease liability was \$1,931,247 of which \$219,565 is reported as a current liability representing the amount due within the next fiscal year.

The annual debt service requirements on the lease payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 219,565	\$ 74,223	\$ 293,788
2026	233,383	65,671	299,054
2027	247,925	56,552	304,477
2028	229,307	46,429	275,736
2029	158,109	39,423	197,532
2030-2034	842,958	83,073	926,031
Total	\$ 1,931,247	\$ 365,371	\$ 2,296,618

Subscription Liability

The City has entered into subscription-based information technology arrangements (SBITAs) for services related to cloud-based software applications, data storage and management services. Under the terms of these arrangements, the City does not take possession of the software at any time and the vendor provides ongoing services for the software's operation. The subscription periods vary, with initial non-cancellable terms ranging from 2 to 5 years. The calculated interest rate used was between 2.45% and 3.28%, depending on the length of the SBITA and date of the agreement.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 9 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

Subscription Liability (Continued)

As of June 30, 2024, the capitalized right-to-use assets related to SBITAs were \$2,142,842 and the total subscription liability was \$1,186,523, of which \$770,107 is reported as a current liability representing the amount due within the next fiscal year.

Principal and interest payments to maturity are as follows:

Year Ending			
June 30,	Principal	Interest	Total
2025	\$ 770,107	\$ 21,438	\$ 791,545
2026	410,578	4,718	415,296
2027	5,838	110	5,948
Total	\$ 1,186,523	\$ 26,266	\$ 1,212,789

2020 Lease Revenue Refunding Bonds

On February 28, 2020, the City, under the Tracy Operating Partnership (TOP), issued \$18,190,000 of 2020 Lease Revenue Refunding Bonds. The proceeds from the bonds were used to refund, on a current basis, the 2007 Lease Revenue Bonds Series A, the 2007 Lease Revenue Bonds Series B, and the 2008 Lease Revenue Bonds. The TOP has pledged revenue pursuant to amended site and facility leases between the City and the TOP for the Fire Station 91, the Police Department Headquarters and the Fire Administration Building.

Interest payments are due semi-annually each November 1 and May 1 at rates of 3% and 4%. Principal is due annually each November 1 through 2038. The 2020 Bonds maturing on or before November 1, 2029 are not subject to annual redemption prior to maturity. The 2020 Bonds maturing on or after November 1, 2030 are subject to optional redemption prior to maturity on or after May 1, 2030 at the option of the TOP, as a whole or in part on any date at a redemption price equal to the principal amount of 2020 Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium. In the event of default, the TOP may not terminate the respective lease agreements or release the leased properties, but the City remains liable to pay all lease payments as they come due.

The annual debt service requirements on these bonds are as follows:

Year Ending			
June 30,	Principal	Interest	Total
2025	\$ 705,000	\$ 615,300	\$ 1,320,300
2026	750,000	586,200	1,336,200
2027	790,000	555,400	1,345,400
2028	845,000	522,700	1,367,700
2029	890,000	488,000	1,378,000
2030-2034	5,295,000	1,844,900	7,139,900
2035-2039	6,460,000	647,200	7,107,200
Total	\$ 15,735,000	\$ 5,259,700	\$ 20,994,700

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 9 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

2022 Lease Revenue Bonds

On May 1, 2022, the City, under the Tracy Public Financing Authority (TPFA), issued \$18,275,000 of 2022 Lease Revenue Bonds. The proceeds from the bonds are being used to finance the acquisition and constructions of public capital improvements of the City, primarily consisting of Phase 1E of the Legacy Fields Sports Complex. The TPFA has pledged revenue pursuant to leases between the City and the TPFA for Phase 1 of the Legacy Fields Sports Complex, consisting of 72 acres of land containing 10 baseball fields, 8 soccer fields, restrooms and concessions, and paved parking lots and landscaping.

Interest payments are due semi-annually each November 1 and May 1 at the rate of 5%. Principal is due annually each November 1 through 2037. Yields range from 1.79% to 3.650%. The 2022 Bonds maturing on or before November 1, 2032 are not subject to annual redemption prior to maturity. The 2022 Bonds maturing on or after November 1, 2033 are subject to optional redemption prior to maturity on or after May 1, 2032 at the option of the TPFA, as a whole or in part on any date at a redemption price equal to 100% of the principal amount of 2022 Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium. In the event of default, the TPFA may not terminate the respective lease agreements or release the leased properties, but the City remains liable to pay all lease payments as they come due.

The annual debt service requirements on these bonds are as follows:

Year Ending				
June 30,	Principal	Interest	Total	
2025	\$ 845,000	\$ 812,125	\$ 1,657,125	
2026	885,000	768,875	1,653,875	
2027	930,000	723,500	1,653,500	
2028	980,000	675,750	1,655,750	
2029	1,030,000	625,500	1,655,500	
2030-2034	5,995,000	2,279,375	8,274,375	
2035-2038	6,000,000	618,750	6,618,750	
Total	\$ 16,665,000	\$ 6,503,875	\$ 23,168,875	

2024 Lease Revenue Bonds

On May 29, 2024, the City, under the Tracy Public Financing Authority (TPFA), issued \$50,355,000 of 2024 Lease Revenue Bonds. The proceeds from the bonds are being used to finance the acquisition and construction of a multi-generational recreation center in El Pescadero Park, improvements to El Pescadero Park and related public improvements that may be identified from time to time by the City.

Interest payments are due semi-annually each November 1 and May 1 at the rate of 5%. Principal is due annually each November 1 through 2054. Yields range from 3.10% to 3.840%. The 2024 Bonds maturing on or before November 1, 2032 are not subject to annual redemption prior to maturity. The 2024 Bonds maturing on or after November 1, 2049 are subject to optional redemption prior to maturity on or after November 1, 2049 at the option of the TPFA, as a whole or in part on any date at a redemption price equal to 100% of the principal amount of 2024 Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium. In the event of default, the TPFA may not terminate the respective lease agreements or release the leased properties, but the City remains liable to pay all lease payments as they come due.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 9 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

2024 Lease Revenue Bonds (Continued)

The annual debt service requirements on these bonds are as follows:

Year Ending			
June 30,	Principal	Interest	Total
2025	\$ -	\$ 2,087,330	\$ 2,087,330
2026	745,000	2,382,138	3,127,138
2027	785,000	2,343,888	3,128,888
2028	825,000	2,303,638	3,128,638
2029	865,000	2,261,388	3,126,388
2030-2034	5,050,000	10,593,063	15,643,063
2035-2039	6,485,000	9,158,188	15,643,188
2040-2044	8,320,000	7,316,813	15,636,813
2045-2049	10,685,000	4,952,438	15,637,438
2050-2054	13,530,000	2,108,822	15,638,822
2055	3,065,000	63,916	3,128,916
Total	\$ 50,355,000	\$ 45,571,622	\$ 95,926,622

C. Business-Type Activities

A summary of changes in the long-term liabilities of the business-type activities for the year ended June 30, 2024, is as follows:

	Classification					
	Balance	Debt	Debt	Balance	Due within	Due in More
	July 1, 2023	Issued	Retired	June 30, 2024	One Year	Than One Year
Business-Type Activities:						
Direct borrowings:						
Subscription liability	\$ 53,860	\$ -	\$ (26,705)	\$ 27,155	\$ 27,155	\$ -
Loans payable:						
State of California						
Department of Public Health	5,343,212	-	(1,139,515)	4,203,697	1,166,336	3,037,361
Public borrowings:						
Certificates of Participation:						
Wastewater, Series 2004	19,305,000	-	(1,000,000)	18,305,000	1,050,000	17,255,000
Total	\$ 24,702,072	\$ -	\$ (2,166,220)	\$ 22,535,852	\$ 2,243,491	\$ 20,292,361

Subscription Liability

The City has entered into subscription-based information technology arrangements (SBITAs) for services related to cloud-based software applications, data storage and management services. Under the terms of these arrangements, the City does not take possession of the software at any time and the vendor provides ongoing services for the software's operation. The subscription periods vary, with initial non-cancellable terms ranging from 2 to 3 years. The calculated interest rate used was 2.45%.

As of June 30, 2024, the capitalized right-to-use assets related to SBITAs were \$86,132 and the total subscription liability was \$27,155, of which \$27,155 is reported as a current liability representing the amount due within the next fiscal year.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 9 – Long-Term Liabilities (Continued)

C. Business-Type Activities (Continued)

Subscription Liability (Continued)

Principal and interest payments to maturity are as follows:

Year Ending	Principal			Interest			Total		
June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 27,155	\$ 548	\$ 27,703						
Total	\$ 27,155	\$ 548	\$ 27,703						

State of California Department of Public Health Loan Payable

In 2006, the City entered into a loan agreement with the State of California Department of Public Health in the amount of \$20,000,000 for assistance in the construction of its new Water Treatment Plant. The proceeds from the loan were drawn down by the City as needed for construction. The loan is a fully amortized loan over 20 years at an annual interest rate of 2.34%. The City is obligated to make semi-annual payments of principal and interest in the amount of \$628,960 beginning July 1, 2008 with a final maturity date of January 1, 2028. For fiscal year 2024 net revenues amounted to \$6,339,903 which represented coverage of 509% of the \$1,257,920 of debt service. The pledge of net revenues ends upon repayment of the City's repayment of the remaining balance of \$4,402,718 which is scheduled to occur in 2028.

The annual debt service requirements on the California Department of Public Health Loan Payable are as follows:

Year Ending	Principal			Interest			Total		
June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 1,166,336	\$ 91,583	\$ 1,257,919						
2026	1,193,788	64,131	1,257,919						
2027	1,221,886	36,033	1,257,919						
2028	621,687	7,274	628,961						
Total	\$ 4,203,697	\$ 199,021	\$ 4,402,718						

Wastewater Certificates of Participation (COPs), Series 2004

The City issued Wastewater Certificates of Participation (COPs) in April 2004 to fund the upgrade of the City's wastewater treatment plant. The Wastewater COPs are special obligations of the City and are payable solely from and secured by a pledge of net revenues of the Wastewater Utility System. Principal payments commence on December 1, 2007, and are payable annually on December 1 through 2036. Interest payments commence on December 1, 2004, and are payable semi-annually on December 1 and June 1, thereafter. The COP's maturing on or after December 1, 2014 may be prepaid in advance of maturity on any date on or after December 1, 2013 plus accrued but unpaid interest to the prepayment date, without premium. For fiscal year 2024 net revenues amounted to \$6,226,328 which represented coverage of 330% of the \$1,887,900 of debt service. The pledge of net revenues ends upon repayment of the City's repayment of the remaining balance of \$24,514,583 which is scheduled to occur in 2037.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 9 – Long-Term Liabilities (Continued)

C. Business-Type Activities (Continued)

Wastewater Certificates of Participation (COPs), Series 2004 (Continued)

The annual debt service requirements on the Series 2004 COPs are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,050,000	\$ 840,750	\$ 1,890,750
2026	1,095,000	790,868	1,885,868
2027	1,150,000	738,110	1,888,110
2028	1,200,000	682,885	1,882,885
2029	1,260,000	625,075	1,885,075
2030-2034	7,280,000	2,148,570	9,428,570
2035-2037	5,270,000	383,325	5,653,325
Total	\$ 18,305,000	\$ 6,209,583	\$ 24,514,583

D. Fiduciary Fund Private Purpose Trust Funds - Successor Agency to the Former Community Development Agency of the City of Tracy

A summary of changes in the long-term liabilities of the fiduciary fund financial statements for the year ended June 30, 2024, is as follows:

	Balance July 1, 2023	Debt Issued	Debt Retired	Balance June 30, 2024	Classification					
					Due within One Year	Due in More Than One Year				
Fiduciary Activities:										
Public borrowings:										
Tax allocation refunding bonds:										
Series 2016	\$ 24,410,000	\$ -	\$ (1,740,000)	\$ 22,670,000	\$ 1,820,000	\$ 20,850,000				
Add: unamortized bond premiums	3,351,540	-	(304,686)	3,046,854	-	3,046,854				
Total tax allocation refunding bonds	27,761,540	-	(2,044,686)	25,716,854	1,820,000	23,896,854				
Total	\$ 27,761,540	\$ -	\$ (2,044,686)	\$ 25,716,854	\$ 1,820,000	\$ 23,896,854				

Tax Allocation Refunding Bonds, Series 2015A

On January 21, 2016, the Successor Agency issued 2016 Tax Allocation Refunding Bonds in the amount of \$33,720,000. The proceeds from the Bonds were used to advance refund and defease the outstanding balance of the 2003 Tax Allocation Bonds Series A and B. The Bonds bear interest ranging from 2% to 5%. Interest is payable semi-annually each August 1 and February 1 and principal is due annually on each August 1, through 2033. The Bonds maturing on or before August 1, 2025 are not subject to optional redemption prior to maturity. The Bonds maturing on and after August 1, 2026, are subject to redemption, at the option of the Successor Agency on any date on or after August 1, 2025, as a whole or in part. The defeased bonds were called on February 22, 2016.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 9 – Long-Term Liabilities (Continued)

D. Fiduciary Fund Private Purpose Trust Funds - Successor Agency to the Former Community Development Agency of the City of Tracy (Continued)

Tax Allocation Refunding Bonds, Series 2015A (Continued)

The Successor Agency's annual debt service requirements on the 2015A Tax Allocation Refunding Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,820,000	\$ 980,300	\$ 2,800,300
2026	1,910,000	887,050	2,797,050
2027	2,000,000	789,300	2,789,300
2028	2,100,000	686,800	2,786,800
2029	2,200,000	579,300	2,779,300
2030-2034	12,640,000	1,202,950	13,842,950
Total	\$ 22,670,000	\$ 5,125,700	\$ 27,795,700

Pledge of Revenues

The Agency has pledged all future tax increment revenues, for the repayment of the Tax Allocation Bonds and Reimbursement Agreement. The pledge of all future tax increment revenues end upon repayment of the remaining debt service of \$33,419,300 on the Bonds, which is scheduled to occur in 2034. 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 2024 calculated by the County Auditor-Controller was \$10,411,925, and the total received by the Successor Agency for fiscal year 2024 debt service was \$3,148,471, which the Agency used to pay the \$2,746,800 of fiscal year debt service.

Note 10 – Special Assessment Debt with No City Commitment

The City issued special tax and assessment bonds on behalf of property owners, pursuant to the Improvement Bond Act of 1915 and the Mello-Roos Community Facilities Act of 1982, to finance the acquisition and construction of certain infrastructure improvements within the assessment districts and community facilities districts.

The City has authorized the formation of the Bay Meadows Community Facilities District No. 2008-1 (Bay Meadows CFD), acting through its eligible landowner voters, and the issuance of bonds under the public improvement act (Mello-Roos Community Facilities Act of 1982) of the State of California to finance eligible public facilities necessary to serve developing commercial, industrial, residential and/or mixed-use developments. The bonds are secured by annual special tax levies or liens placed on the property within the district.

Special Assessment Districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included as debt of the City.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 10 – Special Assessment Debt with No City Commitment (Continued)

The outstanding balance of each of these issues as of June 30, 2024, is as follows:

Description	Fiscal Year		Underlying Assessment District Bonds	Outstanding June 30, 2024
	Issue Year	Maturity Year		
1996A Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	1997	2027		\$ 285,000
2002 Special Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	2003	2033		1,425,000
2003-01 Assessment District Limited Obligation Improvement Bonds (Berg Avenue)	2003	2029		305,000
2005A TOP JPA Revenue Bonds (Senior Lien) (98-1 Plan C)	2006	2029		18,520,000
2005B TOP JPA Revenue Bonds (Junior Lien) (98-3 Plan C)	2006	2036		180,000
2005C TOP JPA Revenue Bonds	2006	2036		7,490,000
2011A TOP JPA Revenue Bonds:				
98-4 Morrison Homes and 2000-02 Heartland Three	2011	2026	940,000	
2011-1 Reassessment Bonds	2011	2027	160,000	
99-2 South MacArthur Plan Area (2000 and 2002)	2011	2028	2,560,000	
Total 2011A TOP JPA Revenue Bonds				3,660,000
2014A Tracy Public Financing Authority Revenue Bonds:				630,000
2018 Series Tracy Hills Special Tax Bonds Community Facilities District No. 2016-1	2019	2048		31,985,000
2019 Series Tracy Hills Phase I Special Tax Bonds Community Facilities District No. 2016-1	2020	2050		14,610,000
2019 Series ECFD Special Tax Bonds Community Facilities District No. 2016-2	2020	2050		17,895,000
2019 Series NEI Phase II Special Tax Refunding Bonds Community Facilities District No. 2006-01	2020	2037		7,165,000
2020 Series Tracy Hills Special Tax Bonds Community Facilities District No. 2016-1	2022	2051		14,970,000
2021 Series ECFD Special Tax Bonds Community Facilities District No. 2016-2	2021	2051		12,970,000
2022 Series Hillview Special Tax Bonds Community Facilities District No. 2021-1	2022	2053		6,815,000
			Total	\$ 138,905,000

Note 11 – Sick Leave Conversion

A summary of changes in the sick leave conversion balances for the governmental activities for the year ended June 30, 2024 is as follows:

				Classification	
	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due within One Year
Sick Leave Conversion	\$ 5,626,333	\$ 1,979,602	\$ (835,152)	\$ 6,770,783	\$ 1,015,617
					\$ 5,755,166

Sick leave conversion are liquidated by the fund that has recorded the liability only when matured. The long-term portion of the governmental activities sick leave conversion is liquidated primarily by the General Fund.

Note 12 – Compensated Absences

A. Governmental Activities

A summary of changes in the compensated absences balances for the governmental activities for the year ended June 30, 2024 is as follows:

				Classification		
	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due within One Year	Due in More Than One Year
Compensated absences	\$ 4,401,120	\$ 4,112,009	\$ (4,436,047)	\$ 4,077,082	\$ 1,562,838	\$ 2,514,244

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 12 – Compensated Absences (Continued)

A. Governmental Activities (Continued)

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

B. Business-Type Activities

A summary of changes in the compensated absences balances for the business-type activities for the year ended June 30, 2024 is as follows:

	Classification					
	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due within One Year	Due in More Than One Year
Compensated absences	\$ 796,256	\$ 969,178	\$ (969,915)	\$ 795,519	\$ 304,621	\$ 490,898

Compensated absences in the business-type activities are obligations of the following funds:

Water Fund	\$ 317,018
Sewer Fund	307,282
Solid Waste Fund	95,009
Drainage Operations Fund	18,976
Municipal Airport Fund	20,925
Municipal Transit Fund	36,309
Total	\$ 795,519

C. Component Unit

A summary of changes in the compensated absences balances for the component unit for the year ended June 30, 2024 is as follows:

	Classification					
	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due within One Year	Due in More Than One Year
Compensated absences	\$ 776,475	\$ 1,271,154	\$ (1,217,445)	\$ 830,184	\$ 830,184	\$ -

Note 13 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City obtains insurance coverage.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influences by member municipalities beyond their representation of that board. Obligations and liabilities of these risk pools are not the City's responsibility.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Risk Management (Continued)

Since 1986, the City has joined together with other cities to form a public entity risk pool known as the Central San Joaquin Valley Risk Management Authority - CSJVRMA (the “Authority”), a joint powers authority established in accordance with the California government code. The relationship between the City and the Authority is such that the Authority is not a component unit of the City for financial reporting purposes. Financial statements for the Authority may be obtained from the Authority's management.

The Authority is currently operating as a common risk management and insurance program for 53 member cities. The program's general objectives are to formulate, develop, and administer, on the behalf of the member cities, a program of insurance, to obtain lower cost for that coverage, and to develop a comprehensive loss control program. A member may withdraw from the Authority only by giving six-month notice. Cities applying for membership in the Authority may do so on approval of a two-thirds vote of the board of the Authority.

The latest financial information of the Authority for fiscal year ended June 30, 2024, is as follows:

Total assets	<u>\$ 179,635,612</u>
Total liabilities	<u>\$ 144,400,470</u>
Net position	<u>\$ 35,235,142</u>
Operating revenues	<u>\$ 89,306,501</u>
Operating expenses	<u>\$ 94,324,180</u>
Nonoperating revenues (expenses)	<u>\$ 6,290,415</u>
Change in net position	<u>\$ 1,272,736</u>

A. Coverage

The City participates in the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a public entity risk pool currently operating as a common risk management and insurance program for 53 cities. The purpose of CSJVRMA is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expense. The CSJVRMA is governed by a Board of Directors elected by the member agencies; it is not a component unit of the City. Audited financial statements are available from the Central San Joaquin Risk Management Authority at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

The City participates in the following pooled coverages through CSJVRMA:

Type of Coverage (Deductible)	Coverage Limits
Liability (\$100,000)	\$ 54,000,000
Property (\$5,000 to \$10,000)	1,000,000,000
Worker's Compensation (\$200,000)	Statutory Limit
Boiler and Machinery (\$1,000 to \$10,000)	100,000,000
Automobile - for vehicles with values more than \$25,000 (\$500)	1,000,000,000

The CSJVRMA maintains separate records for each member for each year of participation. The records track cash paid to the CSJVRMA through deposit premium assessments, the City's self-insured retention portion of claims paid, and the City's allocation of shared risks. Three years after the close of the workers' compensation coverage year and five years after the close of the general liability coverage year, the CSJVRMA assesses the status of all members for the year, then either makes a refund to a member if it has positive balance (i.e., payout and reserve experience is less than premiums paid) or collects any deficit.

During the fiscal year ended June 30, 2024, the City contributed \$7,911,527 for current year coverage. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Risk Management (Continued)

B. Liability for Uninsured Claims

The City provides for the uninsured portion of claims and judgments, including provisions for claims incurred but not reported, in the Insurance Internal Service Fund. Claims and judgments are recorded when a loss is deemed probable of asserting 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 has estimated that claims will become due and payable in more than one year.

Note 14 – Pension Plans

A. Summary - City

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 6,145,657	2,056,208	\$ 8,201,865
CalPERS Safety	7,955,321	-	7,955,321
Total pension contribution made after measurement date	<u>14,100,978</u>	<u>2,056,208</u>	<u>16,157,186</u>
Changes in assumptions:			
CalPERS Miscellaneous	2,461,886	823,695	3,285,581
CalPERS Safety	6,045,177	-	6,045,177
Total changes in assumptions	<u>8,507,063</u>	<u>823,695</u>	<u>9,330,758</u>
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	5,274,322	1,764,677	7,038,999
CalPERS Safety	8,718,078	-	8,718,078
Total projected earnings on pension plan investments in excess of actual earnings	<u>13,992,400</u>	<u>1,764,677</u>	<u>15,757,077</u>
Difference between expected and actual experience:			
CalPERS Miscellaneous	1,504,759	503,461	2,008,220
CalPERS Safety	1,327,684	-	1,327,684
Total difference between expected and actual experience	<u>2,832,443</u>	<u>503,461</u>	<u>3,335,904</u>
Difference between expected and actual experience:			
CalPERS Miscellaneous	6,532,456	2,185,622	8,718,078
CalPERS Safety	15,757,077	-	15,757,077
Total difference between expected and actual experience	<u>22,289,533</u>	<u>2,185,622</u>	<u>24,475,155</u>
Total deferred outflows of resources			
CalPERS Miscellaneous	15,386,624	5,148,041	20,534,665
CalPERS Safety	24,046,260	-	24,046,260
Total deferred outflows of resources	<u>\$ 39,432,884</u>	<u>\$ 5,148,041</u>	<u>\$ 44,580,925</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 14 – Pension Plans (Continued)

A. Summary – City (Continued)

	Governmental	Business-Type		
	Activities	Activities	Total	
Net pension liability:				
CalPERS Miscellaneous	41,904,915	14,020,500	\$ 55,925,415	
CalPERS Safety	68,948,823	-	68,948,823	
Total net pension liability	\$ 110,853,738	\$ 14,020,500	\$ 124,874,238	
Deferred inflows of resources:				
Difference between expected and actual experience:				
CalPERS Miscellaneous	\$ 140,668	\$ 47,065	\$ 187,733	
CalPERS Safety	1,206,729	-	1,206,729	
Total difference between expected and actual experience	1,347,397	47,065	1,394,462	
Total deferred inflows of resources				
CalPERS Miscellaneous	140,668	47,065	187,733	
CalPERS Safety	1,206,729	-	1,206,729	
Total deferred inflows of resources	\$ 1,347,397	\$ 47,065	\$ 1,394,462	
Pension expenses:				
CalPERS Miscellaneous	\$ 8,485,758	\$ 2,839,155	\$ 11,324,913	
CalPERS Safety	12,189,457	-	12,189,457	
Total net pension expenses	\$ 20,675,215	\$ 2,839,155	\$ 23,514,370	

B. City

Plan Description

Substantially all City employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in the Miscellaneous or Safety Agent multiple-employer defined benefit plan administered by California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit Provisions under the Plans are established by State statutes within the Public Employee's Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Employees Covered

At June 30, 2023, the measurement date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous Plan	Safety Plan	Total
Active employees	360	103	463
Transferred and terminated employees	324	139	463
Retired employees and beneficiaries	395	198	593
Total	1,079	440	1,519

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 14 – Pension Plans (Continued)

B. City (Continued)

Benefits Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

	Safety - Police		
	Classic Tier I	Classic Tier II	PEPRA
Hire date	April 8, 2012	April 8, 2012	January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9%	9%	13%
Required employer contribution rates	21.890%	21.890%	21.890%
Required UAL contribution (Police and Fire)		\$4,598,207	

	Safety - Fire	
	Classic Tier I	PEPRA
Hire date	January 1, 2013	January 1, 2013
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9%	13%
Required employer contribution rates	23.210%	21.845%

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired on or after January 1, 2013 who are new to Public Employee Retirement Systems (PERS). These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation) prior to January 1, 2013 are now referred to as classic members. PEPRA miscellaneous members will be enrolled in a 2% at 62 plan and PEPRA safety members will be enrolled in a 2.7% at 57 plan. PEPRA members will be required to pay half the normal cost of their plans.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 14 – Pension Plans (Continued)

B. City (Continued)

Contributions

Section 20814(C) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year (normal cost), with additional amount to finance any unfunded accrued liability (UAL).

For the year ended June 30, 2024, the plan's contributions made for the Plan was as follows:

	Miscellaneous Plan	Safety Plan
Contributions - employer	\$ 8,201,865	\$ 7,955,321

Net Pension Liability

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00%
Mortality Rate Tables ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

¹The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale 80% of scale MP 2020. For more details on this table, please refer to the 2021 experience study report (based on CalPERS demographic data from 2000 to 2019) that can be found on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Change in Assumptions

There were no changes in assumptions in the measurement period ending June 30, 2023.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 14 – Pension Plans (Continued)

B. City (Continued)

Discount Rate

In determining the long-term expected rate of return, CalPERS took into account, both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1-10 ²
Global Equity - Cap-weighted	30.00%	4.45%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

¹An expected inflation of 2.30% used for this period.

²Figures are based on the 2021 Asset Liability Management study.

The discount rate used to measure the total pension liability was 6.90% for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 Section.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 14 – Pension Plans (Continued)

B. City (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability, calculated using the discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(5.90%)	Rate (6.90%)	(7.90%)
Miscellaneous Plan	\$ 85,274,384	\$ 55,925,415	\$ 31,739,459
Safety Plan	<u>\$ 109,908,432</u>	<u>\$ 68,948,823</u>	<u>\$ 36,107,718</u>

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period:

	Miscellaneous Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2022 (Valuation Date)	\$ 202,321,647	\$ 149,166,537	\$ 53,155,110
Changes in the year:			
Service cost	5,146,110	-	5,146,110
Interest on the total pension liabilities	13,982,577	-	13,982,577
Changes in benefit terms	245,896	-	245,896
Differences between expected and actual experience	2,301,993	-	2,301,993
Benefit payments, including refunds of members contributions	(9,593,139)	(9,593,139)	-
Contributions - employer	-	7,227,629	(7,227,629)
Contributions - employee	-	2,426,193	(2,426,193)
Net investment income	-	9,362,139	(9,362,139)
Administrative expenses	-	(109,690)	109,690
Net changes	<u>12,083,437</u>	<u>9,313,132</u>	<u>2,770,305</u>
Balance at June 30, 2023 (Measurement Date)	<u>\$ 214,405,084</u>	<u>\$ 158,479,669</u>	<u>\$ 55,925,415</u>
Safety Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2022 (Valuation Date)	\$ 250,629,186	\$ 181,294,213	\$ 69,334,973
Changes in the year:			
Service cost	4,531,383	-	4,531,383
Interest on the total pension liabilities	16,983,948	-	16,983,948
Changes in benefit terms	93,029	-	93,029
Differences between expected and actual experience	(1,810,093)	-	(1,810,093)
Benefit payments, including refunds of members contributions	(10,067,311)	(10,067,311)	-
Contributions - employer	-	7,159,137	(7,159,137)
Contributions - employee	-	1,865,261	(1,865,261)
Net investment income	-	11,293,334	(11,293,334)
Administrative expenses	-	(133,315)	133,315
Net changes	<u>9,730,956</u>	<u>10,117,106</u>	<u>(386,150)</u>
Balance at June 30, 2023 (Measurement Date)	<u>\$ 260,360,142</u>	<u>\$ 191,411,319</u>	<u>\$ 68,948,823</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 14 – Pension Plans (Continued)

B. City (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the City recognized pension expense in the amount of \$11,324,913 and \$12,189,457 for the miscellaneous and safety plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. For the Miscellaneous Plan, the EARSL for the Miscellaneous Plan for the 2021-22 measurement period is 3.9 years, which was obtained by dividing the total service years of 3,743 (the sum of remaining service lifetimes of the active employees) by 952 (the total number of participants: active, inactive, and retired). For the Safety Plan, the EARSL for the Miscellaneous Plan for the 2021-22 measurement period is 5.0 years, which was obtained by dividing the total service years of 2,027 (the sum of remaining service lifetimes of the active employees) by 407 (the total number of participants: active, inactive, and retired).

At June 30, 2024 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan			
	Deferred Outflows of Resources	Deferred Inflows of Resources	
Pension contributions made subsequent to measurement date	\$ 8,201,865	\$ -	
Difference between projected and actual earning on pension plan investments	7,038,999	-	
Changes in assumptions	3,285,581	-	
Differences between expected and actual experience	2,008,220	(187,733)	
Total	\$ 20,534,665	\$ (187,733)	

Safety Plan			
	Deferred Outflows of Resources	Deferred Inflows of Resources	
Pension contributions made subsequent to measurement date	\$ 7,955,321	\$ -	
Difference between projected and actual earning on pension plan investments	8,718,078	-	
Changes in assumptions	6,045,177	-	
Differences between expected and actual experience	1,327,684	(1,206,729)	
Total	\$ 24,046,260	\$ (1,206,729)	

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 14 – Pension Plans (Continued)

B. City (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the General Information about Pension, for the Miscellaneous and Safety Plans, \$8,201,865 and \$7,955,321, respectively, was reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources			Total
	Miscellaneous Plan	Safety Plan		
2025	\$ 3,563,312	\$ 3,935,011		\$ 7,498,323
2026	3,038,135	2,605,013		5,643,148
2027	5,358,654	8,110,243		13,468,897
2028	184,966	233,943		418,909
2029	-	-		-
Thereafter	-	-		-
	\$ 12,145,067	\$ 14,884,210		\$ 27,029,277

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Component Unit

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The South San Joaquin County Fire Authority (the "Authority") sponsors five rate plans. Benefit provisions under the Plan are established by State statute and SMC Fire resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Employees Covered

At June 30, 2023, the measurement date, the following employees were covered by the benefit terms the Plan:

Active employees	91
Transferred and terminated employees	8
Retired employees and beneficiaries	5
Total	104

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 14 – Pension Plans (Continued)

C. Component Unit (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Safety members with five years or more of total service are eligible to retire at age 50. Miscellaneous members with five years or more of total service are eligible to retire at age 50, with exception of those that fall under the 2% at 62 formula, who are eligible to retire at age 52. Those that retire before the “normal retirement age” listed in their formula will receive statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

Following are the benefit provisions for each plan:

	Miscellaneous (Component Unit)		
	Prior to	After April 8, 2012	On or after
	April 8, 2012	Prior to January 1, 2013	January 1, 2013
Hire date			
Benefit formula	2.5% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	55	62
Monthly benefits, as a % of eligible compensation	2.0-2.5%	1.426%-2.418%	1.0% - 2.5%
Required employee contribution rates	8%	7%	7.75%
Required employer contribution rates	14.130%	11.880%	7.870%

	Safety - Fire (Component Unit)	
	Classic Tier I	PEPRA
	January 1, 2013	January 1, 2013
Hire date		
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9%	15%
Required employer contribution rates	26.290%	14.720%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an actuarial basis, annually and is effective on July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the fiscal year ended June 30, 2024, employer contributions made for the plans was \$2,669,142.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 14 – Pension Plans (Continued)

C. Component Unit (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The Authority's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

As of June 30, 2024, the Authority reported net pension liability for its proportionate shares of the net pension liability of the Authority's Plan are as follows:

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)
Balance at: 6/30/22 (Valuation date)	\$ -	\$ -	\$ -
Balance at: 6/30/23 (Measurement date)	1,914,614	1,656,788	257,826
Net Changes during 2022-2023	1,914,614	1,656,788	257,826

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2022). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2023). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2022 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2022-23).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 14 – Pension Plans (Continued)

C. Component Unit (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The Authority's proportionate share of the net pension liability for the plans as of June 30, 2022 and 2023 was as follows:

Proportion June 30, 2022	0.00000%
Proportion June 30, 2023	0.00207%
Change - Increase (Decrease)	<u>0.00207%</u>

For year ended June 30, 2024, the Authority recognized pension income in the amount of \$378,896 for the Authority's Plan.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2022-23 measurement period is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (the total number of participants: active, inactive, and retired).

At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 2,669,142	\$ -
Difference between projected and actual earning on pension plan investments	35,489	-
Adjustment due to differences in proportions	118,922	-
Changes in assumptions	15,064	-
Difference between actual and expected experience	17,112	-
Difference between employer's actual contributions and proportionate share of contributions	<u>677,944</u>	<u>(1,626)</u>
Total	\$ 3,533,673	\$ (1,626)

For the Authority's Plan, \$2,669,142 was reported as deferred outflows of resources related to pensions resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 14 – Pension Plans (Continued)

C. Component Unit (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources	
2025	\$	306,988
2026		299,222
2027		255,703
2028		992
2029		-
Thereafter		-
	<hr/>	<hr/>
	\$	862,905
	<hr/>	<hr/>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. Both the June 30, 2022 and the June 30, 2023 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale MP-2016.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 14 – Pension Plans (Continued)

C. Component Unit (Continued)

Discount Rate (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	Assumed Asset		Real Return ^{1,2}
	Allocation		
Global equity - cap-weighted	30.00%		4.45%
Global equity - non-cap-weighted	12.00%		3.84%
Private equity	13.00%		7.28%
Treasury	5.00%		0.27%
Mortgage-backed securities	5.00%		0.50%
Investment grade corporates	10.00%		1.56%
High yield	5.00%		2.27%
Emerging market debt	5.00%		2.48%
Private debt	5.00%		3.57%
Real assets	15.00%		3.21%
Liquidity	-5.00%		-0.59%

¹ An expected inflation of 2.30% used for this period

² Figures are based on the 2021 Asset Liability Management study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability for the Authority's Plan, calculated using the discount rate for the Authority's Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Plan's Aggregate Net Pension Liability/(Asset)		
Discount Rate - 1%	Current Discount	Discount Rate + 1%
(5.90%)	Rate (6.90%)	(7.90%)
\$ 520,359	\$ 257,826	\$ 43,142

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 14 – Pension Plans (Continued)

C. Component Unit (Continued)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2024, the Authority reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2024.

Note 15 – Other Postemployment Benefits

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Employer contributions made	\$ 217,161	\$ 54,571	\$ 271,732
subsequent to the measurement date	176,417	49,334	225,751
Difference between expected and actual experience	493,291	181,135	674,426
Changes in assumptions			
Total deferred outflows of resources	\$ 886,869	\$ 285,040	\$ 1,171,909
Total OPEB liability:			
Total OPEB liability	\$ 5,894,681	\$ 1,340,720	\$ 7,235,401
Total OPEB liability	\$ 5,894,681	\$ 1,340,720	\$ 7,235,401
Deferred inflows of resources:			
Difference between expected and actual experience	\$ (190,006)	\$ 341,405	\$ 151,399
Change in assumption	1,178,666	48,529	1,227,195
Total deferred inflows of resources	\$ 988,660	\$ 389,934	\$ 1,378,594
Total OPEB Expense	\$ 259,473	\$ 70,685	\$ 330,158

B. General Information about OPEB

Plan Description

The City administers a single employer defined benefit (implicit subsidy) healthcare plan. No assets have been accumulated in a trust for the payment of benefits that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

The City offers medical, dental, vision and life insurance benefits to its employees, retirees, and their dependents. However, the City does not explicitly pay for the cost of retiree health premiums. The medical plans consist of a Kaiser HMO, a Kaiser POS, and a Kaiser PPO, all fully insured. Medical premiums for retirees under age 65 are the same as those charged for active employees.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 15 – Other Postemployment Benefits

B. General Information about OPEB (Continued)

Plan Description (Continued)

Employees who retire from the City may elect to convert all accrued sick leave at the time of retirement to a medical insurance bank that can be used for medical, dental and vision premiums. Miscellaneous employees and management Safety employees, except members of the Teamsters Bargaining Unit, can bank their unused sick leave upon retirement. Members of the Teamsters can also bank their unused sick leave only if they have at least ten (10) years of employment with the City. Safety employees: Police employees, except managers, can bank their unused sick leave if they have at least ten (10) years of employment. Fire employees have a choice to bank their unused sick leave. Non-management Fire employees also need at least ten (10) years of employment to receive this benefit. The value of the medical insurance bank is determined by multiplying the number of accrued sick leave hours by the employees' hourly rate of pay at the time of retirement.

The retired employee and his/her dependents are entitled to continued group health insurance coverage currently in effect with premiums for such coverage being deducted from the medical leave bank until that bank is exhausted.

The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. For the fiscal year ending June 30, 2024, those costs for 132 retirees totaled \$843,769 and the total liability amount in the medical leave bank is \$6,770,783.

After the account is exhausted, the retiree has option either to terminate coverage or elect to continue paying the medical (but not dental or vision) premiums from personal funds. Spouses and eligible dependent children of retirees may also be covered at the retiree's expense. While the City does not directly contribute towards the cost of premiums for retirees, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the retirees, called an "implicit subsidy" under generally accepted accounting principles. The inclusion of the retirees increases the City's overall health insurance rates; it is, in part, the purpose of this valuation to determine the amount of the subsidy.

The ability to participate in the City's health plan by self-paying the premiums extends for the lifetime of the retiree; however, upon attaining the age of Medicare eligibility (65), the retiree may enter a plan coordinated with Medicare. Standard actuarial practice assumes that Medicare supplement plans do not generally give rise to an implicit subsidy, and while the actuarial valuation included Medicare eligible retirees, both their liability and their annual implicit subsidy are both \$0.

Eligibility

Employees become eligible to receive City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The City has selected the unequal contribution method, where it contributes a percent of the amount paid for actives to its eligible retirees. The percent increases each year until the City's contribution for retirees eventually equals that for similarly stated active employees. The City currently covers 100% of the cost of medical coverage for active employees and their dependents up to, but not exceeding, the dollar amount of the family premium for the lowest cost HMO.

Membership in the plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Active employees	347
Inactive plan members entitled to but not receiving benefits	-
Inactive plan members currently receiving benefits	25
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Total	<hr/> 372

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 15 – Other Postemployment Benefits (Continued)

B. General Information about OPEB (Continued)

Contributions

The contribution requirement of plan members and the City are established and may be amended by the City. The required contribution is based on projected pay-as-you-go financing requirements.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total OPEB liability at June 30, 2024 was \$7,235,401.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.13%
Inflation	2.50%
Aggregate payroll increases	3.00%
Actuarial cost method	Entry Age Normal Cost Method
Mortality, Termination, and Disability	Based on CalPERS 2021 experience study report using data for the period from 1997 to 2019.
Mortality Improvement Scale	Macleod Watts Scale 2022 applied generationally from 2017.
Healthcare Trend Rate	An annual healthcare cost trend rate of 23.0% for 2024, 6.2% for 2025, and decreasing to an ultimate rate of 3.9% in 2075

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2021 through June 30, 2022.

Change in Assumption

The City's discount rate used to measure the total OPEB liability increased from 4.09% to 4.13% for the measurement period ended June 30, 2023.

Discount Rate

The discount rate used to measure the total OPEB liability 4.13%. The City's funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. The City is currently financing its OPEB liability on a pay-as-you-go basis, the discount rate used is based on the S&P Municipal Bond 20 Year High Grade Index.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 15 – Other Postemployment Benefits (Continued)

C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 6,062,275
Changes recognized for the measurement period:	
Service cost	423,235
Interest on the total OPEB liability	259,533
Employer contributions	-
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	770,285
Benefit payments	(279,927)
Net changes during July 1, 2022 to June 30, 2023	<u>1,173,126</u>
Balance at June 30, 2023, measurement date	<u><u>\$ 7,235,401</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09 percent) or 1-percentage-point higher (5.09 percent) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1% (3.13%)	Current Discount Rate (4.13%)	Discount Rate + 1% (5.13%)
\$ 7,877,213	\$ 7,235,401	\$ 6,649,165

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability		
Healthcare Cost Trend Rates		
-1%	Trend Rates	1%
\$ 6,598,900	\$ 7,235,401	\$ 7,960,369

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$330,158. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 271,732	\$ -
Difference between expected and actual experience	225,751	(151,399)
Changes of assumptions	674,426	(1,227,195)
Total	\$ 1,171,909	\$ (1,378,594)

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 15 – Other Postemployment Benefits (Continued)

C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five-year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 13.77 years, which was determined as of June 30, 2022, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

For the fiscal year ended June 30, 2024, \$271,732 was reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2025	\$ (73,825)
2026	(73,825)
2027	(73,825)
2028	(54,900)
2029	(50,144)
Thereafter	(151,898)
	<hr/> <hr/>
	\$ (478,417)

Note 16 – Deferred Compensation Plan

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan was amended so that the assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Since the plan assets are administered by an outside party and not subject to the claims of the City's general creditors, their assets and related liabilities are not on the City's financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans."

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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Other Required Disclosures

A. Deficit Fund Balances/Net Position

At June 30, 2024, the following funds had a fund balances (deficit) or unrestricted net position (deficit), which will be eliminated through the reduction in future expenditures and/or the use of new funding sources:

Fund	Fund Type	Amount
Community Development Block Grant Fund	Special Revenue Fund	\$ 9,842
Central Garage Fund	Internal Service Fund	216,227
Central Services Fund	Internal Service Fund	397,629
Successor Agency Private Purpose Trust Fund	Fiduciary Fund	22,902,483

The Special Revenue Fund and Internal Service Funds deficits are expected to be eliminated by future grant revenues, intergovernmental and charges for services. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Funds deficit which will be eliminated by future revenues.

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2024, expenditures exceeded appropriations in the following funds by function:

Fund	Function	Excess Expenditures over Appropriations
General Fund	General government: Economic development	\$ 5
General Fund	General government: Non-departmental	976,516
General Fund	Public safety: Fire	1
General Fund	Community development: Parks and community services	38,010
General Fund	Capital outlay	2,273,222
General Fund	Debt service: Principal	106,950
General Fund	Debt service: Interest and fiscal charges	1,080,676
Community Development Fees Special Revenue Fund	Public ways and facilities: Development and engineering	150,816
Community Development Fees Special Revenue Fund	Public ways and facilities: Public works	30,259
Community Development Fees Special Revenue Fund	Debt service: Principal	12,774
Community Development Fees Special Revenue Fund	Debt service: Interest and fiscal charges	31
Lease Revenue Bonds Debt Service Fund	General government: Non-departmental	5,791,445
Tracy Infrastructure Master Plans Capital Projects Fund	Public ways and facilities: Public works	2
Landscaping District Special Revenue Fund	Community development: Parks and community services	1
CFD Services 2018-1 Special Revenue Fund	Community development: Parks and community services	192,341

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 18 – Fund Balance Classification

The City classifies fund balances, as shown on the *Balance Sheet – Governmental Funds*, as follows as of June 30, 2024:

	General Fund	Housing Successor Fund	Community Development Fees Fund	Lease Revenue Bonds Fund	General Capital Projects Fund	Tracy Infrastructure Master Plans Fund	Tracy Non-major Governmental Funds		Total
							General Governmental Funds	Non-major Governmental Funds	
Nonspendable									
Prepaid items	\$ 5,989,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,989,475
Total nonspendable	5,989,475	-	-	-	-	-	-	-	5,989,475
Restricted									
Housing	\$ -	\$ 601,794	\$ -	\$ -	\$ -	\$ 126,163,390	\$ -	\$ 126,765,184	
Special area projects	-	-	5,474,412	-	-	-	93,314,673	98,789,085	
Public safety	-	-	-	-	-	-	3,135,876	3,135,876	
Debt service	-	-	-	57,170,695	-	-	-	57,170,695	
Community development	-	-	-	-	-	-	2,656	2,656	
Asset forfeiture	-	-	-	-	-	-	226,400	226,400	
Streets and roads	-	-	-	-	-	-	23,795,870	23,795,870	
Landscaping district	-	-	-	-	-	-	5,770,445	5,770,445	
Cable TV	-	-	-	-	-	-	841,928	841,928	
Drainage	-	-	-	-	-	-	2,668,368	2,668,368	
Tracy GROW	-	-	-	-	-	-	1,000,000	1,000,000	
Section 115 pension trust	4,392,919	-	-	-	-	-	-	-	4,392,919
Fire medical leave bank	1,898,025	-	-	-	-	-	-	-	1,898,025
Medical leave bank	3,142,620	-	-	-	-	-	-	-	3,142,620
Total restricted	9,433,564	601,794	5,474,412	57,170,695	-	126,163,390	130,756,216	329,600,071	
Committed									
Affordable housing development	-	4,000,000	-	-	-	-	-	-	4,000,000
Contingency/emergency	19,919,000	-	-	-	-	-	-	-	19,919,000
Total committed	19,919,000	4,000,000	-	-	-	-	-	-	23,919,000
Assigned									
Animal control trust	22,348	-	-	-	-	-	-	-	22,348
Economic/budget stability	15,232,000	-	-	-	-	-	-	-	15,232,000
Prior year reappropriations	642,229	-	-	-	-	-	-	-	642,229
Capital projects	-	-	-	-	138,751,296	-	-	-	138,751,296
Total assigned	15,896,577	-	-	-	138,751,296	-	-	-	154,647,873
Unassigned (deficit)	4,016,677	-	-	-	-	-	-	(9,842)	4,006,835
Total fund balances	\$ 55,255,293	\$ 4,601,794	\$ 5,474,412	\$ 57,170,695	\$ 138,751,296	\$ 126,163,390	\$ 130,746,374	\$ 518,163,254	

Note 19 – Net Investment in Capital Assets

Net Investment in Capital Assets at June 30 consisted of the following:

	Governmental Activities	Business-type Activities	Total
Total capital assets, net	\$ 718,181,230	\$ 457,244,944	\$ 1,175,426,174
Less capital-related liabilities:			
Retention payable	(5,147,470)	-	(5,147,470)
Lease liability	(1,931,247)	-	(1,931,247)
Subscription liability	(1,186,523)	(27,155)	(1,213,678)
Lease revenue bonds	(90,577,186)	-	(90,577,186)
Loans payable	-	(4,203,697)	(4,203,697)
Certificates of participation	-	(18,305,000)	(18,305,000)
Net investment in capital assets	\$ 619,338,804	\$ 434,709,092	\$ 1,054,047,896

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 20 – South San Joaquin County Fire Authority Joint Powers Agreement

On March 1, 2018, the City of Tracy and the Tracy Rural Fire Protection District (the “District”) formed a joint powers agreement to establish the South San Joaquin County Fire Authority (SSJCFA) and replace the South County Fire Authority (SCFA), which was created in September 1999. The purpose of the agency is to provide fire administration, fire prevention and fire training and safety within the jurisdictional area of the Authority. The agency is reported as a discrete component unit of the City.

The City and the District share costs and contribute to the agency at approximately 62.5% City share and 37.5% District share. During fiscal year 2024, the SSJCFA incurred costs of \$25.8 million, of which \$16.8 million was paid by the City and \$10.2 million was paid by the District. The City’s balance Due from the Component Unit as of June 30, 2024, was \$1,197,474. The City prepaid their annual membership dues to SSJCFA for fiscal year 2024 in the amount of \$5,987,525, this balance is reported by the City and SSJCFA in prepaid items and unearned revenue, respectively.

Note 21 – Community Development Agency Dissolution

The City of Tracy opted to become the Successor Agency to the former Community Development Agency (“CDA”) of the City of Tracy as of January 17, 2012. Since February 1, 2012, the date of dissolution, the housing related assets and activities of the dissolved CDA are reported in the governmental Housing Successor Special Revenue Fund. The non-housing related assets and activities of the dissolved redevelopment agency are reported in the fiduciary Successor Agency Private Purpose Trust Fund whose activities are subject to review and approval of the Oversight Board.

In March 2022, the State Department of Finance (DOF) approved the Successor Agency’s Last and Final Recognized Obligation Payment Schedule (LFROP). The Successor Agency will continue to receive property tax increment revenue to pay items listed on the LFROPs, without any objections by the DOF, until all obligations are paid off.

Note 22 – Changes to or within the Financial Reporting Entity

The CARES/ARPA Grant Special Revenue Fund was previously reported as a major fund, but due to the City expending the majority of remaining COVID-19 funds, the fund no longer meets the quantitative threshold requiring the fund to be reported as a major fund for the fiscal year ended June 30, 2024. The Lease Revenue Bonds Debt Service Fund was previously reported as a non-major fund, but due to the issuance of the 2024 Lease Revenue Bonds, the fund now meets the quantitative threshold requiring the fund to be reported as a major fund for the fiscal year ended June 30, 2024. The changes to or within the financial reporting entity resulted in adjustments to and restatements of beginning fund balance, as follows:

	June 30, 2023		Change to or with the Financial Reporting Entity	June 30, 2023	
	As Previously Reported	As Restated		As Restated	As Restated
Governmental Funds					
Major Funds:					
General Fund	\$ 40,428,505	\$ -		\$ 40,428,505	
Housing Successor Special Revenue Fund	5,039,730	-		5,039,730	
Community Development Fees Special Revenue Fund	7,734,906	-		7,734,906	
Lease Revenue Bonds Debt Service Fund	-	9,962,109		9,962,109	
General Capital Projects Fund	101,781,732	-		101,781,732	
Tracy Infrastructure Master Plans Capital Projects Fund	105,437,411	-		105,437,411	
CARES/ARPA Grant Special Revenue Fund	3,131,167	(3,131,167)		-	
Non-major Funds	<u>123,168,721</u>	<u>(6,830,942)</u>		<u>116,337,779</u>	
Total Governmental Funds	\$ 386,722,172	\$ -		\$ 386,722,172	

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 23 – Commitments and Contingencies

A. *Litigation*

The City is currently a party to various claims and legal proceedings. Although the outcome of these lawsuits is not presently determinable, it is management's opinion that the ultimate liabilities, if any, resulting from such claims and proceedings will not materially affect the financial position of the City.

B. *Contingent Liabilities*

On March 1, 1993, the City issued Certificates of Participation in the aggregate of \$10,250,000 for the benefit of Tracy Community Hospital (Hospital), a California nonprofit public benefit corporation. The Hospital is not included in the City's reporting entity. The City is obligated to make the purchase payments only from and to the extent that it receives revenue from the Hospital. They are not secured by any pledge of taxes or other revenues of the City. In addition, the purchase payments are insured by the Office of Statewide Health Planning and Development of the State of California. As of June 30, 2024, the City has not recorded revenues from the Hospital.

C. *Federal and State Grants*

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

D. *Revenue Limitations Imposed by California Proposition 218*

Proposition 218, which was approved by the voters in November 1996, will regulate the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future years by the voters.

E. *Measure V Sales Tax Revenues*

The City receives tax proceeds from the Measure V one-half cent sales tax approved by Tracy voters in November 2016, commencing for a twenty year period beginning April 1, 2017. The amount of Measure V tax proceeds received and recorded during the fiscal year ending June 30, 2024 was \$12,110,516. Measure V is a general tax of the City and the revenues were deposited in the City's General Fund. Expenditures for a variety of City functions were made from the City's General Fund utilizing the Measure V and other revenue of the City.

F. *Location Agreements*

In December 2015, the City entered into a Location Agreement with a manufacturer and distributor of healthcare products and services to make payments to the Corporation in return for the Corporation establishing, locating and operating a sales office in the City. Under the terms of the agreement, the City has agreed to pay the Corporation fifty per cent (50%) of the quarterly local sales tax revenues attributable to the Corporation's taxable sales for each fiscal quarter, excluding penalty assessments, commencing with the quarter beginning January 1, 2017 and ending on December 31, 2036, unless otherwise extended in accordance with the agreement. The City paid \$4,141,735 to the Corporation during the year ended June 30, 2024.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 23 – Commitments and Contingencies (Continued)

F. Location Agreements (Continued)

In August 2017, the City entered into a Location Agreement with a distributor of precision laboratory equipment to make payments to the Corporation in return for the Corporation establishing, locating and operating a sales office in the City. Under the terms of the agreement, the City has agreed to pay the Corporation fifty per cent (50%) of the quarterly local sales tax revenues attributable to the Corporation's taxable sales for each fiscal quarter, excluding penalty assessments, commencing with the quarter beginning October 2018 and ending on October 2038, unless otherwise extended in accordance with the agreement. The City paid \$2,198,846 to the Corporation during the year ended June 30, 2024.

In December 2019, the City entered into a Location Agreement with a distributor of retail products to make payments to the Corporation in return for the Corporation establishing, locating and operating a sales office in the City. Under the terms of the agreement, the City has agreed to pay the Corporation fifty per cent (50%) of the quarterly local sales tax revenues attributable to the Corporation's taxable sales for each fiscal quarter, excluding penalty assessments, commencing with the quarter beginning January 2022 and ending on January 2042, unless otherwise extended in accordance with the agreement. The City paid \$569,498 to the Corporation during the year ended June 30, 2024.

G. Encumbrances and Construction Commitments

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, 2024 were as follows:

	Balance
General Fund	\$ 642,229
TEA Grant Special Revenue Fund	2,384
Community Development Fees Special Revenue Fund	341,770
General Projects Capital Projects Fund	9,795,976
Tracy Infrastructure Master Plan Capital Projects Fund	395,659
Non-Major Governmental Funds	<u>11,032,391</u>
	<u><u>\$ 22,210,409</u></u>

H. Housing Successor Excess Surplus

Health and Safety Code (HSC) Section 34176.1(d) defines an excess surplus as an unencumbered balance held by the housing successor that exceeds the greater of \$1,000,000 or the aggregate amount deposited into the housing successor fund during the housing successor's preceding four fiscal years, whichever is greater. If a housing successor has an excess surplus, the HSC Section requires that the housing successor encumber the excess surplus for eligible purposes described in the HSC Section 34176.1(a)(3) or transfer the funds to another local housing successor within three fiscal years. If the housing successor fails to comply with this provision, the housing successor, within 90 days of the end of the third fiscal year, is required to transfer any excess surplus to the Department of Housing and Community Development for expenditure pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 23 – Commitments and Contingencies (Continued)

H. Housing Successor Excess Surplus (Continued)

The Housing Successor Special Revenue Fund serves as the housing successor and as of July 1, 2019 had an excess surplus balance of \$137,971, and \$-0- as of June 30, 2024. In June 2020, the City entered into an agreement with a developer to loan \$4,000,000 for the construction of 39 units of low income housing. The project was delayed due to the Covid pandemic and subsequently delayed due to higher costs. The developer has obtained additional funding and construction is now scheduled to start in 2025.

REQUIRED SUPPLEMENTARY INFORMATION

City of Tracy
Required Supplementary Information (Unaudited)
Modified Approach to Reporting Street Pavement Costs
For the Year Ended June 30, 2024

Accounting principles generally accepted in the United States of America allow the City to use the Modified Approach with respect to infrastructure assets instead of depreciating these assets. The Modified Approach may be used if two requirements are met:

1. The City must have an asset management system (AMS) with certain features:
 - It must maintain an up-to-date inventory of the infrastructure assets.
 - It must estimate the annual costs to maintain and preserve those assets at the condition level the City has established and disclosed through administrative or executive policy or legislative action.
 - The AMS must be used to assess the condition of the assets periodically, using a measurement scale.
 - The condition assessments must be replicable as those that are based on sufficiently understandable and complete measurement methods such that different measurers using the same methods would reach substantially similar results.
2. The City must document that the roads are being preserved approximately at or above the condition level the City has established and disclosed. This documentation must include the results of the three most recent complete condition assessments and must provide reasonable assurance that the assets are being preserved approximately at or above the intended condition level.

The City has elected to use the Modified Approach to report street pavement costs. The City uses the Metropolitan Transportation Commission's (MTC) Pavement System to track the condition levels of each of the street sections.

The conditions of the pavement are based on a weighted average of seven distress factors found in pavement surfaces. The MTC pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for pavement with perfect conditions. The condition index is used to classify pavement in good or better condition (70-100), fair condition (50-69), and substandard condition (less than 50).

City of Tracy
Required Supplementary Information (Unaudited)
Modified Approach to Reporting Street Pavement Costs (Continued)
For the Year Ended June 30, 2024

The City's preservation costs are budgeted to be \$8,520,013 in fiscal year 2025. The Pavement Condition Index (PCI) for the City's street pavement for the latest years is as follows:

Year	PCI	Maintenance		Actual Maintenance
		Budget		
2016	71	\$ 3,648,840		\$ 2,186,853
2017	69	3,565,677		2,238,573
2018	69	2,646,996		2,825,868
2019	69	4,039,845		2,220,870
2020	69	10,810,600		6,666,870
2021	69	9,866,151		7,827,339
2022	69	10,175,540		5,587,759
2023	64	5,920,343		7,385,863
2024	64	7,949,575		7,389,773
2025		12,405,013		

The City's administrative policy is to achieve a minimum rating of 69 for all street pavement. This rating allows for minor cracking and revealing of payment along with minor roughness that could be noticeable to drivers traveling at posted speed. The City expended \$7,389,773 for street preservation for fiscal year 2024. Not included in the PCI update are two significant projects that were completed but pending City Council acceptance in fiscal year 2024. Bessie Road expenditures total \$2,689,519 and Lincoln/Lowell expenditures total \$561,975.

City of Tracy
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2024

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

The Annual Budget serves from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures, and controls that permit the evaluation and adjustment of the City's performance.

The City collects and records revenue and expenditures within the following categories:

- Governmental Activities
- Business-Type Activities

The Governmental Funds include the General Fund, Special Revenue, Debt Service and Capital Projects funds. All funding sources are kept separate for both reporting and use of the money. The General Fund is where most City services are funded that are not required to be segregated.

The budget process begins as a team effort in January of each year, starting with an annual strategic planning meeting. Then the individual departments use projected revenue assumptions to prioritize and recommend the next fiscal year's objectives. The City Manager's Office and the Finance Department review all budget proposals and revenue assumptions, as well as all current financial obligations before preparing the document that is proposed to the City Council. The City Council reviews the Proposed Budget through a series of committees and workshops and the final adoption of the budget is scheduled for June of each year.

Budgeting Procedures

Annual budgets are adopted for all governmental fund types, except capital projects funds, on a basis consistent with accounting principles generally accepted in the United States of America. The City's budget ordinance requires that in June of each fiscal year the City Manager submit a preliminary budget that includes projected expenditures and the means of financing them, to the City Council for the fiscal year commencing the following July 1. As modified during public study sessions, the preliminary budget becomes the proposed budget. Following public hearings on the proposed budget, the final annual budget is adopted by the City Council. After adoption of the final budget, transfers of appropriations within a general fund department, or within other funds, can be made by the City Manager. Budget modifications between funds; increases or decreases to a fund's overall budget; transfers between general fund departments; or transfers that affect capital projects, must be approved by the City Council. Numerous properly authorized amendments are made during the fiscal year.

The City does not adopt budgets for the Grow Tracy and the FEMA Grant Special Revenue Funds.

Budgetary control is enhanced by integrating the budget into the general ledger accounts. Encumbrance accounting (e.g., purchase orders) is employed by the City.

City of Tracy
Required Supplementary Information (Unaudited)
Budgetary Information (Continued)
For the Year Ended June 30, 2024

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Before the beginning of the fiscal year the City Manager submits to the City Council a proposed budget for the year commencing July 1.
2. A public meeting is conducted to obtain taxpayer comments.
3. The budget is subsequently adopted through passage of a resolution and is not included herein but is published separately.
4. All appropriations are as originally adopted or as amended by the City Council and all unencumbered budgeted amounts lapse at year-end, except in the General Fund where an expenditure control budget policy allows departments to carryover a portion of the unexpended amounts into the next fiscal year.
5. Continuing Appropriations are re-budgeted by the City Council as part of the adoption of subsequent year's budgets.
6. Legally adopted budget appropriations are set for the General, Special Revenue, and Debt Service Funds.
7. The legal level of budgetary control is at the department level. A Department Head may transfer appropriations within the department. Expenditures may exceed appropriations at this level to the extent that departmental owned revenues are sufficient to offset the excess. Expenditures in excess of departmental owned revenues must be approved by the City Council. The City Council, by the affirmative vote of three members, may amend the budget to add or delete appropriations, transfer between appropriations within a fund or change appropriation transfers between funds.
8. Budgets for General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the budgeted governmental funds.

Encumbrances outstanding at year-end are reported as a restriction, commitment or assignment of fund balances, since the commitments will be honored through subsequent years' continuing appropriations. Encumbrances do not constitute expenditures or liabilities for US GAAP reporting purposes.

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 118,649,193	\$ 142,251,843	\$ 142,266,642	\$ 14,799
Licenses, permits and fees	4,807,551	4,732,621	5,533,938	801,317
Fines and penalties	121,616	183,880	190,597	6,717
Investment income (loss)	1,000,000	2,079,808	4,277,223	2,197,415
Intergovernmental	601,000	3,456,733	4,286,944	830,211
Charges for current services	5,243,892	6,519,485	6,520,456	971
Contributions	-	155,295	155,295	-
Other revenue	838,141	6,630,886	9,199,470	2,568,584
Total revenues	131,261,393	166,010,551	172,430,565	6,420,014
EXPENDITURES:				
Current:				
General government				
Economic development	1,397,179	627,003	627,008	(5)
General government	13,107,894	11,796,316	11,088,605	707,711
Finance	6,109,597	5,938,911	5,888,326	50,585
Non-departmental	3,802,451	9,751,514	10,728,030	(976,516)
Public safety				
Police	46,314,807	48,978,751	48,976,041	2,710
Fire	16,629,005	16,999,199	16,999,200	(1)
Public ways and facilities				
Development and engineering	53,913	20,274	20,274	-
Public works	6,700,290	6,869,510	6,907,520	(38,010)
Community development				
Parks and community services	14,779,887	14,387,295	14,292,349	94,946
Capital outlay	536,562	1,598,630	3,871,852	(2,273,222)
Debt service:				
Principal	-	-	106,950	(106,950)
Interest and fiscal charges	-	-	1,080,676	(1,080,676)
Total expenditures	109,431,585	116,967,403	120,586,831	(3,619,428)
REVENUES OVER (UNDER) EXPENDITURES	21,829,808	49,043,148	51,843,734	2,800,586
OTHER FINANCING SOURCES (USES):				
Inception of subscription agreement	-	-	675,231	675,231
Inception of lease agreement	-	-	1,597,992	1,597,992
Transfers out	(22,198,440)	(39,370,853)	(39,290,169)	80,684
Total other financing sources (uses)	(22,198,440)	(39,370,853)	(37,016,946)	2,353,907
Net change in fund balance	\$ (368,632)	\$ 9,672,295	14,826,788	\$ 5,154,493
FUND BALANCE:				
Beginning of year			40,428,505	
End of year			\$ 55,255,293	

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Housing Successor Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 30,950	\$ 98,468	\$ 212,426	\$ 113,958
Other revenue	\$ 57,916	-	-	-
Total revenues	88,866	98,468	212,426	113,958
EXPENDITURES:				
Capital outlay	-	650,317	-	650,317
Total expenditures	-	650,317	-	650,317
REVENUES OVER (UNDER) EXPENDITURES	88,866	(551,849)	212,426	764,275
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(650,362)	(650,362)
Total other financing sources (uses)	-	-	(650,362)	(650,362)
Net change in fund balance	\$ 88,866	\$ (551,849)	(437,936)	\$ 113,913
FUND BALANCE:				
Beginning of year			5,039,730	
End of year			\$ 4,601,794	

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Community Development Fees Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 17,976,396	\$ 9,029,408	\$ 9,029,411	\$ 3
Investment income (loss)	-	283,906	696,617	412,711
Intergovernmental	-	459,091	459,091	-
Charges for current services	110,535	177,719	177,719	-
Other revenue	2,172,340	2,173,328	2,173,328	-
Total revenues	20,259,271	12,123,452	12,536,166	412,714
EXPENDITURES:				
Current:				
General government				
Economic development	3,513	-	-	-
Public safety				
Police	8,135	-	-	-
Public ways and facilities				
Development and engineering	11,512,025	8,547,876	8,698,692	(150,816)
Public works	7,711,566	6,054,904	6,085,163	(30,259)
Debt service:				
Principal	-	-	12,774	(12,774)
Interest and fiscal charges	-	-	31	(31)
Total expenditures	19,235,239	14,602,780	14,796,660	(193,880)
REVENUES OVER (UNDER) EXPENDITURES	1,024,032	(2,479,328)	(2,260,494)	218,834
Net change in fund balance	\$ 1,024,032	\$ (2,479,328)	(2,260,494)	\$ 218,834
FUND BALANCE:				
Beginning of year			7,734,906	
End of year			\$ 5,474,412	

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2024

Miscellaneous Plan

Total Pension Liability	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Service cost	\$ 5,146,110	\$ 4,914,225	\$ 4,423,657	\$ 4,471,783	\$ 3,979,362	\$ 3,700,689	\$ 3,555,373	\$ 2,910,705	\$ 2,892,504	\$ 3,019,742
Interest on total pension liability	13,982,577	13,185,418	12,514,107	11,946,424	11,084,143	10,406,741	9,859,228	9,339,655	9,030,774	8,760,895
Differences between expected and actual experience	2,301,993	640,451	(813,515)	3,547,669	1,781,080	1,406,163	70,396	(3,013,865)	(3,592,113)	-
Changes in assumptions	-	6,744,089	-	-	-	(1,198,922)	8,362,562	-	(2,261,183)	-
Changes in benefit terms	245,896	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(9,593,139)	(8,827,793)	(8,166,291)	(7,115,731)	(6,479,285)	(6,628,099)	(5,445,878)	(4,956,786)	(4,804,924)	(4,447,727)
Net change in total pension liability	12,083,437	16,656,390	7,957,958	12,850,145	10,365,300	7,686,572	16,401,681	4,279,709	1,265,058	7,332,910
Total pension liability - beginning	202,321,647	185,665,257	177,707,299	164,857,154	154,491,854	146,805,282	130,403,601	126,123,892	124,858,834	117,525,924
Total pension liability - ending (a)	\$214,405,084	\$202,321,647	\$185,665,257	\$177,707,299	\$164,857,154	\$154,491,854	\$146,805,282	\$130,403,601	\$126,123,892	\$124,858,834
Plan fiduciary net position										
Contributions - employer	7,227,629	6,787,574	6,067,470	5,671,613	4,774,139	4,065,966	3,873,007	3,466,879	2,793,345	2,699,952
Contributions - employee	2,426,193	2,313,097	2,122,136	2,054,668	1,907,660	1,720,800	1,552,617	1,461,861	1,346,337	1,374,066
Investment income (net of administrative expenses)	9,362,139	(12,310,874)	30,111,134	6,301,674	7,724,741	9,323,836	10,997,746	487,393	2,132,844	14,281,310
Benefit payments	(9,593,139)	(8,827,793)	(8,166,291)	(7,115,731)	(6,479,285)	(6,628,099)	(5,445,878)	(4,956,786)	(4,804,924)	(4,447,727)
Other	(109,690)	(100,483)	(131,162)	(175,606)	(83,023)	(459,215)	(144,490)	(59,400)	(101,304)	-
Net change in plan fiduciary net position	9,313,132	(12,138,479)	30,003,287	6,736,618	7,844,232	8,023,288	10,833,002	399,947	1,366,298	13,907,601
Plan fiduciary net position - beginning	149,166,537	161,305,016	131,301,729	124,565,111	116,720,879	108,697,591	97,864,589	97,464,642	96,098,344	82,190,743
Plan fiduciary net position - ending (b)	\$158,479,669	\$149,166,537	\$161,305,016	\$131,301,729	\$124,565,111	\$116,720,879	\$108,697,591	\$97,864,589	\$97,464,642	\$96,098,344
Net pension liability - ending (a)-(b)	\$ 55,925,415	\$ 53,155,110	\$ 24,360,241	\$ 46,405,570	\$ 40,292,043	\$ 37,770,975	\$ 38,107,691	\$ 32,539,012	\$ 28,659,250	\$ 28,760,490
Plan fiduciary net position as a percentage of the total pension liability	73.92%	73.73%	86.88%	73.89%	75.56%	75.55%	74.04%	75.05%	77.28%	76.97%
Covered payroll	\$ 29,988,984	\$ 28,554,473	\$ 27,962,432	\$ 27,434,251	\$ 24,136,362	\$ 21,560,758	\$ 20,282,805	\$ 18,513,576	\$ 18,046,570	\$ 18,128,965
Net pension liability as a percentage of covered payroll	186.49%	186.15%	87.12%	169.15%	166.94%	175.18%	187.88%	175.76%	158.81%	158.64%

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of the Authority's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2024

Safety Plan

Total Pension Liability	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Service cost	\$ 4,531,383	\$ 7,241,929	\$ 6,319,026	\$ 5,954,133	\$ 5,341,283	\$ 5,100,415	\$ 4,863,739	\$ 4,239,783	\$ 4,491,843	\$ 4,767,092
Interest on total pension liability	16,983,948	16,232,792	15,086,876	14,167,518	13,132,663	12,156,431	11,508,306	10,762,768	10,281,540	9,861,726
Differences between expected and actual experience	(1,810,093)	848,120	470,585	3,242,995	3,440,318	(9,610)	433,771	(2,662,887)	(3,530,865)	-
Changes in assumptions	-	10,075,295	-	-	-	(761,909)	10,655,271	-	(2,807,525)	-
Changes in benefit terms	93,029	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(10,067,311)	(8,964,860)	(8,111,466)	(7,721,638)	(7,378,049)	(6,949,949)	(6,358,409)	(5,917,646)	(5,470,177)	(5,016,343)
Net change in total pension liability	9,730,956	25,433,276	13,765,021	15,643,008	14,536,215	9,535,378	21,102,678	6,422,018	2,964,816	9,612,475
Total pension liability - beginning	250,629,186	225,195,910	211,430,889	195,787,881	181,251,666	171,716,288	150,613,610	144,191,592	141,226,776	131,614,301
Total pension liability - ending (a)	\$ 260,360,142	\$ 250,629,186	\$ 225,195,910	\$ 211,430,889	\$ 195,787,881	\$ 181,251,666	\$ 171,716,288	\$ 150,613,610	\$ 144,191,592	\$ 141,226,776
Plan fiduciary net position										
Contributions - employer	7,159,137	7,549,397	7,379,587	6,693,746	5,822,621	5,132,782	4,604,350	4,433,276	4,171,390	4,341,816
Contributions - employee	1,865,261	2,207,206	2,523,099	2,355,865	2,104,947	1,985,924	1,590,493	1,421,949	1,380,651	1,458,951
Investment income (net of administrative expenses)	11,293,334	(14,947,109)	36,190,585	7,445,354	9,222,427	10,913,236	12,957,627	584,528	2,531,449	16,826,945
Benefit payments	(10,067,311)	(8,964,860)	(8,111,466)	(7,721,638)	(7,378,049)	(6,949,949)	(6,358,409)	(5,917,646)	(5,470,177)	(5,016,343)
Other	(133,315)	(121,829)	(157,580)	(210,313)	(99,235)	(615,373)	(171,890)	(70,678)	(130,531)	-
Net change in plan fiduciary net position	10,117,106	(14,277,195)	37,824,225	8,563,014	9,672,711	10,466,620	12,622,171	451,429	2,482,782	17,611,369
Plan fiduciary net position - beginning	181,294,213	195,571,408	157,747,183	149,184,169	139,511,458	129,044,838	116,422,667	115,971,238	113,488,456	95,877,087
Plan fiduciary net position - ending (b)	\$ 191,411,319	\$ 181,294,213	\$ 195,571,408	\$ 157,747,183	\$ 149,184,169	\$ 139,511,458	\$ 129,044,838	\$ 116,422,667	\$ 115,971,238	\$ 113,488,456
Net pension liability - ending (a)-(b)	\$ 68,948,823	\$ 69,334,973	\$ 29,624,502	\$ 53,683,706	\$ 46,603,712	\$ 41,740,208	\$ 42,671,450	\$ 34,190,943	\$ 28,220,354	\$ 27,738,320
Plan fiduciary net position as a percentage of the total pension liability	73.52%	72.34%	86.85%	74.61%	76.20%	76.97%	75.15%	77.30%	80.43%	80.36%
Covered payroll	\$ 13,028,704	\$ 22,133,035	\$ 20,745,326	\$ 19,470,677	\$ 17,559,035	\$ 16,322,896	\$ 15,501,462	\$ 15,245,537	\$ 15,927,959	\$ 16,357,591
Net pension liability as a percentage of covered payroll	529.21%	313.26%	142.80%	275.72%	265.41%	255.72%	275.27%	224.27%	177.17%	169.57%

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of the Authority's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2024

	Component Unit	6/30/2023¹
Measurement period, year ended		6/30/2023 ¹
Plan's proportion of the net pension liability		0.002070%
Plan's proportionate share of the net pension liability	\$	257,826
Plan's covered payroll	\$	11,534,347
Plan's proportionate share of the net pension liability as a percentage of covered payroll		2.24%
Plan's fiduciary net position	\$	1,656,788
Plan's fiduciary net position as a percentage of the total pension liability		15.56%
Plan's proportionate share of aggregate employer contributions	\$	983,974

¹ Information only presented from the implementation year.

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pension
For the Year Ended June 30, 2024

Miscellaneous Plan

Fiscal Year:	2023-24	2022-23	2021-22	2020-21	2019-20
Contractually determined contribution (actuarially determined)	\$ 8,201,865	\$ 7,226,222	\$ 6,787,574	\$ 6,067,472	\$ 5,566,882
Contributions in relation to the actuarially determined contributions	(8,201,865)	(7,226,222)	(6,787,574)	(6,067,472)	(5,566,882)
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 30,888,654	\$ 29,988,984	\$ 28,554,473	\$ 27,962,432	\$ 27,434,251
Contributions as a percentage of covered payroll	26.55%	24.10%	23.77%	21.70%	20.29%
Fiscal Year:	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually determined contribution (actuarially determined)	\$ 4,749,293	\$ 4,050,711	\$ 3,873,007	\$ 3,499,868	\$ 3,460,280
Contributions in relation to the actuarially determined contributions	(4,749,293)	(4,050,711)	(3,873,007)	(3,499,868)	(3,460,280)
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 25,887,652	\$ 23,989,506	\$ 20,465,522	\$ 19,352,925	\$ 19,031,601
Contributions as a percentage of covered payroll	18.35%	16.89%	18.92%	18.08%	18.18%

Notes to Schedule

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2024:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2024 were derived from the June 30, 2021 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2021 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2022 Funding Valuation Report.
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.50%
Investment rate of return	6.90% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2000 and 2019.
Mortality	The probabilities of mortality are based on the the 2021 experience study report. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pension (Continued)
For the Year Ended June 30, 2024

Safety Plan

	2023-24	2022-23	2021-22	2020-21	2019-20
Fiscal Year:					
Contractually determined contribution (actuarially determined)	\$ 7,955,321	\$ 7,159,137	\$ 7,549,380	\$ 7,379,603	\$ 6,437,044
Contributions in relation to the actuarially determined contributions	(7,955,321)	(7,159,137)	(7,549,380)	(7,379,603)	(6,437,044)
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 16,223,667	\$ 15,751,133	\$ 15,292,362	\$ 17,684,752	\$ 19,725,873
Contributions as a percentage of covered payroll	49.04%	45.45%	49.37%	41.73%	32.63%
Fiscal Year:					
Contractually determined contribution (actuarially determined)	\$ 5,643,974	\$ 5,148,037	\$ 4,604,350	\$ 4,477,450	\$ 3,522,006
Contributions in relation to the actuarially determined contributions	(5,643,974)	(5,148,037)	(4,604,350)	(4,477,450)	(3,522,006)
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 18,413,297	\$ 16,743,454	\$ 15,512,824	\$ 15,414,995	\$ 15,225,341
Contributions as a percentage of covered payroll	30.65%	30.75%	29.68%	29.05%	23.13%

Notes to Schedule

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2024:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2024 were derived from the June 30, 2021 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2021 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2022 Funding Valuation Report.
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.50%
Investment rate of return	6.90% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2000 and 2019.
Mortality	The probabilities of mortality are based on the the 2021 experience study report. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pension (Continued)
For the Year Ended June 30, 2024

Component Unit

Fiscal Year:	2023-24	2022-2023
Contractually determined contribution (actuarially determined)	\$ 2,669,142	\$ 983,974
Contributions in relation to the actuarially determined contributions	(2,669,142)	(983,974)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 11,880,377	\$ 11,534,347
Contributions as a percentage of covered payroll	22.47%	8.53%

Notes to Schedule

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2024:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2024 were derived from the June 30, 2021 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2021 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2021 Funding Valuation Report.
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.50%
Investment rate of return	6.90% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2000 and
Mortality	The probabilities of mortality are based on the 2021 experience study report. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

¹ Information only presented from the implementation year

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2024

Fiscal year ending:	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017¹
Total OPEB liability							
Service cost	\$ 423,235	\$ 504,444	\$ 450,489	\$ 443,619	\$ 417,193	\$ 318,114	\$ 343,641
Interest	259,533	162,107	178,125	195,454	192,818	192,889	153,933
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	(356,446)	-	273,705	-
Changes of assumptions	770,285	(1,412,084)	287,043	(388,970)	101,040	(391,232)	(334,977)
Benefit payments, including refunds of member contributions	(279,927)	(247,683)	(211,025)	(209,370)	(195,363)	(174,114)	(138,947)
Net change in total OPEB liability	1,173,126	(993,216)	704,632	(315,713)	515,688	219,362	23,650
Total OPEB liability - beginning	6,062,275	7,055,491	6,350,859	6,666,572	6,150,884	5,931,522	5,907,872
Total OPEB liability - ending (a)	\$ 7,235,401	\$ 6,062,275	\$ 7,055,491	\$ 6,350,859	\$ 6,666,572	\$ 6,150,884	\$ 5,931,522
OPEB fiduciary net position²							
Contributions - employer	\$ 279,927	\$ 247,683	\$ 211,025	\$ 209,370	\$ 195,363	\$ 174,114	\$ 138,947
Net investment income	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(279,927)	(247,683)	(211,025)	(209,370)	(195,363)	(174,114)	(138,947)
Administrative expense	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-						
Plan fiduciary net position - beginning	-						
Plan fiduciary net position - ending (b)	\$ -						
Plan net OPEB liability - ending (a) - (b)	\$ 7,235,401	\$ 6,062,275	\$ 7,055,491	\$ 6,350,859	\$ 6,666,572	\$ 6,150,884	\$ 5,931,522
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 48,280,910	\$ 45,365,528	\$ 40,530,944	\$ 38,076,958	\$ 36,576,729	\$ 34,460,922	\$ 23,997,600
Plan net OPEB liability as a percentage of covered-employee payroll	14.99%	13.36%	17.41%	16.68%	18.23%	17.85%	24.72%

¹ Information only presented from the implementation year

² The City has no assets accumulated in a trust that meets the requirements of GASB. Therefore no OPEB fiduciary net position balance is noted.

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - OPEB
For the Year Ended June 30, 2024

Fiscal Year:	2023-24	2022-23	2021-22	2020-21	2019-20
Actuarially determined contribution ²	\$ -	\$ -	\$ -	\$ -	\$ -
Contractually determined contribution ²	271,732	279,927	247,683	211,025	209,370
Contributions in relation to the actuarially determined or contractually required contribution	(271,732)	(279,927)	(247,683)	(211,025)	(211,025)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (1,655)
Covered payroll	\$ 51,528,064	\$ 48,280,910	\$ 45,365,528	\$ 40,530,944	\$ 38,076,958
Contributions as a percentage of covered payroll	0.53%	0.58%	0.55%	0.52%	0.55%
Fiscal Year:	2018-19	2017-18	2016-17		
Actuarially determined contribution ²	\$ -	\$ 764,705	\$ 138,947		
Contractually determined contribution ²	195,363	-	-		
Contributions in relation to the actuarially determined or contractually required contribution	(195,363)	(174,114)	(138,947)		
Contribution deficiency (excess)	\$ -	\$ 590,591	\$ -		
Covered payroll	\$ 36,576,729	\$ 34,460,922	\$ 23,997,600		
Contributions as a percentage of covered payroll	0.53%	0.51%	0.58%		

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2024 were as follows:

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	6/30/2022
Actuarial cost method	Entry Age Normal, Level Percentage of Payroll
Amortization method	Level Percentage of Projected Payroll on an Open Basis.
Inflation	2.50%
Healthcare cost trend rate	23.0% for 2024, 6.2% for 2025, and decreasing to an ultimate rate of 3.9% in 2075
Projected salary growth and increase	Not applicable
Mortality	Based on CalPERS 2021 experience study report using data for the period from 1997 to 2019.

¹ Information only presented from the implementation year

² The City did not obtain an actuarially determined contribution in the fiscal years 2019 through 2022, therefore contractually required contributions are reported.

SUPPLEMENTARY INFORMATION

Non-Major Governmental Funds

Special Revenue Funds:

TEA Grant Fund - This fund is used to account for the revenues from State and Federal transportation efficiency act grants that are restricted for specific projects.

Business Improvement District Fund - This fund is used to accumulate revenues from assessments against business properties to support the Downtown Tracy Business Improvement District.

Asset Forfeiture Fund - This fund is used to account for the revenues that occur from asset seizures. They are specifically restricted for the purchase of law enforcement equipment and supplies.

Transportation Development Fund - This fund is used to account for the City's share of the quarter cent statewide transportation sales tax devoted to street maintenance purposes. The tax first goes to the Transportation Development Fund.

Proposition K Transportation Fund - This fund is used to account for the City's share of the half cent transportation sales tax of San Joaquin County. It is used for street maintenance and repairs.

State Gas Tax Street Fund - This fund is used to account for the City's share of State-Imposed motor vehicle gas taxes, which are legally restricted to acquisition, construction, improvement, and maintenance of the City's streets.

Community Development Block Grant Fund - This fund is used to account for federal grant monies received from the U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grants.

Landscaping District Fund - This fund is used to account for transactions of the City's landscaping benefit assessment districts.

Residential and Commercial Rehabilitation Loan Fund - This fund is used to account for Department of Housing and Urban Development Fund (HUD) trust monies which are used for low interest loans to qualified borrowers for inner city rehabilitation projects in accordance with HUD agreements.

Community Access CTV Fund - This fund is used to account for fees collected from City cable TV customers to cover expenses for videotaping and broadcasting the City Council meetings.

Grow Tracy Fund - This fund is used to account for assistance to local business owners through the issuance of small business loans.

COPS Grant Fund - This fund is used to account for activities related to the State and federal grant revenues restricted for law enforcement activities. The activities related to these grants were previously reported in the General Fund.

FEMA Grant Fund - This fund is used to account for activities relate to the federal grant revenues restricted for FEMA emergency disaster activities.

CFD Services 2016-2 Fund - This fund is used to account for transactions related to maintenance responsibility of the City for the Community Facilities Services District No. 2016-2 (Ellis).

CFD Services 2018-1 Fund - This fund is used to account for transactions related to the City-wide maintenance responsibility of the City for the Community Facilities Services District No. 2018-1.

North East Industrial Plan Area Storm Drain Fund - This fund is used to account for capital projects to separate development for Storm Drain in the North East Industrial Area of the City.

National Opioid Settlement Fund - This fund accounts for the grant revenues and expenditures received through National Opioid Settlements.

CARES/ARPA Grants Fund - This fund accounts for the grant revenues and expenditures received through the CARES act and the American Rescue Plan act.

Non-Major Governmental Funds (Continued)

Capital Projects Funds:

Infill Projects Fund - This fund is used to account for capital projects financed through capital development fees levied upon developers in the City's infill areas.

Urban Management Plan Facilities Fund - This fund is used to account for expenditures for the planning, design, and construction of capital facilities required for new development beyond the current infill, Residential Specific Plan (RSP), and I-205 development.

Capital Projects Deposit Fund - This fund is used to account for monies received from developers, contractors, and other entities for the purpose of reimbursing the City for expenditures incurred in studies, research, etc., regarding their proposed development.

Redevelopment Obligations Fund - This fund is used to account for CDA grant proceeds used by the City to complete redevelopment projects.

Tracy Gateway Area Fund - This fund is used to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

Residential Specific Plan Projects Fund - This fund is used to account for capital projects financed by fees levied on developers in the City's 1987 Residential Specific Plan area.

Ellis Area Fund - This fund is used to account for projects to support development in a specific area of the City financed by capital development fees and/ or assessments.

CORE Fees Fund - This fund is used to account for CORE fees collected by the City and which are to be used for various purposes.

Regional Transportation Impact Fund - This fund is used to account for transportation impact fees collected by the City and which are to be used for transportation mitigation purposes.

JPA Fee Fund - This fund is used to account for JPA fees collected by the City and which are to be used for JPA-related purposes.

City of Tracy
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	Special Revenue						
	TEA Grant	Business Improvement District	Asset Forfeiture	Transportation Development	Proposition K Transportation	State Gas Tax Street	
ASSETS							
Cash and investments	\$ 427,283	\$ 1,125	\$ 231,704	\$ -	\$ 10,078,191	\$ 9,503,698	
Accounts receivable, net	-	-	-	-	9	-	
Intergovernmental receivable	-	-	-	3,443,307	524,116	425,713	
Interest receivable	-	-	602	-	26,192	24,699	
Deposits	-	-	-	-	-	-	
Loans receivable	-	-	-	-	-	-	
Total assets	\$ 427,283	\$ 1,125	\$ 232,306	\$ 3,443,307	\$ 10,628,508	\$ 9,954,110	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 5,906	\$ 56,387	\$ 38,418	\$ 296,349	
Due to other funds	-	-	-	266,184	-	-	
Deposits payable	-	-	-	-	-	-	
Unearned revenues	-	-	-	-	-	-	
Total liabilities	-	-	5,906	322,571	38,418	296,349	
Deferred inflows of resources:							
Unavailable revenue	-	-	-	-	-	-	
Total deferred inflows of resources	-	-	-	-	-	-	
Fund Balances:							
Restricted	427,283	1,125	226,400	3,120,736	10,590,090	9,657,761	
Unassigned (deficit)	-	-	-	-	-	-	
Total fund balances	427,283	1,125	226,400	3,120,736	10,590,090	9,657,761	
Total liabilities, deferred inflows of resources, and fund balances	\$ 427,283	\$ 1,125	\$ 232,306	\$ 3,443,307	\$ 10,628,508	\$ 9,954,110	

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2024

	Special Revenue					
	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy	COPS Grant
ASSETS						
Cash and investments	\$ -	\$ 5,844,165	\$ 2,656	\$ 805,269	\$ -	\$ 281,162
Accounts receivable, net	-	6	-	34,807	-	-
Intergovernmental receivable	28,852	-	-	-	-	-
Interest receivable	-	15,188	-	2,093	-	731
Deposits	-	-	-	-	1,000,000	-
Loans receivable	-	-	-	-	-	-
Total assets	\$ 28,852	\$ 5,859,359	\$ 2,656	\$ 842,169	\$ 1,000,000	\$ 281,893
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 9,076	\$ 88,914	\$ -	\$ 241	\$ -	\$ -
Due to other funds	29,618	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	38,694	88,914	-	241	-	-
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted	-	5,770,445	2,656	841,928	1,000,000	281,893
Unassigned (deficit)	(9,842)	-	-	-	-	-
Total fund balances	(9,842)	5,770,445	2,656	841,928	1,000,000	281,893
Total liabilities, deferred inflows of resources, and fund balances	\$ 28,852	\$ 5,859,359	\$ 2,656	\$ 842,169	\$ 1,000,000	\$ 281,893

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2024

	Special Revenue						
	FEMA Grant	CFD Services 2016-2	CFD Services 2018-1	North East			
				Industrial Plan Area	Storm Drain	National Opioid Settlement	CARES/ARPA Grants Fund
ASSETS							
Cash and investments	\$ 2,857	\$ 2,558,663	\$ 1,082,636	\$ 2,664,044	\$ 167,347	\$ 7,019,502	
Accounts receivable, net	-	-	10,918	-	-	-	
Intergovernmental receivable	-	-	-	-	-	-	
Interest receivable	-	6,650	3,314	6,924	433	18,243	
Deposits	-	-	-	-	-	-	
Loans receivable	-	-	-	-	-	-	
Total assets	\$ 2,857	\$ 2,565,313	\$ 1,096,868	\$ 2,670,968	\$ 167,780	\$ 7,037,745	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 3,927	\$ 20,151	\$ 2,600	\$ -	\$ 1,322,581	
Due to other funds	-	-	-	-	-	-	
Deposits payable	-	2,292,995	100,000	-	-	-	
Unearned revenues	-	-	-	-	167,780	2,861,181	
Total liabilities	-	2,296,922	120,151	2,600	167,780	4,183,762	
Deferred inflows of resources:							
Unavailable revenue	-	-	-	-	-	-	
Total deferred inflows of resources	-	-	-	-	-	-	
Fund Balances:							
Restricted	2,857	268,391	976,717	2,668,368	-	2,853,983	
Unassigned (deficit)	-	-	-	-	-	-	
Total fund balances	2,857	268,391	976,717	2,668,368	-	2,853,983	
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,857	\$ 2,565,313	\$ 1,096,868	\$ 2,670,968	\$ 167,780	\$ 7,037,745	

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2024

	Capital Projects							
	Urban							
	Infill Projects	Management Plan Facilities	Capital Projects Deposit	Redevelopment Obligations	Tracy Gateway Area	Residential Specific Plan Projects		
ASSETS								
Cash and investments	\$ 2,478	\$ 8,601,089	\$ 4,568,755	\$ 1,119,945	\$ 2,059,498	\$ 2,962,842		
Accounts receivable, net	-	-	-	-	-	-		
Intergovernmental receivable	-	-	-	-	-	-		
Interest receivable	-	22,353	11,874	2,911	5,352	7,700		
Deposits	-	-	-	-	-	-		
Loans receivable	-	-	-	-	-	1,613,823		
Total assets	\$ 2,478	\$ 8,623,442	\$ 4,580,629	\$ 1,122,856	\$ 2,064,850	\$ 4,584,365		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ 473,848	\$ -	\$ -	\$ -	\$ -		
Due to other funds	-	-	-	-	-	-		
Deposits payable	-	2,851,718	4,480,474	3,000	-	-		
Unearned revenues	-	-	-	-	-	-		
Total liabilities	-	3,325,566	4,480,474	3,000	-	-		
Deferred inflows of resources:								
Unavailable revenue	-	-	-	-	-	-	1,613,823	
Total deferred inflows of resources	-	-	-	-	-	-	1,613,823	
Fund Balances:								
Restricted	2,478	5,297,876	100,155	1,119,856	2,064,850	2,970,542		
Unassigned (deficit)	-	-	-	-	-	-		
Total fund balances	2,478	5,297,876	100,155	1,119,856	2,064,850	2,970,542		
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,478	\$ 8,623,442	\$ 4,580,629	\$ 1,122,856	\$ 2,064,850	\$ 4,584,365		

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2024

	Capital Projects				
	Ellis Area	CORE Capital Projects	Regional Transportation Impact	JPA Fee	Total Non-Major Funds
ASSETS					
Cash and investments	\$ 12,082,253	\$ 49,401,762	\$ 18,076,375	\$ 2,012,450	\$ 141,557,749
Accounts receivable, net	-	-	-	-	45,740
Intergovernmental receivable	-	-	-	-	4,421,988
Interest receivable	31,401	141,760	46,979	5,230	380,629
Deposits	-	-	-	-	1,000,000
Loans receivable	-	-	-	-	1,613,823
Total assets	\$ 12,113,654	\$ 49,543,522	\$ 18,123,354	\$ 2,017,680	\$ 149,019,929
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,355	\$ 7,560	\$ 19,408	\$ -	\$ 2,347,721
Due to other funds	-	-	-	-	295,802
Deposits payable	765,730	-	493,331	-	10,987,248
Unearned revenues	-	-	-	-	3,028,961
Total liabilities	768,085	7,560	512,739	-	16,659,732
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	1,613,823
Total deferred inflows of resources	-	-	-	-	1,613,823
Fund Balances:					
Restricted	11,345,569	49,535,962	17,610,615	2,017,680	130,756,216
Unassigned (deficit)	-	-	-	-	(9,842)
Total fund balances	11,345,569	49,535,962	17,610,615	2,017,680	130,746,374
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,113,654	\$ 49,543,522	\$ 18,123,354	\$ 2,017,680	\$ 149,019,929

(Concluded)

City of Tracy
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue					
	TEA Grant	Business Improvement District	Asset Forfeiture	Transportation Development	Proposition K Transportation	State Gas Tax Street
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ 3,443,307	\$ 2,245,394	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	139,483	-	-	-
Investment income (loss)	-	-	25,935	-	325,586	343,117
Intergovernmental	-	-	-	-	-	5,015,297
Charges for current services	-	-	-	-	-	-
Special assessments	-	149,266	-	-	-	-
Other revenue	-	-	-	-	-	1,594
Total revenues	-	149,266	165,418	3,443,307	2,570,980	5,360,008
EXPENDITURES:						
Current:						
General government						
Economic development	-	149,452	-	-	-	-
General government	-	-	-	-	-	-
Finance	-	-	-	-	-	-
Non-departmental	-	-	-	2,586	873	134,584
Public safety						
Police	-	-	439,007	-	-	-
Public ways and facilities						
Public works	-	-	-	-	-	2,079,575
Community development						
Parks and community services	-	-	-	-	-	-
Capital outlay	-	-	118,804	177,397	951,688	739,359
Total expenditures	-	149,452	557,811	179,983	952,561	2,953,518
REVENUES OVER (UNDER) EXPENDITURES						
	-	(186)	(392,393)	3,263,324	1,618,419	2,406,490
NET CHANGES IN FUND BALANCES	-	(186)	(392,393)	3,263,324	1,618,419	2,406,490
FUND BALANCES (DEFICIT):						
Beginning of year, as previously reported	427,283	1,311	618,793	(142,588)	8,971,671	7,251,271
Change with financial reporting entity (major and non-major fund classification)	-	-	-	-	-	-
Beginning of year, as restated (Note 22)	427,283	1,311	618,793	(142,588)	8,971,671	7,251,271
End of year	\$ 427,283	\$ 1,125	\$ 226,400	\$ 3,120,736	\$ 10,590,090	\$ 9,657,761

(Continued)

City of Tracy

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Non-Major Governmental Funds

For the Year Ended June 30, 2024

	Special Revenue					
	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan		Community Access CTV	Grow Tracy
						COPS Grant
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	140,670	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	-	215,756	8,757	26,755	-	(1,026)
Intergovernmental	109,932	-	-	-	-	274,466
Charges for current services	-	-	-	-	-	-
Special assessments	-	3,630,118	-	-	-	-
Other revenue	-	-	-	-	-	248
Total revenues	109,932	3,845,874	8,757	167,425	-	273,688
EXPENDITURES:						
Current:						
General government						
Economic development	115,772	-	-	-	-	-
General government	-	-	-	-	58,443	-
Finance	-	-	-	-	-	-
Non-departmental	-	252,099	214,773	-	-	-
Public safety						
Police	-	-	-	-	-	5,449
Public ways and facilities						
Public works	-	115,403	-	-	-	-
Community development						
Parks and community services	-	3,464,553	-	-	-	-
Capital outlay	1,076	-	-	-	-	-
Total expenditures	116,848	3,832,055	214,773	58,443	-	5,449
REVENUES OVER (UNDER) EXPENDITURES						
	(6,916)	13,819	(206,016)	108,982	-	268,239
NET CHANGES IN FUND BALANCES	(6,916)	13,819	(206,016)	108,982	-	268,239
FUND BALANCES (DEFICIT):						
Beginning of year, as previously reported	(2,926)	5,756,626	208,672	732,946	1,000,000	13,654
Change with financial reporting entity (major and non-major fund classification)	-	-	-	-	-	-
Beginning of year, as restated (Note 22)	(2,926)	5,756,626	208,672	732,946	1,000,000	13,654
End of year	\$ (9,842)	\$ 5,770,445	\$ 2,656	\$ 841,928	\$ 1,000,000	\$ 281,893

(Continued)

City of Tracy
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue					
	FEMA Grant	CFD Services 2016-2	CFD Services 2018-1	North East Industrial Plan Area Storm Drain		
				National Opioid Settlement	CARES/ARPA Grants Fund	
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	-	78,103	32,436	98,938	-	413,604
Intergovernmental	-	-	-	-	-	4,634,369
Charges for current services	-	-	-	-	-	-
Special assessments	-	218,718	840,046	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	296,821	872,482	98,938	-	5,047,973
EXPENDITURES:						
Current:						
General government						
Economic development	-	-	-	-	-	117,195
General government	-	-	-	-	-	-
Finance	-	-	-	-	-	-
Non-departmental	-	17,336	23,041	-	-	-
Public safety						
Police	-	-	-	-	-	-
Public ways and facilities						
Public works	-	25,128	-	-	-	-
Community development						
Parks and community services	-	649,562	660,650	-	-	2,379,074
Capital outlay	-	-	-	32,289	-	2,828,888
Total expenditures	-	692,026	683,691	32,289	-	5,325,157
REVENUES OVER (UNDER) EXPENDITURES						
	-	(395,205)	188,791	66,649	-	(277,184)
NET CHANGES IN FUND BALANCES	-	(395,205)	188,791	66,649	-	(277,184)
FUND BALANCES (DEFICIT):						
Beginning of year, as previously reported	2,857	663,596	787,926	2,601,719	-	-
Change with financial reporting entity (major and non-major fund classification)	-	-	-	-	-	3,131,167
Beginning of year, as restated (Note 22)	2,857	663,596	787,926	2,601,719	-	3,131,167
End of year	\$ 2,857	\$ 268,391	\$ 976,717	\$ 2,668,368	\$ -	\$ 2,853,983

(Continued)

City of Tracy
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2024

	Capital Projects					
	Infill Projects	Urban Management Plan Facilities	Capital Projects Deposit	Redevelopment Obligations	Tracy Gateway Area	Residential Specific Plan Projects
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment income (loss)	-	416,600	154,944	41,141	75,696	169,380
Intergovernmental	-	-	-	-	-	-
Charges for current services	-	780,494	-	-	-	-
Special assessments	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	1,197,094	154,944	41,141	75,696	169,380
EXPENDITURES:						
Current:						
General government						
Economic development	-	-	-	-	-	60,541
General government	-	-	-	-	-	-
Finance	-	84,937	-	-	-	-
Non-departmental	-	32,180	-	-	-	-
Public safety						
Police	-	-	-	-	-	-
Public ways and facilities						
Public works	-	725,107	-	-	-	-
Community development						
Parks and community services	-	-	-	-	-	-
Capital outlay	-	172,411	-	-	-	-
Total expenditures	-	1,014,635	-	-	-	60,541
REVENUES OVER (UNDER) EXPENDITURES	-	182,459	154,944	41,141	75,696	108,839
NET CHANGES IN FUND BALANCES	-	182,459	154,944	41,141	75,696	108,839
FUND BALANCES (DEFICIT):						
Beginning of year, as previously reported	2,478	5,115,417	(54,789)	1,078,715	1,989,154	2,861,703
Change with financial reporting entity (major and non-major fund classification)	-	-	-	-	-	-
Beginning of year, as restated (Note 22)	2,478	5,115,417	(54,789)	1,078,715	1,989,154	2,861,703
End of year	\$ 2,478	\$ 5,297,876	\$ 100,155	\$ 1,119,856	\$ 2,064,850	\$ 2,970,542

(Continued)

City of Tracy
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2024

	Capital Projects			Debt Service		Total Non-Major Funds
	Ellis Area	CORE Capital Projects	Regional Transportation Impact	JPA Fee	Lease Revenue Bonds Fund	
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,688,701
Licenses, permits and fees	-	-	-	-	-	140,670
Fines and penalties	-	-	-	-	-	139,483
Investment income (loss)	446,536	2,002,333	591,296	(10,728)	-	5,455,159
Intergovernmental	-	-	-	-	-	10,034,064
Charges for current services	-	419,017	2,051,238	2,028,408	-	5,279,157
Special assessments	-	-	-	-	-	4,838,148
Other revenue	-	-	-	-	-	1,842
Total revenues	446,536	2,421,350	2,642,534	2,017,680		31,577,224
EXPENDITURES:						
Current:						
General government						
Economic development	-	-	-	-	-	442,960
General government	-	-	-	-	-	58,443
Finance	-	-	-	-	-	84,937
Non-departmental	-	-	-	-	-	677,472
Public safety						
Police	-	-	-	-	-	444,456
Public ways and facilities						
Public works	-	-	-	-	-	2,945,213
Community development						
Parks and community services	-	-	-	-	-	7,153,839
Capital outlay	63,323	272,981	3,093	-	-	5,361,309
Total expenditures	63,323	272,981	3,093	-		17,168,629
REVENUES OVER (UNDER) EXPENDITURES	383,213	2,148,369	2,639,441	2,017,680		14,408,595
NET CHANGES IN FUND BALANCES	383,213	2,148,369	2,639,441	2,017,680		14,408,595
FUND BALANCES (DEFICIT):						
Beginning of year, as previously reported	10,962,356	47,387,593	14,971,174	-	9,962,109	123,168,721
Change with financial reporting entity (major and non-major fund classification)	-	-	-	-	(9,962,109)	(6,830,942)
Beginning of year, as restated (Note 22)	10,962,356	47,387,593	14,971,174	-	-	116,337,779
End of year	\$ 11,345,569	\$ 49,535,962	\$ 17,610,615	\$ 2,017,680	\$ -	\$ 130,746,374

(Concluded)

City of Tracy
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Lease Revenue Bonds Debt Service Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ 229	\$ 230	\$ 1
Other revenue	1,312,800	1,312,800	1,312,800	-
Total revenues	1,312,800	1,313,029	1,313,030	1
EXPENDITURES:				
Current:				
General government	-	618,827	6,410,272	(5,791,445)
Non-departmental	1,470,000	1,470,000	1,470,000	-
Debt service:				
Principal	1,496,050	1,505,783	1,505,783	-
Interest and fiscal charges	2,966,050	3,594,610	9,386,055	(5,791,445)
Total expenditures	(1,653,250)	(2,281,581)	(8,073,025)	(5,791,444)
REVENUES OVER (UNDER) EXPENDITURES				
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of long-term debt	-	53,628,361	53,628,361	-
Transfers in	1,653,250	1,653,250	1,653,250	-
Total other financing sources (uses)	1,653,250	55,281,611	55,281,611	-
Net change in fund balance	\$ -	\$ 53,000,030	47,208,586	\$ (5,791,444)
FUND BALANCE:				
Beginning of year			9,962,109	
End of year			\$ 57,170,695	

City of Tracy
Budgetary Comparison Schedule
General Capital Projects Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ 22,133	\$ 22,133	\$ -
Intergovernmental	- -	7,167,798	2,129,574	(5,038,224)
Contributions	- -	- -	4,000,000	4,000,000
Other revenue	13,944,000	214,773	2,631,504	2,416,731
Total revenues	13,944,000	7,404,704	8,783,211	1,378,507
EXPENDITURES:				
Capital outlay	8,711,350	55,767,092	10,100,928	45,666,164
Total expenditures	8,711,350	55,767,092	10,100,928	45,666,164
REVENUES OVER (UNDER) EXPENDITURES	5,232,650	(48,362,388)	(1,317,717)	47,044,671
OTHER FINANCING SOURCES (USES):				
Transfers in	9,382,603	9,532,603	38,287,281	28,754,678
Total other financing sources (uses)	9,382,603	9,532,603	38,287,281	28,754,678
Net change in fund balance	\$ 14,615,253	\$ (38,829,785)	36,969,564	\$ 75,799,349
FUND BALANCE:				
Beginning of year			101,781,732	
End of year			\$ 138,751,296	

City of Tracy
Budgetary Comparison Schedule
Tracy Infrastructure Master Plans Capital Projects Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ 1,832,487	\$ 4,097,716	\$ 2,265,229
Charges for current services	28,317,616	16,950,984	16,950,985	1
Other revenue	-	-	2,455,834	2,455,834
Total revenues	28,317,616	18,783,471	23,504,535	4,721,064
EXPENDITURES:				
Current:				
Public ways and facilities	-	34,176	34,178	(2)
Public works	400,000	29,854,691	1,131,380	28,723,311
Capital outlay	400,000	29,888,867	1,165,558	28,723,309
Total expenditures	400,000	29,888,867	1,165,558	28,723,309
REVENUES OVER (UNDER) EXPENDITURES	27,917,616	(11,105,396)	22,338,977	33,444,373
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(1,612,998)	(1,612,998)
Total other financing sources (uses)	-	-	(1,612,998)	(1,612,998)
Net change in fund balance	\$ 27,917,616	\$ (11,105,396)	20,725,979	\$ 31,831,375
FUND BALANCE:				
Beginning of year			105,437,411	
End of year			\$ 126,163,390	

City of Tracy
Budgetary Comparison Schedule
TEA Grant Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 661,441	\$ 3,661,441	\$ -	\$ (3,661,441)
Total revenues	661,441	3,661,441	-	(3,661,441)
EXPENDITURES:				
Capital outlay	2,225,000	31,393,508	-	31,393,508
Total expenditures	2,225,000	31,393,508	-	31,393,508
REVENUES OVER (UNDER) EXPENDITURES	(1,563,559)	(27,732,067)	-	27,732,067
Net change in fund balance	\$ (1,563,559)	\$ (27,732,067)	-	\$ 27,732,067
FUND BALANCE:				
Beginning of year			427,283	
End of year			\$ 427,283	

City of Tracy
Budgetary Comparison Schedule
Business Improvement District Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Special assessments	\$ 149,451	\$ 149,266	\$ 149,266	\$ -
Total revenues	<u>149,451</u>	<u>149,266</u>	<u>149,266</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government				
Economic development	149,451	149,452	149,452	-
Total expenditures	<u>149,451</u>	<u>149,452</u>	<u>149,452</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(186)</u>	<u>(186)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (186)</u>	<u>(186)</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			1,311	
End of year			<u>\$ 1,125</u>	

City of Tracy
Budgetary Comparison Schedule
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Fines and penalties	\$ -	\$ 139,483	\$ 139,483	\$ -
Investment income (loss)	-	9,042	25,935	16,893
Total revenues	-	148,525	165,418	16,893
EXPENDITURES:				
Current:				
Public safety				
Police	121,519	439,007	439,007	-
Capital outlay	-	250,000	118,804	131,196
Total expenditures	121,519	689,007	557,811	131,196
REVENUES OVER (UNDER) EXPENDITURES	(121,519)	(540,482)	(392,393)	148,089
Net change in fund balance	\$ (121,519)	\$ (540,482)	(392,393)	\$ 148,089
FUND BALANCE:				
Beginning of year			618,793	
End of year			\$ 226,400	

City of Tracy
Budgetary Comparison Schedule
Transportation Development Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Favorable/ (Unfavorable)
REVENUES:				
Taxes	\$ -	\$ 3,443,307	\$ 3,443,307	\$ -
Investment income (loss)	24,307	-	-	-
Total revenues	24,307	3,443,307	3,443,307	-
EXPENDITURES:				
Current:				
General government	2,586	2,586	2,586	-
Non-departmental	3,196,493	3,743,034	177,397	3,565,637
Capital outlay	3,199,079	3,745,620	179,983	3,565,637
Total expenditures	(3,174,772)	(302,313)	3,263,324	3,565,637
REVENUES OVER (UNDER) EXPENDITURES	\$ (3,174,772)	\$ (302,313)	3,263,324	\$ 3,565,637
Net change in fund balance	\$ (3,174,772)	\$ (302,313)	3,263,324	\$ 3,565,637
FUND BALANCE (DEFICIT):				
Beginning of year			(142,588)	
End of year			\$ 3,120,736	

City of Tracy
Budgetary Comparison Schedule
Proposition K Transportation Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 2,546,160	\$ 2,245,394	\$ 2,245,394	\$ -
Investment income	-	147,039	325,586	178,547
Total revenues	2,546,160	2,392,433	2,570,980	178,547
EXPENDITURES:				
Current:				
General government				
Non-departmental	873	873	873	-
Capital outlay	1,111,903	9,493,576	951,688	8,541,888
Total expenditures	1,112,776	9,494,449	952,561	8,541,888
REVENUES OVER (UNDER) EXPENDITURES	1,433,384	(7,102,016)	1,618,419	8,720,435
Net change in fund balance	\$ 1,433,384	\$ (7,102,016)	1,618,419	\$ 8,720,435
FUND BALANCE:				
Beginning of year			8,971,671	
End of year			\$ 10,590,090	

City of Tracy
Budgetary Comparison Schedule
State Gas Tax Street Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ 156,460	\$ 343,117	\$ 186,657
Intergovernmental	5,011,651	5,015,295	5,015,297	2
Other revenue	-	1,594	1,594	-
Total revenues	5,011,651	5,173,349	5,360,008	186,659
EXPENDITURES:				
Current:				
General government				
Non-departmental	134,584	134,584	134,584	-
Public ways and facilities				
Public works	2,371,550	2,079,575	2,079,575	-
Capital outlay	5,280,171	12,072,015	739,359	11,332,656
Total expenditures	7,786,305	14,286,174	2,953,518	11,332,656
REVENUES OVER (UNDER) EXPENDITURES	(2,774,654)	(9,112,825)	2,406,490	11,519,315
Net change in fund balance	\$ (2,774,654)	\$ (9,112,825)	2,406,490	\$ 11,519,315
FUND BALANCE:				
Beginning of year			7,251,271	
End of year			\$ 9,657,761	

City of Tracy
Budgetary Comparison Schedule
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 800,877	\$ 459,099	\$ 109,932	\$ (349,167)
Total revenues	<u>800,877</u>	<u>459,099</u>	<u>109,932</u>	<u>(349,167)</u>
EXPENDITURES:				
Current:				
General government				
Economic development	471,083	116,848	115,772	1,076
Capital outlay	<u>353,872</u>	<u>353,872</u>	<u>1,076</u>	<u>352,796</u>
Total expenditures	<u>824,955</u>	<u>470,720</u>	<u>116,848</u>	<u>353,872</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(24,078)</u>	<u>(11,621)</u>	<u>(6,916)</u>	<u>4,705</u>
Net change in fund balance	<u><u>\$ (24,078)</u></u>	<u><u>\$ (11,621)</u></u>	<u><u>(6,916)</u></u>	<u><u>\$ 4,705</u></u>
FUND BALANCE (DEFICIT):				
Beginning of year				(2,926)
End of year				<u><u>\$ (9,842)</u></u>

City of Tracy
Budgetary Comparison Schedule
Landscaping District Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ 84,601	\$ 215,756	\$ 131,155
Special assessments	<u>3,666,548</u>	<u>3,630,118</u>	<u>3,630,118</u>	-
Total revenues	<u>3,666,548</u>	<u>3,714,719</u>	<u>3,845,874</u>	<u>131,155</u>
EXPENDITURES:				
Current:				
General government				
Non-departmental	252,099	252,099	252,099	-
Public ways and facilities				
Public works	117,611	115,403	115,403	-
Community development				
Parks and community services	4,381,696	3,464,552	3,464,553	(1)
Capital outlay	<u>33,332</u>	<u>475,634</u>	-	475,634
Total expenditures	<u>4,784,738</u>	<u>4,307,688</u>	<u>3,832,055</u>	<u>475,633</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,118,190)</u>	<u>(592,969)</u>	<u>13,819</u>	<u>606,788</u>
Net change in fund balance	<u>\$ (1,118,190)</u>	<u>\$ (592,969)</u>	<u>13,819</u>	<u>\$ 606,788</u>
FUND BALANCE:				
Beginning of year				5,756,626
End of year				<u>\$ 5,770,445</u>

City of Tracy
Budgetary Comparison Schedule
Residential and Commercial Rehabilitation Loan Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 142	\$ 3,004	\$ 8,757	\$ 5,753
Total revenues	<u>142</u>	<u>3,004</u>	<u>8,757</u>	<u>5,753</u>
EXPENDITURES:				
Current:				
General government	-	214,773	214,773	-
Non-departmental	-	214,773	214,773	-
Total expenditures	<u>-</u>	<u>214,773</u>	<u>214,773</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>142</u>	<u>(211,769)</u>	<u>(206,016)</u>	<u>5,753</u>
Net change in fund balance	<u>\$ 142</u>	<u>\$ (211,769)</u>	<u>(206,016)</u>	<u>\$ 5,753</u>
FUND BALANCE:				
Beginning of year			208,672	
End of year			<u>\$ 2,656</u>	

City of Tracy
Budgetary Comparison Schedule
Community Access CTV Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 165,400	\$ 140,670	\$ 140,670	\$ -
Investment income (loss)	- -	11,973	26,755	14,782
Total revenues	165,400	152,643	167,425	14,782
EXPENDITURES:				
Current:				
General government	108,000	58,443	58,443	- -
General government	- -	92,790	- -	92,790
Capital outlay	- -	- -	- -	- -
Total expenditures	108,000	151,233	58,443	92,790
REVENUES OVER (UNDER) EXPENDITURES	57,400	1,410	108,982	107,572
Net change in fund balance	\$ 57,400	\$ 1,410	108,982	\$ 107,572
FUND BALANCE:				
Beginning of year			732,946	
End of year			\$ 841,928	

City of Tracy
Budgetary Comparison Schedule
COPS Grant Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 6,829	\$ 529	\$ (1,026)	\$ (1,555)
Intergovernmental	201,571	274,466	274,466	-
Other revenue	-	248	248	-
Total revenues	208,400	275,243	273,688	(1,555)
EXPENDITURES:				
Current:				
Public safety				
Police	-	5,449	5,449	-
Total expenditures	-	5,449	5,449	-
REVENUES OVER (UNDER) EXPENDITURES	208,400	269,794	268,239	(1,555)
Net change in fund balance	\$ 208,400	\$ 269,794	268,239	\$ (1,555)
FUND BALANCE:				
Beginning of year			13,654	
End of year			\$ 281,893	

City of Tracy
Budgetary Comparison Schedule
CFD Services 2016-2 Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ 32,367	\$ 78,103	\$ 45,736
Special assessments	436,506	218,718	218,718	-
Total revenues	436,506	251,085	296,821	45,736
EXPENDITURES:				
Current:				
General government				
Non-departmental	17,336	17,336	17,336	-
Public safety				
Police	544	-	-	-
Public ways and facilities				
Public works	25,619	25,128	25,128	-
Community development				
Parks and community services	284,495	649,564	649,562	2
Capital outlay	1,030	-	-	-
Total expenditures	329,024	692,028	692,026	2
REVENUES OVER (UNDER) EXPENDITURES	107,482	(440,943)	(395,205)	45,738
Net change in fund balance	\$ 107,482	\$ (440,943)	(395,205)	\$ 45,738
FUND BALANCE:				
Beginning of year				663,596
End of year				\$ 268,391

City of Tracy
Budgetary Comparison Schedule
CFD Services 2018-1 Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ 14,464	\$ 32,436	\$ 17,972
Special assessments	<u>169,145</u>	<u>840,047</u>	<u>840,046</u>	<u>(1)</u>
Total revenues	<u>169,145</u>	<u>854,511</u>	<u>872,482</u>	<u>17,971</u>
EXPENDITURES:				
Current:				
General government	23,041	23,041	23,041	-
Non-departmental	<u>414,259</u>	<u>468,309</u>	<u>660,650</u>	<u>(192,341)</u>
Community development	<u>437,300</u>	<u>491,350</u>	<u>683,691</u>	<u>(192,341)</u>
Total expenditures	<u>(268,155)</u>	<u>363,161</u>	<u>188,791</u>	<u>(174,370)</u>
REVENUES OVER (UNDER) EXPENDITURES				
Net change in fund balance	<u>\$ (268,155)</u>	<u>\$ 363,161</u>	<u>188,791</u>	<u>\$ (174,370)</u>
FUND BALANCE:				
Beginning of year			787,926	
End of year			<u>\$ 976,717</u>	

City of Tracy
Budgetary Comparison Schedule
North East Industrial Plan Area Storm Drain Grant Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ 41,747	\$ 98,938	\$ 57,191
Total revenues	<u>-</u>	<u>41,747</u>	<u>98,938</u>	<u>57,191</u>
EXPENDITURES:				
Capital outlay	- -	2,500,000	32,289	2,467,711
Total expenditures	<u>-</u>	<u>2,500,000</u>	<u>32,289</u>	<u>2,467,711</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(2,458,253)</u>	<u>66,649</u>	<u>2,524,902</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,458,253)</u>	<u>66,649</u>	<u>\$ 2,524,902</u>
FUND BALANCE:				
Beginning of year			2,601,719	
End of year			<u>\$ 2,668,368</u>	

City of Tracy
Budgetary Comparison Schedule
National Opioid Settlement Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ -	\$ -
Other revenue	- -	167,780	- -	(167,780)
Total revenues	- -	167,780	- -	(167,780)
REVENUES OVER (UNDER) EXPENDITURES				
Net change in fund balance	\$ -	\$ 167,780	- -	\$ (167,780)
FUND BALANCE:				
Beginning of year				- -
End of year			\$ -	

City of Tracy
Budgetary Comparison Schedule
CARES/ARPA Grant Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ 149,393	\$ 413,604	\$ 264,211
Intergovernmental	-	2,128,231	4,634,369	2,506,138
Total revenues	-	2,277,624	5,047,973	2,770,349
EXPENDITURES:				
Current:				
General government				
Economic development	48,529	117,195	117,195	-
Community development				
Parks and community services	2,351,473	2,379,075	2,379,074	1
Capital outlay	2,230	7,723,655	2,828,888	4,894,767
Total expenditures	2,402,232	10,219,925	5,325,157	4,894,768
REVENUES OVER (UNDER) EXPENDITURES	(2,402,232)	(7,942,301)	(277,184)	7,665,117
Net change in fund balance	\$ (2,402,232)	\$ (7,942,301)	(277,184)	\$ 7,665,117
FUND BALANCE:				
Beginning of year			3,131,167	
End of year			\$ 2,853,983	

Non-Major Enterprise Funds

Municipal Airport Fund - This fund is used to account for the activities associated with the operations and maintenance of the City's airport.

Municipal Transit Fund - This fund is used to account for the activities associated with the operations and maintenance of the City's public transit activities, and has particular emphasis on serving the elderly and handicapped.

City of Tracy
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2024

	Municipal Airport Fund	Municipal Transit Fund	Total
ASSETS			
Current assets:			
Cash and investments	\$ -	\$ 9,329,536	\$ 9,329,536
Accounts receivable, net	75,993	-	75,993
Intergovernmental receivable	36,314	6,390,172	6,426,486
Interest receivable	-	24,247	24,247
Lease receivable - due within one year	80,135	-	80,135
Total current assets	<u>192,442</u>	<u>15,743,955</u>	<u>15,936,397</u>
Noncurrent assets:			
Lease receivable - due in more than one year	1,783,559	-	1,783,559
Capital assets:			
Non-depreciable\amortizable	15,826	1,726,496	1,742,322
Depreciable\amortizable, net	<u>12,274,444</u>	<u>10,166,362</u>	<u>22,440,806</u>
Total capital assets, net	<u>12,290,270</u>	<u>11,892,858</u>	<u>24,183,128</u>
Total noncurrent assets	<u>14,073,829</u>	<u>11,892,858</u>	<u>25,966,687</u>
Total assets	<u>14,266,271</u>	<u>27,636,813</u>	<u>41,903,084</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	6,615	12,460	19,075
Related to pensions	<u>119,101</u>	<u>223,828</u>	<u>342,929</u>
Total deferred outflows of resources	<u>125,716</u>	<u>236,288</u>	<u>362,004</u>
LIABILITIES			
Current liabilities:			
Accounts payable	70,452	699,855	770,307
Accrued payroll	-	-	-
Due to other funds	311,020	-	311,020
Deposits payable	59,036	-	59,036
Unearned revenue	-	40,326	40,326
Compensated absences - due within one year	<u>7,920</u>	<u>15,914</u>	<u>23,834</u>
Total current liabilities	<u>448,428</u>	<u>756,095</u>	<u>1,204,523</u>
Noncurrent liabilities:			
Net OPEB liability	31,112	58,607	89,719
Net pension liability	<u>324,367</u>	<u>609,587</u>	<u>933,954</u>
Compensated absences - due in more than one year	<u>13,005</u>	<u>20,395</u>	<u>33,400</u>
Total noncurrent liabilities	<u>368,484</u>	<u>688,589</u>	<u>1,057,073</u>
Total liabilities	<u>816,912</u>	<u>1,444,684</u>	<u>2,261,596</u>
DEFERRED INFLOWS OF RESOURCES			
Related to leases	1,811,667	-	1,811,667
Related to OPEB	9,049	17,045	26,094
Related to pensions	<u>1,089</u>	<u>2,046</u>	<u>3,135</u>
Total deferred inflows of resources	<u>1,821,805</u>	<u>19,091</u>	<u>1,840,896</u>
NET POSITION			
Net investment in capital assets	12,290,270	11,892,858	24,183,128
Unrestricted (deficit)	<u>(537,000)</u>	<u>14,516,468</u>	<u>13,979,468</u>
Total net position	<u>\$ 11,753,270</u>	<u>\$ 26,409,326</u>	<u>\$ 38,162,596</u>

City of Tracy
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2024

	Municipal Airport Fund	Municipal Transit Fund	Total
OPERATING REVENUES:			
Sales and charges for services	\$ 856,455	\$ 14,616	\$ 871,071
Other operating revenue	5,911	8,279,449	8,285,360
Total operating revenues	862,366	8,294,065	9,156,431
OPERATING EXPENSES:			
Maintenance and operation	811,771	4,546,950	5,358,721
Administration	220,559	1,629,510	1,850,069
Insurance costs and claims	1,963	-	1,963
Depreciation and amortization	1,133,825	1,175,013	2,308,838
Total operating expenses	2,168,118	7,351,473	9,519,591
OPERATING INCOME (LOSS)	(1,305,752)	942,592	(363,160)
NONOPERATING REVENUES (EXPENSES):			
Operating grants	41,684	3,123,736	3,165,420
Investment income	22,622	107,177	129,799
Total nonoperating revenues (expenses)	64,306	3,230,913	3,295,219
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,241,446)	4,173,505	2,932,059
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contributions	16,314	117,249	133,563
Total transfers	16,314	117,249	133,563
Changes in net position	(1,225,132)	4,290,754	3,065,622
NET POSITION:			
Beginning of year	12,978,402	22,118,572	35,096,974
End of year	\$ 11,753,270	\$ 26,409,326	\$ 38,162,596

City of Tracy
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2024

	Municipal Airport Fund	Municipal Transit Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/grantors	\$ 919,263	\$ 2,466,055	\$ 3,385,318
Cash payments to suppliers for goods and services/other funds	(1,000,182)	(5,869,395)	(6,869,577)
Cash payments to employees for services	(31,592)	(16,218)	(47,810)
Receipts from other operating revenues	5,911	8,279,449	8,285,360
Net cash provided by (used in) operating activities	(106,600)	4,859,891	4,753,291
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Repayment to other funds	25,980	-	25,980
Transfers from other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	67,664	3,123,736	3,191,400
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions from developers and others	16,314	117,249	133,563
Acquisition of capital assets	-	(138,160)	(138,160)
Net cash provided by (used in) capital and related financing activities	16,314	(20,911)	(4,597)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	22,622	91,318	113,940
Net cash provided by investing activities	22,622	91,318	113,940
Net change in cash and cash equivalents	-	8,054,034	8,054,034
CASH AND CASH EQUIVALENTS:			
Beginning of year	-	1,275,502	1,275,502
End of year	\$ -	\$ 9,329,536	\$ 9,329,536

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
For the Year Ended June 30, 2024

	Municipal Airport Fund	Municipal Transit Fund	Total
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,305,752)	\$ 942,592	\$ (363,160)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,133,825	1,175,013	2,308,838
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	113,019	-	113,019
Intergovernmental receivable	(36,314)	2,486,935	2,450,621
Lease receivable	78,416	-	78,416
Deferred outflows - OPEB related	(2,379)	(5,136)	(7,515)
Deferred outflows - pension related	20,123	18,760	38,883
Accounts payable	34,111	307,065	341,176
Accrued payroll	(17,999)	(27,652)	(45,651)
Deposits payable	3,038	-	3,038
Unearned revenue	-	(35,496)	(35,496)
Compensated absences	(3,107)	(3,760)	(6,867)
Net OPEB liability	2,013	8,290	10,303
Net pension liability	(26,457)	(1,697)	(28,154)
Deferred inflows - lease related	(95,351)	-	(95,351)
Deferred inflows - OPEB related	(2,260)	(2,511)	(4,771)
Deferred inflows - pension related	(1,526)	(2,512)	(4,038)
Total adjustments	<u>1,199,152</u>	<u>3,917,299</u>	<u>5,116,451</u>
Net cash provided by (used in) operating activities	<u>\$ (106,600)</u>	<u>\$ 4,859,891</u>	<u>\$ 4,753,291</u>

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Internal Service Funds

Central Garage Fund - This fund is used to account for the maintenance of the City's fleet of vehicles which services the transportation needs of City departments and divisions.

Central Services Fund - This fund is used to account for monies received from various funds for postage, telephone, and copying charges.

Equipment Acquisition Fund - This fund is used to account for the replacement of equipment utilized by City

Building Maintenance Fund - This fund is used to account for monies received from various funds for the repair and maintenance of all City owned and operated buildings.

Insurance Fund - This fund is used to finance and account for the City's risk management and insurance programs.

City of Tracy
Combining Statement of Net Position
All Internal Service Funds
June 30, 2024

	Central Garage	Central Services	Equipment Acquisition
ASSETS			
Current assets:			
Cash and investments	\$ 416,077	\$ 1,340,085	\$ 9,313,656
Interest receivable	1,084	3,683	24,205
Prepaid items	-	-	165,315
Total current assets	<u>417,486</u>	<u>1,343,768</u>	<u>9,503,176</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	5,863	641,355	12,176,809
Total capital assets, net	<u>5,863</u>	<u>641,355</u>	<u>12,176,809</u>
Total noncurrent assets	<u>5,863</u>	<u>641,355</u>	<u>12,176,809</u>
Total assets	<u>423,349</u>	<u>1,985,123</u>	<u>21,679,985</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	13,537	41,841	-
Related to pensions	<u>244,363</u>	<u>753,622</u>	<u>-</u>
Total deferred outflows of resources	<u>257,900</u>	<u>795,463</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable	117,857	114,009	422,332
Deposits payable	-	-	-
Unearned revenue	-	-	-
Compensated absences - due within one year	18,380	50,174	-
Long-term debt, due within one year	-	301,504	-
Total current liabilities	<u>136,237</u>	<u>465,687</u>	<u>422,332</u>
Noncurrent liabilities:			
Net OPEB liability	63,672	196,803	-
Net pension liability	665,512	2,052,463	-
Compensated absences - due in more than one year	11,303	79,215	-
Long term debt - due in more than one year	-	319,919	-
Total noncurrent liabilities	<u>740,487</u>	<u>2,648,400</u>	<u>-</u>
Total liabilities	<u>876,724</u>	<u>3,114,087</u>	<u>422,332</u>
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	18,518	57,238	-
Related to pensions	<u>2,234</u>	<u>6,890</u>	<u>-</u>
Total deferred inflows of resources	<u>20,752</u>	<u>64,128</u>	<u>-</u>
NET POSITION			
Investment in capital assets	5,863	641,355	12,176,809
Unrestricted (deficit)	<u>(222,090)</u>	<u>(1,038,984)</u>	<u>9,080,844</u>
Total net position	<u>\$ (216,227)</u>	<u>\$ (397,629)</u>	<u>\$ 21,257,653</u>

(Continued)

City of Tracy
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2024

	Building Maintenance	Insurance	Total
ASSETS			
Current assets:			
Cash and investments	\$ 3,644,105	\$ 1,720,939	\$ 16,434,862
Interest receivable	9,472	4,473	42,917
Prepaid items	-	-	165,315
Total current assets	<u>3,653,577</u>	<u>1,725,412</u>	<u>16,643,419</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	2,808	-	12,826,835
Total capital assets, net	<u>2,808</u>	<u>-</u>	<u>12,826,835</u>
Total noncurrent assets	2,808	-	12,826,835
Total assets	<u>3,656,385</u>	<u>1,725,412</u>	<u>29,470,254</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	17,844	15,690	88,912
Related to pensions	<u>320,341</u>	<u>283,378</u>	<u>1,601,704</u>
Total deferred outflows of resources	<u>338,185</u>	<u>299,068</u>	<u>1,690,616</u>
LIABILITIES			
Current liabilities:			
Accounts payable	145,394	25,506	825,098
Deposits payable	6,758	-	6,758
Unearned revenue	-	-	-
Compensated absences - due within one year	21,717	18,854	109,125
Long-term debt, due within one year	-	-	301,504
Total current liabilities	<u>173,869</u>	<u>44,360</u>	<u>1,242,485</u>
Noncurrent liabilities:			
Net OPEB liability	83,931	73,801	418,207
Net pension liability	872,436	771,771	4,362,182
Compensated absences - due in more than one year	52,117	48,293	190,928
Long term debt - due in more than one year	-	-	319,919
Total noncurrent liabilities	<u>1,008,484</u>	<u>893,865</u>	<u>5,291,236</u>
Total liabilities	<u>1,182,353</u>	<u>938,225</u>	<u>6,533,721</u>
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	24,410	21,464	121,630
Related to pensions	<u>2,929</u>	<u>2,591</u>	<u>14,644</u>
Total deferred inflows of resources	<u>27,339</u>	<u>24,055</u>	<u>136,274</u>
NET POSITION			
Investment in capital assets	2,808	-	12,826,835
Unrestricted (deficit)	<u>2,782,070</u>	<u>1,062,200</u>	<u>11,664,040</u>
Total net position	<u>\$ 2,784,878</u>	<u>\$ 1,062,200</u>	<u>\$ 24,490,875</u>

(Concluded)

City of Tracy
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2024

	Central Garage	Central Services	Equipment Acquisition
OPERATING REVENUES:			
Sales and charges for services	\$ 3,172,893	\$ 4,894,068	\$ 1,828,215
Other operating revenue	-	-	974
Total operating revenues	3,172,893	4,894,068	1,829,189
OPERATING EXPENSES:			
Maintenance and operation	2,683,485	-	(296,007)
Administration	300,067	4,278,904	3
Insurance costs and claims	15,598	-	-
Depreciation	500	266,803	2,309,548
Total operating expenses	2,999,650	4,545,707	2,013,544
OPERATING INCOME (LOSS)	173,243	348,361	(184,355)
NONOPERATING REVENUES (EXPENSES):			
Investment income	1,034	17,751	291,650
Gain (loss) on sale of capital assets	-	-	37,885
Total nonoperating revenues (expenses)	1,034	17,751	328,568
INCOME (LOSS) BEFORE TRANSFERS	174,277	366,112	144,213
TRANSFERS:			
Capital contributions	-	-	1,667,927
Total transfers	-	-	1,667,927
Changes in net position	174,277	366,112	1,812,140
NET POSITION (DEFICIT):			
Beginning of year	(390,504)	(763,741)	19,445,513
End of year	\$ (216,227)	\$ (397,629)	\$ 21,257,653

(Continued)

City of Tracy
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
All Internal Service Funds
For the Year Ended June 30, 2024

	Building Maintenance	Insurance	Total
OPERATING REVENUES:			
Sales and charges for services	\$ 2,665,700	\$ 10,115,775	\$ 22,676,651
Other operating revenue	10,000	721,569	732,543
Total operating revenues	2,675,700	10,837,344	23,409,194
OPERATING EXPENSES:			
Maintenance and operation	2,556,107	(22,269)	4,921,316
Administration	235,536	1,432,098	6,246,608
Insurance costs and claims	561	7,955,369	7,971,528
Depreciation	261	-	2,577,112
Total operating expenses	2,792,465	9,365,198	21,716,564
OPERATING INCOME (LOSS)	(116,765)	1,472,146	1,692,630
NONOPERATING REVENUES (EXPENSES):			
Investment income	130,699	(3,342)	437,792
Gain (loss) on sale of capital assets	-	-	37,885
Total nonoperating revenues (expenses)	130,699	(3,342)	474,710
INCOME (LOSS) BEFORE TRANSFERS	13,934	1,468,804	2,167,340
TRANSFERS:			
Capital contributions	-	-	1,667,927
Total transfers	-	-	1,667,927
Changes in net position	13,934	1,468,804	3,835,267
NET POSITION (DEFICIT):			
Beginning of year	2,770,944	(406,604)	20,655,608
End of year	\$ 2,784,878	\$ 1,062,200	\$ 24,490,875

(Concluded)

City of Tracy
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2024

	Central Garage	Central Services	Equipment Acquisition
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 3,172,568	\$ 4,894,068	\$ 1,828,215
Cash payments to suppliers for goods and services/other funds	(2,972,877)	(4,221,395)	555,607
Cash payments to employees for services	69,742	315,444	(2,800)
Receipts from other operating activities	-	-	974
Net cash provided by (used in) operating activities	269,433	988,117	2,381,996
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions from developers and others	-	-	1,667,927
Acquisition of capital assets	-	-	(2,309,173)
Principal payment of long-term debt	-	(286,735)	(472,409)
Interest paid on debt	-	-	(967)
Net cash (used in) capital and related financing activities	-	(286,735)	(1,114,622)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	914	18,167	318,409
Net cash provided by (used in) investing activities	914	18,167	318,409
Net change in cash and cash equivalents	270,347	719,549	1,585,783
CASH AND CASH EQUIVALENTS:			
Beginning of year	145,730	620,536	7,727,873
End of year	\$ 416,077	\$ 1,340,085	\$ 9,313,656
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ 416,077	\$ 1,340,085	\$ 9,313,656
Total cash and cash equivalents	\$ 416,077	\$ 1,340,085	\$ 9,313,656

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2024

	Central Garage	Central Services	Equipment Acquisition
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 173,243	\$ 348,361	\$ (184,355)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	500	266,803	2,309,548
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	(325)	-	-
Prepaid items	-	-	(63,725)
Deferred outflows - OPEB related	(6,742)	(22,692)	-
Deferred outflows - pension related	(20,760)	(120,784)	-
Accounts payable	26,273	57,509	323,328
Accrued payroll	(30,012)	(62,606)	(2,800)
Compensated absences	9,787	(2,647)	-
Net OPEB liability	16,992	65,252	-
Net pension liability	102,068	457,810	-
Deferred inflows - OPEB related	376	6,111	-
Deferred inflows - pension related	(1,967)	(5,000)	-
Total adjustments	96,190	639,756	2,566,351
Net cash provided by (used in) operating activities	\$ 269,433	\$ 988,117	\$ 2,381,996
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Initiation of a SBITA liability	\$ -	\$ 908,158	\$ -
Total noncash capital and related financing activities	\$ -	\$ 908,158	\$ -

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2024

	Building Maintenance	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 2,665,700	\$ 10,115,775	\$ 22,676,326
Cash payments to suppliers for goods and services/other funds	(2,729,435)	(9,347,428)	(18,715,528)
Cash payments to employees for services	(493)	(7,283)	374,610
Receipts from other operating activities	10,000	721,569	732,543
Net cash provided by (used in) operating activities	(54,228)	1,482,633	5,067,951
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions from developers and others	-	-	1,667,927
Acquisition of capital assets	-	-	(2,309,173)
Principal payment of long-term debt	-	-	(759,144)
Interest paid on debt	-	-	(967)
Net cash (used in) capital and related financing activities	-	-	(1,401,357)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	144,675	(6,198)	475,967
Net cash provided by (used in) investing activities	144,675	(6,198)	475,967
Net change in cash and cash equivalents	90,447	1,476,435	4,142,561
CASH AND CASH EQUIVALENTS:			
Beginning of year	3,553,658	244,504	12,292,301
End of year	<u>\$ 3,644,105</u>	<u>\$ 1,720,939</u>	<u>\$ 16,434,862</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ 3,644,105	\$ 1,720,939	\$ 16,434,862
Total cash and cash equivalents	\$ 3,644,105	\$ 1,720,939	\$ 16,434,862

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2024

	Building Maintenance	Insurance	Total
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (116,765)	\$ 1,472,146	\$ 1,692,630
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	261	-	2,577,112
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	-	-	(325)
Prepaid items	-	-	(63,725)
Deferred outflows - OPEB related	(7,519)	(6,513)	(43,466)
Deferred outflows - pension related	19,282	18,275	(103,987)
Accounts payable	62,769	17,770	487,649
Accrued payroll	(39,469)	(28,377)	(163,264)
Compensated absences	4,180	(6,959)	4,361
Net OPEB liability	13,002	10,753	105,999
Net pension liability	16,639	11,653	588,170
Deferred inflows - OPEB related	(3,156)	(3,039)	292
Deferred inflows - pension related	(3,452)	(3,076)	(13,495)
Total adjustments	<u>62,537</u>	<u>10,487</u>	<u>3,375,321</u>
Net cash provided by (used in) operating activities	<u>\$ (54,228)</u>	<u>\$ 1,482,633</u>	<u>\$ 5,067,951</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Initiation of a SBITA liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 908,158</u>
Total noncash capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 908,158</u>

(Concluded)

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Fiduciary Funds - Custodial Funds

Community Facilities District 89-1 Fund - This fund is used account for the assets held on behalf of the 89-1 Community Facilities District property owners until they are remitted to the bond trustee.

Assessment District 94-1 Fund - This fund is used account for the assets held on behalf of the 94-1 Community Facilities District property owners until they are remitted to the bond trustee.

Community Facilities District 93-1 Fund - This fund is used account for the assets held on behalf of the 93-1 Community Facilities District property owners until they are remitted to the bond trustee.

Community Facilities District 98-1 Fund - This fund is used account for the assets held on behalf of the 98-1 Community Facilities District property owners until they are remitted to the bond trustee.

Community Facilities District 98-3 Fund - This fund is used account for the assets held on behalf of the 98-3 Community Facilities District Property owners until they are remitted to the bond trustee.

Community Facilities District 99-1 Fund - This fund is used account for the assets held on behalf of the 99-1 Community Facilities District property owners until they are remitted to the bond trustee.

Assessment District 2000-01 Fund - This fund is used account for the assets held on behalf of the 2000-01 Assessment District property owners until they are remitted to the bond trustee.

2006-01 NE Industrial #2 Fund - This fund is used account for the assets held on behalf of the 2006-01 Assessment District property owners until they are remitted to the bond trustee.

I-205 Residential Reassessment District 1999 Fund - This fund is used account for the assets held on behalf of the 93-2, 95-1, 96-1, 97-1, and 97-2 Assessment District property owners until they are remitted to the bond trustee.

Assessment District 2003-01 Fund - This fund is used account for the assets held on behalf of the 2003-01 Assessment District property owners until they are remitted to the bond trustee.

2011 TOP JPA Revenue Bonds Fund - This fund was established to refund two outstanding community facilities district bonds and to refund two limited obligation assessment bonds, and to finance public capital improvements.

CFD 2011-01 Tracy 580 Business Park Fund - This fund is used to account for the transactions of the 2011-01 CFD.

Community Facilities District 2016-02 Fund - This fund is used to account for the assets held on behalf of the 2016-02 Community Facilities District property owners until they are remitted to the bond trustee.

Community Facilities District 2016-01 Tracy Hills Fund - This fund is used to account for the assets held on behalf of the 2016-01 Assessment District property owners until they are remitted to the bond trustee.

Community Facilities District 2021-01 Hillview Fund - This fund is used to account for the assets held on behalf of the 2021-01 Assessment District property owners until they are remitted to the bond trustee.

Tracy Rural Fire Medical Leave Bank Fund - This fund is used to account for the assets contributed by the Tracy Rural Fire District towards the Fire Medical Leave Bank.

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City of Tracy
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2024

	Community Facilities District 89-1	Assessment District 94-1	Community Facilities District 93-1	Community Facilities District 98-1	Community Facilities District 98-3	Community Facilities District 99-1
ASSETS						
Cash and investments	\$ 337,835	\$ 45,869	\$ 4,041,982	\$ 98,617	\$ 55,819	\$ 105,730
Cash and investments with fiscal agent	709,356	419,808	572,882	5,691,711	725,930	734,360
Total assets	1,047,191	465,677	4,614,864	5,790,328	781,749	840,090
LIABILITIES						
Deposits payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
NET POSITION						
Held for:						
Individuals, organizations, and other governments	1,047,191	465,677	4,614,864	5,790,328	781,749	840,090
Total Net Position	\$ 1,047,191	\$ 465,677	\$ 4,614,864	\$ 5,790,328	\$ 781,749	\$ 840,090

(Continued)

City of Tracy
Combining Statement of Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
June 30, 2024

	Assessment District 2000-01	2006-01 NE Industrial #2	I-205 Residential Reassessment District 1999	Assessment District 2003-01	2011 TOP JPA Revenue Bonds	CFD 2011-01 Tracy 580 Business Park
ASSETS						
Cash and investments	\$ 175,653	\$ 1,214,209	\$ 30,355	\$ 325,285	\$ 11,434	\$ 76,257
Cash and investments with fiscal agent	1,149,844	1,415,196	2,269,024	148,640	3,459,740	-
Total assets	1,325,497	2,629,405	2,299,379	473,925	3,471,174	76,257
LIABILITIES						
Deposits payable	-	-	-	322,814	-	-
Total liabilities	-	-	-	322,814	-	-
NET POSITION						
Held for:						
Individuals, organizations, and other governments	1,325,497	2,629,405	2,299,379	151,111	3,471,174	76,257
Total Net Position	\$ 1,325,497	\$ 2,629,405	\$ 2,299,379	\$ 151,111	\$ 3,471,174	\$ 76,257

(Continued)

City of Tracy
Combining Statement of Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
June 30, 2024

	Community Facilities District 2016-02	Community Facilities District 2016-01	Community Facilities District 2021-01	Tracy Rural Fire Medical Leave Bank	Total
ASSETS	Tracy Hills	Hillview			
Cash and investments	\$ 1,149,282	\$ 46,651	\$ 53,153	\$ 970,669	\$ 8,738,800
Cash and investments with fiscal agent	3,387,272	20,929,569	1,207,577	-	42,820,909
Total assets	4,536,554	20,976,220	1,260,730	970,669	51,559,709
LIABILITIES					
Deposits payable	-	-	-	-	322,814
Total liabilities	-	-	-	-	322,814
NET POSITION					
Held for:					
Individuals, organizations, and other governments	4,536,554	20,976,220	1,260,730	970,669	51,236,895
Total Net Position	\$ 4,536,554	\$ 20,976,220	\$ 1,260,730	\$ 970,669	\$ 51,236,895

(Concluded)

City of Tracy
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2024

	Community Facilities District 89-1	Assessment District 94-1	Community Facilities District 93-1	Community Facilities District 98-1	Community Facilities District 98-3	Community Facilities District 99-1
ADDITIONS:						
Fee collections for other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments for other governments	-	-	279,075	5,027,922	26,718	341,288
Investment income (loss)	28,949	21,172	22,664	137,104	35,800	32,539
Total additions	28,949	21,172	301,739	5,165,026	62,518	373,827
DEDUCTIONS:						
Administration	-	-	16,757	14,349	16,575	14,299
Payments on conduit bonds - principal	-	-	140,000	5,025,000	10,000	600,000
Payments on conduit bonds - interest	-	-	111,308	917,175	9,250	35,475
Project payments	-	-	-	-	-	-
Payments to other governments	-	-	-	4,500	-	-
Total deductions	-	-	268,065	5,961,024	35,825	649,774
Changes in net position	28,949	21,172	33,674	(795,998)	26,693	(275,947)
NET POSITION:						
Beginning of year	1,018,242	444,505	4,581,190	6,586,326	755,056	1,116,037
End of year	\$ 1,047,191	\$ 465,677	\$ 4,614,864	\$ 5,790,328	\$ 781,749	\$ 840,090

(Continued)

City of Tracy
Combining Statement of Changes in Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2024

	I-205 Residential				CFD 2011-01	
	Assessment District 2000-01	2006-01 NE Industrial #2	Reassessment District 1999	Assessment District 2003-01	2011 TOP JPA Revenue Bonds	Tracy 580 Business Park
ADDITIONS:						
Fee collections for other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments for other governments	1,191,718	709,670	-	82,008	1,271,241	-
Investment income (loss)	27,496	55	114,451	5,526	141,850	-
Total additions	1,219,214	709,725	114,451	87,534	1,413,091	-
DEDUCTIONS:						
Administration	15,181	12,964	2,035	11,433	23,712	-
Payments on conduit bonds - principal	750,000	310,000	-	50,000	1,150,000	-
Payments on conduit bonds - interest	370,625	357,500	-	17,325	215,706	-
Project payments	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
Total deductions	1,135,806	680,464	2,035	78,758	1,389,418	-
Changes in net position	83,408	29,261	112,416	8,776	23,673	-
NET POSITION:						
Beginning of year	1,242,089	2,600,144	2,186,963	142,335	3,447,501	76,257
End of year	\$ 1,325,497	\$ 2,629,405	\$ 2,299,379	\$ 151,111	\$ 3,471,174	\$ 76,257

(Continued)

City of Tracy
Combining Statement of Changes in Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2024

	Community Facilities District 2016-02	Community Facilities District 2016-01 Tracy Hills	Community Facilities District 2021-01 Hillview	Tracy Rural Fire Medical Leave Bank	Total
ADDITIONS:					
Fee collections for other governments	\$ -	\$ 26,243,821	\$ -	\$ 510,701	\$ 26,754,522
Special assessments for other governments	2,692,153	6,116,338	437,746	-	18,175,877
Investment income (loss)	162	506,872	53	-	1,074,693
Total additions	2,692,315	32,867,031	437,799	510,701	46,005,092
DEDUCTIONS:					
Administration	88,097	49,174	-	-	264,576
Payments on conduit bonds - principal	175,000	450,000	15,000	-	8,675,000
Payments on conduit bonds - interest	1,252,875	3,632,523	339,063	-	7,258,825
Project payments	1,221,579	22,670,011	-	-	23,891,590
Payments to other governments	-	-	52,125	161,462	218,087
Total deductions	2,737,551	26,801,708	406,188	161,462	40,308,078
Changes in net position	(45,236)	6,065,323	31,611	349,239	5,697,014
NET POSITION:					
Beginning of year	4,581,790	14,910,897	1,229,119	621,430	45,539,881
End of year	\$ 4,536,554	\$ 20,976,220	\$ 1,260,730	\$ 970,669	\$ 51,236,895

(Concluded)

STATISTICAL SECTION
(Unaudited)

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CITY OF TRACY - STATISTICAL SECTION

This part of the City of Tracy's annual comprehensive 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

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Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.

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Sources: Unless otherwise noted, the information in these schedules is derived from the City's annual comprehensive financial reports for the relevant year

City of Tracy
Net Position by Component
Last Ten Fiscal Years
(amounts in thousands)

	Fiscal Year				
	2024	2023	2022	2021	2020
Governmental activities					
Net investment in capital assets	\$ 619,339	\$ 658,562	\$ 640,818	\$ 653,646	\$ 638,464
Restricted	348,186	244,307	237,567	217,130	201,440
Unrestricted	119,666	96,917	70,533	1,254	(36,566)
Total governmental activities net assets	<u>1,087,191</u>	<u>999,786</u>	<u>948,918</u>	<u>872,030</u>	<u>803,338</u>
Business-type activities:					
Net investment in capital assets	\$ 434,709	\$ 435,567	\$ 421,052	\$ 412,464	\$ 397,487
Restricted	1	2	-	-	518
Unrestricted	54,027	49,685	66,078	51,960	62,495
Total business-type activities	<u>\$ 488,737</u>	<u>\$ 485,254</u>	<u>\$ 487,130</u>	<u>\$ 464,424</u>	<u>\$ 460,500</u>
Primary government:					
Net investment in capital assets	\$ 1,054,048	\$ 1,094,129	\$ 1,061,870	\$ 1,066,110	\$ 1,035,951
Restricted	348,187	244,309	237,567	217,130	201,958
Unrestricted	173,693	146,602	136,611	53,214	25,929
Total primary government	<u>\$ 1,575,928</u>	<u>\$ 1,485,040</u>	<u>\$ 1,436,048</u>	<u>\$ 1,336,454</u>	<u>\$ 1,263,838</u>

Source: City of Tracy, Finance Department

City of Tracy
Net Position by Component (Continued)
Last Ten Fiscal Years
(amounts in thousands)

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental activities					
Net investment in capital assets	\$ 626,220	\$ 609,080	\$ 581,394	\$ 553,914	\$ 526,467
Restricted	199,212	183,594	155,947	145,381	152,380
Unrestricted	<u>(22,474)</u>	<u>(10,576)</u>	<u>(1,272)</u>	<u>(5,343)</u>	<u>(11,671)</u>
Total governmental activities net assets	<u>802,958</u>	<u>782,098</u>	<u>736,069</u>	<u>693,952</u>	<u>667,176</u>
Business-type activities:					
Net investment in capital assets	\$ 370,880	\$ 359,213	\$ 357,628	\$ 302,888	\$ 314,492
Restricted	1	-	350	348	346
Unrestricted	<u>48,068</u>	<u>48,616</u>	<u>41,657</u>	<u>39,357</u>	<u>31,221</u>
Total business-type activities	<u>\$ 418,949</u>	<u>\$ 407,829</u>	<u>\$ 399,635</u>	<u>\$ 342,593</u>	<u>\$ 346,059</u>
Primary government:					
Net investment in capital assets	\$ 997,100	\$ 968,293	\$ 939,022	\$ 856,802	\$ 840,959
Restricted	199,213	183,594	156,297	145,729	152,726
Unrestricted	<u>26,594</u>	<u>38,040</u>	<u>40,385</u>	<u>34,014</u>	<u>19,550</u>
Total primary government	<u>\$ 1,222,907</u>	<u>\$ 1,189,927</u>	<u>\$ 1,135,704</u>	<u>\$ 1,036,545</u>	<u>\$ 1,013,235</u>

Source: City of Tracy, Finance Department

City of Tracy
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2024	2023	2022	2021	2020
Expenses:					
Governmental activities:					
General Government	\$ 47,147	\$ 25,434	\$ 26,685	\$ 22,135	\$ 14,661
Public safety	68,519	79,271	55,696	56,194	60,125
Public works	6,005	10,638	34,402	32,034	34,151
Culture and leisure	25,624	17,987	4,800	3,848	4,044
Interest on long-term debt	20,229	10,632	990	675	1,338
Unallocated depreciation	1,436	935	-	-	-
Total Governmental Activities Expenses	<u>168,960</u>	<u>144,897</u>	<u>122,573</u>	<u>114,886</u>	<u>114,319</u>
Business-type Activities:					
Water	\$ 23,603	\$ 26,068	\$ 24,886	\$ 21,177	\$ 21,458
Wastewater	25,874	23,258	23,435	21,238	18,991
Solid waste	36,571	33,375	28,418	25,986	25,275
Drainage operations	2,133	2,336	2,114	2,195	2,610
Municipal airport	2,168	2,381	2,228	1,144	1,363
Municipal transit	7,351	7,320	6,080	5,352	5,485
Total Business-Type Activities	<u>97,700</u>	<u>94,738</u>	<u>87,161</u>	<u>77,092</u>	<u>75,182</u>
Total Primary Governmental Expenses	<u><u>\$ 266,660</u></u>	<u><u>\$ 239,635</u></u>	<u><u>\$ 209,734</u></u>	<u><u>\$ 191,978</u></u>	<u><u>\$ 189,501</u></u>

Source: City of Tracy, Finance Department

City of Tracy
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2024	2023	2022	2021	2020
Program revenues:					
Governmental activities:					
Charges for Services:					
Development fees	\$ 9,078	\$ 11,572	\$ 17,279	\$ 11,151	\$ 7,731
Other public works	2,803	2,721	2,721	2,721	2,721
Parks and community services	946	1,425	884	222	522
Other activities	26,042	9,604	9,159	8,728	8,165
Operating grants and contributions	17,369	17,282	13,576	8,330	14,969
Capital grants and contributions	20,450	33,225	63,193	52,673	39,662
Total Governmental Activities Program Revenues	<u>76,688</u>	<u>75,829</u>	<u>106,812</u>	<u>83,825</u>	<u>73,770</u>
Business-type Activities:					
Charges for Services:					
Water	\$ 21,967	\$ 22,457	\$ 22,407	\$ 23,406	\$ 20,328
Wastewater	21,146	15,649	14,973	15,051	14,552
Solid waste	34,659	31,478	25,758	24,309	23,072
Drainage operations	828	848	731	750	737
Municipal airport	856	732	582	854	662
Municipal transit	15	9,580	7,571	62	103
Operating grants and contributions	3,891	31	1,688	6,988	4,263
Capital grants and contributions	5,743	10,195	12,703	5,801	22,818
Total Business-Types Activities Program Revenues	<u>89,105</u>	<u>90,970</u>	<u>86,413</u>	<u>77,221</u>	<u>86,535</u>
Total Primary Government Program Revenues	<u><u>\$ 165,793</u></u>	<u><u>\$ 166,799</u></u>	<u><u>\$ 193,225</u></u>	<u><u>\$ 161,046</u></u>	<u><u>\$ 160,305</u></u>
Net (expense)/revenue					
Governmental activities	\$ (92,272)	\$ (69,068)	\$ (15,761)	\$ (31,061)	\$ (40,549)
Business-type activities	<u>(8,595)</u>	<u>(3,768)</u>	<u>(748)</u>	<u>129</u>	<u>11,353</u>
Total primary government net (expense) revenue	<u><u>\$ (100,867)</u></u>	<u><u>\$ (72,836)</u></u>	<u><u>\$ (16,509)</u></u>	<u><u>\$ (30,932)</u></u>	<u><u>\$ (29,196)</u></u>

Source: City of Tracy, Finance Department

City of Tracy
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2024	2023	2022	2021	2020
General revenues and other changes in net assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 32,051	\$ 30,093	\$ 27,241	\$ 25,736	\$ 24,082
Sales and use taxes	97,107	73,724	75,112	56,649	37,039
Franchise taxes	5,555	5,127	4,265	4,258	3,864
Other taxes	12,738	4,704	5,615	4,802	3,692
Motor vehicle in lieu, unrestricted	118	97	114	70	73
Investment income (loss)	15,118	4,418	(8,949)	242	1,543
Miscellaneous	18,603	1,841	14,204	1,388	87
Transfers	(1,613)	(178)	(24,954)	(3,609)	(27,355)
Gain on Transfer of assets'	-	-	-	-	-
Special item - Transfer of assets	-	-	-	-	(2,098)
Total governmental activities	<u>179,677</u>	<u>119,826</u>	<u>92,648</u>	<u>89,536</u>	<u>40,927</u>
Business-type activities:					
Interest earnings	1,908	1,306	(1,819)	145	1,835
Miscellaneous	8,556	407	320	40	9
Transfers	1,613	178	24,954	3,609	27,355
Total business-type activities	<u>12,077</u>	<u>1,891</u>	<u>23,455</u>	<u>3,794</u>	<u>29,199</u>
Total primary government	<u><u>\$ 191,754</u></u>	<u><u>\$ 121,717</u></u>	<u><u>\$ 116,103</u></u>	<u><u>\$ 93,330</u></u>	<u><u>\$ 70,126</u></u>
Change in net position					
Governmental activities	\$ 87,405	\$ 50,758	\$ 76,887	\$ 58,475	\$ 380
Business-type activities	<u>3,482</u>	<u>(1,877)</u>	<u>22,707</u>	<u>3,923</u>	<u>40,552</u>
Total primary government	<u><u>\$ 90,887</u></u>	<u><u>\$ 48,881</u></u>	<u><u>\$ 99,594</u></u>	<u><u>\$ 62,398</u></u>	<u><u>\$ 40,932</u></u>

Source: City of Tracy, Finance Department

City of Tracy
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
Expenses:					
Governmental activities:					
General Government	\$ 14,455	\$ 13,480	\$ 12,412	\$ 13,629	\$ 7,907
Public safety	54,075	52,785	41,326	37,858	37,562
Public works	42,693	34,183	26,330	31,874	27,572
Culture and leisure	3,920	3,395	2,830	3,134	3,288
Interest on long-term debt	1,271	1,288	1,304	1,345	1,337
Unallocated depreciation	-	-	-	-	-
Total Governmental Activities Expenses	116,414	105,131	84,202	87,840	77,666
Business-type Activities:					
Water	\$ 19,941	\$ 19,087	\$ 18,980	\$ 22,659	\$ 23,610
Wastewater	18,961	18,601	15,079	16,522	17,040
Solid waste	22,289	20,958	20,541	20,899	19,477
Drainage	2,558	2,791	3,027	3,485	3,436
Airport	1,123	1,475	901	775	703
Transit	5,017	5,571	3,953	3,169	2,968
Total Business-Type Activities	69,889	68,483	62,481	67,509	67,234
Total Primary Governmental Expenses	\$ 186,303	\$ 173,614	\$ 146,683	\$ 155,349	\$ 144,900

Source: City of Tracy, Finance Department

City of Tracy
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
Program revenues:					
Governmental activities:					
Charges for Services:					
Development fees	\$ 10,068	\$ 8,784	\$ 8,769	\$ 6,816	\$ 6,124
Other public works	2,831	2,722	2,721	3,093	2,968
Parks and community services	666	762	701	1,047	940
Other activities	7,227	7,252	1,805	1,864	1,104
Operating grants and contributions	15,142	14,191	12,680	12,811	13,097
Capital grants and contributions	36,408	68,535	39,966	37,084	40,451
Total Governmental Activities Program Revenues	<u>72,342</u>	<u>102,246</u>	<u>66,642</u>	<u>\$ 62,715</u>	<u>\$ 64,684</u>
Business-type Activities:					
Charges for Services:					
Water	\$ 16,497	\$ 16,307	\$ 14,935	\$ 13,101	\$ 14,379
Wastewater	14,168	14,836	14,034	13,616	13,086
Solid waste	21,550	20,973	23,333	25,156	22,356
Drainage	686	691	644	609	603
Airport	658	732	478	403	504
Transit	117	117	116	96	109
Operating grants and contributions	3,733	6,397	1,516	2,041	1,608
Capital grants and contributions	20,936	9,181	4,268	3,302	8,652
Total Business-Types Activities Program Revenues	<u>78,345</u>	<u>69,234</u>	<u>59,324</u>	<u>\$ 58,324</u>	<u>\$ 61,297</u>
Total Primary Government Program Revenues	<u><u>\$ 150,687</u></u>	<u><u>\$ 171,480</u></u>	<u><u>\$ 125,966</u></u>	<u><u>\$ 121,039</u></u>	<u><u>\$ 125,981</u></u>
Net (expense)/revenue					
Governmental activities	\$ (44,072)	\$ (2,885)	\$ (17,560)	\$ (25,125)	\$ (12,982)
Business-type activities	8,456	751	(3,157)	(9,185)	(5,937)
Total primary government net (expense) revenue	<u><u>\$ (35,616)</u></u>	<u><u>\$ (2,134)</u></u>	<u><u>\$ (20,717)</u></u>	<u><u>\$ (34,310)</u></u>	<u><u>\$ (18,919)</u></u>

Source: City of Tracy, Finance Department

City of Tracy
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
General revenues and other changes in net assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 22,723	\$ 20,857	\$ 20,393	\$ 19,638	\$ 17,709
Sales and use taxes	37,083	30,761	23,291	24,371	24,280
Franchise taxes	3,545	3,558	2,829	2,776	2,728
Other taxes	3,703	3,756	2,719	2,562	2,304
Motor vehicle in lieu, unrestricted	44	48	40	34	35
Investment income (loss)	1,395	545	435	1,000	610
Miscellaneous	407	1,926	2,022	3,497	1,311
Transfers	(2,016)	(8,692)	(4,968)	(5,141)	-
Gain on Transfer of assets'	-	-	-	-	-
Special item - Transfer of assets	-	(3,347)	-	3,162	-
Total governmental activities	<u>66,884</u>	<u>49,412</u>	<u>46,761</u>	<u>51,899</u>	<u>48,977</u>
Business-type activities:					
Interest earnings	1,576	531	626	551	585
Miscellaneous	66	84	24	25	42
Transfers	2,016	8,692	4,968	5,141	-
Total business-type activities	<u>3,658</u>	<u>9,307</u>	<u>5,618</u>	<u>5,717</u>	<u>627</u>
Total primary government	<u><u>\$ 70,542</u></u>	<u><u>\$ 58,719</u></u>	<u><u>\$ 52,379</u></u>	<u><u>\$ 57,616</u></u>	<u><u>\$ 49,604</u></u>
Change in net position					
Governmental activities	\$ 22,812	\$ 46,527	\$ 29,201	\$ 26,774	\$ 35,995
Business-type activities	12,114	10,059	2,461	(3,468)	(5,310)
Total primary government	<u><u>\$ 34,926</u></u>	<u><u>\$ 56,586</u></u>	<u><u>\$ 31,662</u></u>	<u><u>\$ 23,306</u></u>	<u><u>\$ 30,685</u></u>

Source: City of Tracy, Finance Department

City of Tracy
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)

Function/Program	Fiscal Year				
	2024	2023	2022	2021	2020
Governmental activities:					
General Government	\$ 33,756	\$ 22,320	\$ 13,565	\$ 9,898	\$ 9,126
Police	3,259	3,661	2,464	1,922	2,134
Fire	-	360	32	-	10,339
Development and engineering	9,078	11,572	17,279	11,171	7,751
Public works	28,121	36,492	72,546	60,072	43,031
Parks and community services	<u>2,475</u>	<u>1,424</u>	<u>927</u>	<u>762</u>	<u>1,390</u>
Subtotal governmental activities	<u>76,689</u>	<u>75,829</u>	<u>106,813</u>	<u>83,825</u>	<u>73,771</u>
Business-type activities:					
Water	\$ 24,433	\$ 29,921	\$ 29,403	\$ 25,029	\$ 31,134
Wastewater	23,817	15,892	20,282	16,905	22,584
Solid waste	35,122	31,664	26,386	24,329	23,134
Drainage operations	1,563	3,106	1,537	1,843	760
Municipal airport	914	755	704	989	2,382
Municipal transit	<u>3,256</u>	<u>9,632</u>	<u>8,101</u>	<u>8,127</u>	<u>6,543</u>
Subtotal business-type activities	<u>89,105</u>	<u>90,970</u>	<u>86,413</u>	<u>77,222</u>	<u>86,537</u>
Total primary government	<u><u>\$ 165,794</u></u>	<u><u>\$ 166,799</u></u>	<u><u>\$ 193,226</u></u>	<u><u>\$ 161,047</u></u>	<u><u>\$ 160,308</u></u>

Source: City of Tracy, Finance Department

City of Tracy
Program Revenues by Function/Program (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

Function/Program	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental activities:					
General Government	\$ 8,988	\$ 11,204	\$ 2,700	\$ 3,099	\$ 3,850
Police	2,277	3,085	1,972	2,052	2,847
Fire	6,445	7,172	6,556	6,539	6,792
Development and engineering	10,585	9,363	9,213	7,209	6,505
Public works	43,510	70,310	45,234	42,437	43,198
Parks and community services	1,000	1,112	967	1,380	1,492
Subtotal governmental activities	<u>72,805</u>	<u>102,246</u>	<u>66,642</u>	<u>62,716</u>	<u>64,684</u>
Business-type activities:					
Water	\$ 20,307	\$ 21,397	\$ 15,220	\$ 13,801	\$ 17,659
Wastewater	29,337	16,610	14,805	13,849	14,533
Solid waste	21,553	20,973	23,354	25,156	22,356
Drainage operations	1,509	808	644	686	659
Municipal airport	1,725	2,906	1,514	2,622	4,060
Municipal transit	3,914	6,540	3,787	2,210	2,030
Subtotal business-type activities	<u>78,345</u>	<u>69,234</u>	<u>59,324</u>	<u>58,324</u>	<u>61,297</u>
Total primary government	<u><u>\$ 151,150</u></u>	<u><u>\$ 171,480</u></u>	<u><u>\$ 125,966</u></u>	<u><u>\$ 121,040</u></u>	<u><u>\$ 125,981</u></u>

Source: City of Tracy, Finance Department

City of Tracy
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(amounts in thousands)

	Fiscal Year				
	2024	2023	2022	2021	2020
General Fund:					
Nonspendable	\$ 5,989	\$ 5,535	\$ -	\$ 40	\$ 40
Restricted	9,433	3,596	3,175	2,348	-
Committed	19,919	16,489	16,401	16,401	14,479
Assigned	15,897	12,952	11,277	11,277	6,112
Unassigned	4,017	1,857	6,024	3,964	-
Total General Fund	<u><u>\$ 55,255</u></u>	<u><u>\$ 40,429</u></u>	<u><u>\$ 36,877</u></u>	<u><u>\$ 34,030</u></u>	<u><u>\$ 20,631</u></u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	320,166	240,712	234,392	195,384	155,058
Committed	4,000	4,000	-	-	-
Assigned	138,751	101,782	79,742	38,508	26,193
Unassigned (deficit)	-	-	-	-	-
Special revenue funds	(10)	(145)	(147)	-	(3,131)
Capital projects funds	-	(55)	(102)	(2,176)	(2,174)
Total all other governmental funds	<u><u>\$ 462,907</u></u>	<u><u>\$ 346,294</u></u>	<u><u>\$ 313,885</u></u>	<u><u>\$ 231,716</u></u>	<u><u>\$ 175,946</u></u>

Source: City of Tracy, Finance Department

City of Tracy
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(amounts in thousands)

	Fiscal Year				
	2019	2018	2017	2016	2015
General Fund:					
Nonspendable	\$ 470	\$ 1,525	\$ 5,117	\$ 5,873	\$ 6,640
Restricted	-	-	-	-	-
Committed	14,883	14,961	11,716	-	-
Assigned	15,213	20,997	11,455	358	1,152
Unassigned	-	842	12,483	34,425	29,861
Total General Fund	<u><u>\$ 30,566</u></u>	<u><u>\$ 38,325</u></u>	<u><u>\$ 40,771</u></u>	<u><u>\$ 40,656</u></u>	<u><u>\$ 37,653</u></u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	164,057	153,595	124,932	-	4
Committed	-	-	-	110,191	113,064
Assigned	12,192	5,909	4,438	-	-
Unassigned (deficit)	-	-	-	5,588	13,360
Special revenue funds	(6,609)	(8,192)	(517)	-	-
Capital projects funds	<u><u>(2,382)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(4,431)</u></u>	<u><u>(610)</u></u>
Total all other governmental funds	<u><u>\$ 167,258</u></u>	<u><u>\$ 151,312</u></u>	<u><u>\$ 128,853</u></u>	<u><u>\$ 111,348</u></u>	<u><u>\$ 125,818</u></u>

Source: City of Tracy, Finance Department

City of Tracy
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2024	2023	2022	2021	2020
Revenues:					
Taxes	\$ 147,955	\$ 110,247	\$ 110,165	\$ 88,626	\$ 65,927
Licenses, premits and fees	14,704	16,585	14,084	10,015	7,418
Fines and forfeits	330	342	255	1,098	630
Use of money and property	14,762	4,019	(8,081)	483	5,604
Intergovernmental	16,910	18,918	11,462	8,221	12,770
Charges of services	28,928	33,945	69,914	50,130	41,841
Special assesments	4,838	5,570	5,116	4,305	4,060
Contributions from assessment districts	4,155	-	-	156	3,434
Other	17,775	2,280	11,122	1,353	58
Total revenues	250,357	191,906	214,037	164,387	141,742
Expenditures:					
Current:					
General government	36,006	25,884	19,063	17,658	15,136
Police	49,420	47,132	40,094	35,935	33,708
Fire	16,999	15,909	16,448	15,933	21,909
Development and engineering	8,719	13,136	12,413	12,413	11,258
Public works	15,972	11,794	13,345	11,997	11,547
Parks and community services	21,447	11,046	4,042	3,038	3,181
Capital outlay	20,465	27,823	15,937	9,108	29,699
Debt service:					
Principal	2,563	2,292	765	555	21,315
Interest and fiscal charges	1,613	1,532	1,040	720	1,565
Total expenditures	173,204	156,548	123,147	107,357	149,318
Excess of revenues over (under) expenditures	77,153	35,358	90,890	57,030	(7,576)
Other financing sources (uses):					
Issuance of debt (including premium)	55,901	781	20,327	-	21,737
Contributions	-	-	-	-	3,930
Transfers in	39,941	34,187	118,206	20,489	27,601
Transfers out	(41,554)	(34,365)	(144,408)	(24,562)	(46,971)
Proceeds from sale of property	-	-	-	-	33
Total other financing sources (uses):	54,288	603	(5,875)	(4,073)	6,330
Net change in fund balances	\$ 131,441	\$ 35,961	\$ 85,015	\$ 52,957	\$ (1,246)
Debt service as a percentage of non-capital expenditures ¹	2.76%	3.06%	1.68%	1.31%	17.41%

¹ Calculated by dividing the sum of principal and interest by noncapital expenditures which are total expenditures less a) capital outlay (to extent capitalized for the government-wide statements of net position); and b) expenditures for capitalized assets contained within the functional expenditure categories.

City of Tracy
Changes in Fund Balances, Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
Revenues:					
Taxes	\$ 65,931	\$ 59,838	\$ 47,540	\$ 49,118	\$ 46,915
Licenses, premits and fees	8,161	7,792	7,191	5,236	4,706
Fines and forfeits	880	1,559	510	673	972
Use of money and property	6,003	1,462	1,356	2,936	1,277
Intergovernmental	16,733	21,127	27,127	20,413	16,235
Charges of services	34,752	54,269	9,472	9,997	9,165
Special assesments	4,646	3,597	24,886	14,977	29,899
Contributions from assessment districts	1,697	5,121	3,372	3,574	3,444
Other	147	1,589	3,460	3,501	1,410
Total revenues	<u>138,950</u>	<u>156,354</u>	<u>124,914</u>	<u>110,425</u>	<u>114,023</u>
Expenditures:					
Current:					
General government	14,544	13,579	13,763	14,900	7,748
Police	30,575	27,078	24,690	23,717	22,012
Fire	21,404	22,251	18,483	16,692	16,033
Development and engineering	11,327	13,549	8,828	9,042	7,793
Public works	13,391	10,156	9,292	9,372	9,093
Parks and community services	3,245	2,683	2,287	3,110	3,019
Capital outlay	28,802	38,631	28,645	41,456	20,582
Debt service:					
Principal	405	434	398	368	328
Interest and fiscal charges	<u>1,276</u>	<u>1,292</u>	<u>1,308</u>	<u>1,322</u>	<u>1,334</u>
Total expenditures	<u>124,969</u>	<u>129,653</u>	<u>107,694</u>	<u>119,979</u>	<u>87,942</u>
Excess of revenues over (under) expenditures	13,981	26,701	17,220	(9,554)	26,081
Other financing sources (uses):					
Issuance of debt (including premium)	-	-	-	-	248
Contributions	-	-	-	-	-
Transfers in	36,154	13,040	5,226	6,009	11,723
Transfers out	(40,004)	(16,731)	(5,226)	(8,750)	(11,745)
Proceeds from sale of property	<u>8</u>	<u>350</u>	<u>5</u>	<u>829</u>	<u>420</u>
Total other financing sources (uses):	<u>(3,842)</u>	<u>(3,341)</u>	<u>5</u>	<u>(1,912)</u>	<u>646</u>
Net change in fund balances	<u>\$ 10,139</u>	<u>\$ 23,360</u>	<u>\$ 17,225</u>	<u>\$ (11,466)</u>	<u>\$ 26,727</u>
Debt service as a percentage of non-capital expenditures ¹	1.56%	1.70%	1.97%	1.94%	2.34%

¹ Calculated by dividing the sum of principal and interest by noncapital expenditures which are total expenditures less a) capital outlay (to extent capitalized for the government-wide statements of net position); and b) expenditures for capitalized assets contained within the functional expenditure categories.

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City of Tracy
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property Taxes	Franchise Taxes	Sales and Use Taxes	Transient Taxes	Business License Taxes	Transfer Taxes	Total
2024	\$ 32,051,399	\$ 5,554,956	\$ 97,106,958	\$ 1,931,016	\$ 8,807,059	\$ 2,000,158	\$ 147,451,546
2023	30,093,248	5,127,129	73,724,308	2,185,441	738,856	1,779,260	113,648,242
2022	26,728,529	3,866,095	75,112,096	2,130,821	1,038,011	2,249,015	111,124,567
2021	25,735,540	4,257,868	56,648,873	1,702,313	1,016,050	2,084,113	91,444,757
2020	24,082,470	3,864,335	37,038,773	1,447,897	850,991	1,392,908	68,677,373
2019	22,259,306	3,545,578	37,082,569	1,638,102	934,793	1,130,147	66,590,495
2018	20,848,493	3,508,816	30,760,699	1,597,341	847,027	1,311,406	58,873,782
2017	20,392,536	2,829,424	23,290,667	1,507,518	838,037	372,636	49,230,817
2016	19,638,061	2,775,984	24,371,002	1,378,802	814,210	368,922	49,346,981
2015	17,709,090	2,727,886	24,279,575	1,123,087	818,656	362,107	47,020,401

Source: Finance Department, City of Tracy

City of Tracy
Assessed Value of Taxable Property
Last Ten Fiscal Years

Category	Fiscal Years				
	2024	2023	2022	2021	2020
Residential	\$ 11,854,701,977	\$ 10,872,703,960	\$ 9,760,318,294	\$ 9,143,911,871	\$ 8,555,296,590
Commercial	1,141,025,441	1,083,958,507	1,063,194,692	1,030,981,316	955,735,852
Industrial	2,410,495,429	2,058,957,773	1,725,889,800	1,497,816,029	1,317,064,070
Agricultural	6,989,921	10,060,103	15,740,791	9,954,085	13,112,309
Govt. Owned	63,583	402,603	394,710	390,665	383,006
Institutional	14,759,125	13,819,306	13,241,969	17,778,493	14,022,064
Miscellaneous	491,597	1,188,739	1,181,722	1,059,690	1,040,944
Recreational	14,618,970	14,332,332	14,051,314	13,907,241	13,655,823
Vacant	665,782,514	795,102,051	542,638,869	450,516,491	390,395,541
SBE Nonunitary	13,423,381	13,423,381	13,423,381	13,423,381	11,939,960
Cross Reference	12,403,840	11,232,816	8,944,462	7,908,510	6,625,995
Unsecured	1,124,160,716	738,816,903	586,803,473	608,053,111	558,315,419
Exempt	-	-	-	-	-
Unknown	<u>321,535</u>	<u>315,231</u>	<u>309,051</u>	<u>305,883</u>	<u>336,600</u>
Totals	<u>\$ 17,259,238,029</u>	<u>\$ 15,614,313,705</u>	<u>\$ 13,746,132,528</u>	<u>\$ 12,796,006,766</u>	<u>\$ 11,837,924,173</u>
Total Direct Rate	12.70%	13.34%	13.70%	13.87%	14.29%

*Table updated as of FY23-24

Source: The HdL Company

City of Tracy
Assessed Value of Taxable Property (Continued)
Last Ten Fiscal Years

Category	Fiscal Years				
	2019	2018	2017	2016	2015
Residential	\$ 8,039,865,942	\$ 7,507,417,694	\$ 7,068,856,191	\$ 6,659,567,812	\$ 6,338,819,597
Commercial	947,333,003	929,006,663	885,051,665	813,724,348	809,032,343
Industrial	1,174,162,150	1,096,123,367	985,768,269	729,448,654	731,830,268
Agricultural	14,680,140	16,512,544	16,157,722	64,987,156	50,838,834
Govt. Owned	58,141	57,001	55,884	1,096,359	1,213,712
Institutional	13,108,380	14,530,172	5,720,691	9,515,260	9,692,380
Miscellaneous	1,020,538	1,000,531	904,446	32,517,596	31,703,360
Recreational	13,397,875	13,135,180	12,877,684	16,769,125	16,557,457
Vacant	224,337,103	237,333,513	245,602,494	298,360,191	130,690,678
SBE Nonunitary	11,939,960	11,939,960	11,939,960	12,164,031	12,164,031
Cross Reference	6,538,593	6,436,773	6,326,367	6,166,763	5,447,560
Unsecured	537,094,969	577,931,679	514,650,372	385,687,795	362,915,054
Exempt	-	(14,741,007)	(14,691,821)	(13,653,324)	(11,108,238)
Unknown	692,500.00	-	-	-	-
Totals	\$ 10,984,229,294	\$ 10,396,684,070	\$ 9,739,219,924	\$ 9,016,351,766	\$ 8,489,797,036
Total Direct Rate	14.39%	14.56%	14.90%	15.03%	15.27%

City of Tracy
Direct and Overlapping Property Tax Rates
(Rate Per \$100 of Taxable Value)
Last Ten Fiscal Years

Agency	Fiscal Year				
	2024	2023	2022	2021	2020
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Banta Elementary	0.00000	0.00000	0.00040	0.00150	0.00210
Banta Unified	0.01030	0.01120	0.00000	0.00000	0.00000
Jefferson Elementary	0.02390	0.02410	0.02500	0.02610	0.02590
Lammersville Joint Usd 2016A	0.04410	0.04670	0.03880	0.03950	0.04870
San Joaquin Delta College District	0.01350	0.01440	0.01630	0.01830	0.01990
Tracy Sfid3 2008 Bond	0.02180	0.02040	0.00000	0.00000	0.00000
Tracy Sfid3 2014 Bond	0.03770	0.03660	0.00000	0.00000	0.00000
Tracy Unified School District	0.01030	0.01120	0.06130	0.06320	0.06470
Tracy-Lammersville School District	0.00000	0.00000	0.00000	0.01390	0.01510
Tracy-Lammersville Usd	0.00000	0.00000	0.01370	0.00000	0.00000
Total Direct & Overlapping² Tax Rates	1.16160	1.16460	1.15550	1.16250	1.17640
City's Share of 1% Levy Per Prop 13 ³	0.16903	0.16903	0.16903	0.16903	0.16903
Voter Approved City Debt Rate					
Redevelopment Rate ⁴					1.00000
Total Direct Rate⁵	0.12185	0.12704	0.13342	0.13701	0.13869

*Table updated as of FY22-23

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed, amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

³City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

⁴Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABXI 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

⁵Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

City of Tracy
Direct and Overlapping Property Tax Rates (Continued)
(Rate Per \$100 of Taxable Value)
Last Ten Fiscal Years

Agency	Fiscal Year				
	2019	2018	2017	2016	2015
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Banta Elementary	0.00270	0.00350	0.00510	0.00700	0.00870
Banta Unified	0.00000	0.00000	0.00000	0.00000	0
Jefferson Elementary	0.02730	0.02640	0.02690	0.02710	0.02900
Lammersville Joint Usd 2016A	0.05500	0.05340	0.00000	0.00000	0.00000
San Joaquin Delta College District	0.02250	0.01800	0.01800	0.01980	0.02330
Tracy Sfid3 2008 Bond	0.00000	0.00000	0.00000	0.00000	0
Tracy Sfid3 2014 Bond	0.00000	0.00000	0.00000	0.00000	0
Tracy Unified School District	0.06420	0.03320	0.06690	0.07010	0.02120
Tracy-Lammersville School District	0.01620	0.01720	0.01850	0.02010	0.02130
Tracy-Lammersville School District	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct & Overlapping² Tax Rates	1.18790	1.15170	1.13540	1.14410	1.10350
City's Share of 1% Levy Per Prop 13 ³	0.16903	0.16903	0.16903	0.16903	0.16903
Voter Approved City Debt Rate					
Redevelopment Rate ⁴					
Total Direct Rate ⁵	0.14291	0.14394	0.14564	0.14895	0.15031

*Table updated as of FY22-23

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed, amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

³City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

⁴Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABXI 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

⁵Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

City of Tracy
Principal Property Tax Payers
Current Fiscal Year and Nine Years Ago

Taxpayer Name	2023-2024			2014-2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Prologis	\$ 741,610,383	1	4.30%	\$ -	-	0.00%
Amazon Com Services Inc	480,908,690	2	2.79%	-	-	0.00%
1500 Grant Line Road Project LLC	256,550,674	3	1.49%	-	-	0.00%
AG EHC II (LEN) California 1 LP	162,605,311	4	0.94%	-	-	0.00%
USLP Tracy IV LP	144,330,000	5	0.84%	-	-	0.00%
Fedex Ground Package System Inc	137,935,374	6	0.80%	-	-	0.00%
Leprino Foods Company Corporation	105,081,407	7	0.61%	95,337,391	2	1.12%
OLLIIX LLC	98,194,881	8	0.57%	-	-	0.00%
LTMT Tracy LLC	90,043,231	9	0.52%	-	-	0.00%
IPT Tracy DC LLC	88,464,478	10	0.51%	-	-	0.00%
Prologis Logistics Services Inc	-		0.00%	151,791,046	1	1.79%
Tracy Mall Partners LP	-		0.00%	86,139,607	3	1.01%
Golden State FC LLC	-		0.00%	61,428,862	4	0.72%
PAC Corporate Center Tracy	-		0.00%	53,902,064	5	0.63%
Central Valley LLC	-		0.00%	53,531,077	6	0.63%
Duke Realty LP	-		0.00%	43,434,122	7	0.51%
Tracy Hills Project Owner LLC	-		0.00%	43,060,743	8	0.51%
Inland Container Corporation	-		0.00%	34,724,551	9	0.41%
DCT Tracy Logistics Center LLC	-		0.00%	32,860,745	10	0.39%
 Top Ten Total	 \$ 2,305,724,429		 13.36%	 \$ 656,210,208		 7.72%
 Total Taxable Assessed Value	 \$ 17,259,238,029		 100%	 \$ 8,500,905,274		 100%

Source: The HdL Company

City of Tracy
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent of Levy Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Value of City Property Subject to Local Tax Rate
2015	\$ 11,403,560	\$ 11,403,560	100.00%	0.00	\$ 11,403,560	100.00%	\$ 8,500,905,274
2016	12,406,318	12,406,318	100.00%	0.00	12,406,318	100.00%	9,030,005,090
2017	13,134,172	13,134,172	100.00%	0.00	13,134,172	100.00%	9,753,911,745
2018	13,862,573	13,862,573	100.00%	0.00	13,862,573	100.00%	10,411,425,077
2019	14,553,581	14,553,581	100.00%	0.00	14,553,581	100.00%	10,984,229,294
2020	15,247,629	15,247,629	100.00%	0.00	15,247,629	100.00%	11,837,934,173
2021	16,172,399	16,172,399	100.00%	0.00	16,172,399	100.00%	12,796,006,766
2022	16,987,177	16,987,177	100.00%	0.00	16,987,177	100.00%	13,746,132,528
2023	18,475,370	18,475,370	100.00%	0.00	18,475,370	100.00%	15,614,313,705
2024	20,811,224	20,811,224	100.00%	0.00	20,811,224	100.00%	17,259,238,029

Note: San Joaquin County is on the Teeter Plan. The County remits 100% of all taxes assessed and keeps all penalties and interest on all delinquent taxes.

Source:

1. San Joaquin County - Office of the Auditor-Controller
2. Finance Department, City of Tracy

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City of Tracy
Sales Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Measure E Rate	Measure V Rate	Transportation Prop K Rate	Transportation Development Act Rate	County Rate	State Rate	Total Sales Tax Rate
2015	1%	0.50%		0.50%	0.25%	1%	5%	8.50%
2016	1%	0.50%		0.50%	0.25%	1%	5.25%	8.50%
2017	1%		0.50% (b)	0.50%	0.25%	1%	5.00%	8.25%
2018	1%		0.50%	0.50%	0.25%	1%	5.00%	8.25%
2019	1%		0.50%	0.50%	0.25%	1%	5.00%	8.25%
2020	1%		0.50%	0.50%	0.25%	1%	5.00%	8.25%
2021	1%		0.50%	0.50%	0.25%	1%	5.00%	8.25%
2022	1%		0.50%	0.50%	0.25%	1%	5.00%	8.25%
2023	1%		0.50%	0.50%	0.25%	1%	5.00%	8.25%
2024	1%		0.50%	0.50%	0.25%	1%	5.00%	8.25%

(a) Voters approved Proposition 30, a state-wide quarter cent sales tax with a 4-year sunset effective January 1, 2013

(b) Tracy voters approved Measure V, a half cent sales tax with a 20-year sunset effective April 1, 2017

Source:

Finance Department, City of Tracy

City of Tracy
Taxable Sales by Category
Last Ten Calendar Years

	Calendar Year				
	2023	2022	2021	2020	2019
Apparel Stores	\$ 43,678	\$ 42,566	\$ 43,894	\$ 29,585	\$ 45,996
General Merchandise	245,944	239,308	241,016	211,098	215,778
Food Stores	52,333	53,741	52,618	51,414	44,261
Eating and Drinking Places	225,367	218,783	202,177	158,950	178,351
Building Materials	346,393	279,859	233,419	202,710	189,871
AutoDealers and Supplies	416,856	405,075	443,208	370,331	350,576
Service Stations	214,444	251,600	194,018	139,326	182,184
Other Retail Stores	163,259	181,774	182,660	153,035	157,597
All Other Outlets	<u>5,913,636</u>	<u>5,336,018</u>	<u>4,306,000</u>	<u>2,261,351</u>	<u>1,345,065</u>
Total	<u>\$ 7,621,910</u>	<u>\$ 7,008,724</u>	<u>\$ 5,899,010</u>	<u>\$ 3,577,800</u>	<u>\$ 2,709,679</u>
City Direct sales tax rate	1%	1%	1%	1%	1%
City Measure E sales tax rate (a)	-	-	-	-	-
City Measure V sales tax (b)	0.5%	0.5%	0.5%	0.5%	0.5%

Note:

(a) Tracy voters approved Measure E, a half cent sales tax with a 5-year sunset effective April 1, 2011

(b) Tracy voters approved Measure V, a half cent sales tax with a 20-year sunset effective April 1, 2017

Source: California State Board of Equalization, The HdL Companies

City of Tracy
Taxable Sales by Category (Continued)
Last Ten Calendar Years

	Calendar Year				
	2018	2017	2016	2015	2014
Apparel Stores	\$ 48,375	\$ 45,092	\$ 42,757	\$ 37,505	\$ 36,141
General Merchandise	213,141	211,023	205,287	194,285	189,643
Food Stores	41,464	39,602	40,058	38,770	38,310
Eating and Drinking Places	170,823	166,207	156,364	144,165	129,855
Building Materials	184,662	159,793	143,846	133,261	107,213
AutoDealers and Supplies	370,195	378,150	346,023	322,460	299,641
Service Stations	183,816	160,010	145,865	160,612	189,487
Other Retail Stores	164,930	155,905	155,745	152,952	139,558
All Other Outlets	<u>941,402</u>	<u>760,321</u>	<u>335,371</u>	<u>291,643</u>	<u>303,531</u>
Total	<u>\$ 2,318,808</u>	<u>\$ 2,076,103</u>	<u>\$ 1,571,316</u>	<u>\$ 1,475,653</u>	<u>\$ 1,433,379</u>
City Direct sales tax rate	1%	1%	1%	1%	1%
City Measure E sales tax rate (a)	-	0.5%	0.5%	0.5%	0.5%
City Measure V sales tax (b)	0.5%	-	-	-	-

Note:

(a) Tracy voters approved Measure E, a half cent sales tax with a 5-year sunset effective April 1, 2011

(b) Tracy voters approved Measure V, a half cent sales tax with a 20-year sunset effective April 1, 2017

Source: California State Board of Equalization, The HdL Companies

City of Tracy
Principal Sales Tax Producers
Current Calendar Year and Ten Years Ago

2023		2014	
Taxpayer Name	Business Type	Taxpayer Name	Business Type
Amazon Fulfillment Center	Fulfillment Centers	Amazon Robotics	Heavy Industrial
Amazon MFA	Fulfillment Centers	American Truck & Trailer Body Co	Trailers/Auto Parts
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Bunzl 71	Food Service Equip/Supplies	Arco AM PM	Service Stations
Chevron	Service Stations	Arco AM PM	Service Stations
Chevron	Service Stations	Barbosa Cabinets	Contractors
Consolidated Electrical Distributors	Plumbing/Electrical Supplies	Best Buy	Electronics/Appliance Stores
Costco	Discount Dept Stores	Chevron	Service Stations
Crate & Barrel	Fulfillment Centers	Costco	Discount Dept Stores
Fisher Scientific	Medical/Biotech	Country Nissan	New Motor Vehicle Dealers
Glassfab Tempering Services	Trailers/Auto Parts	Crate & Barrel	Fulfillment Centers
Home Depot	Building Materials	Home Depot	Building Materials
Independent Electric Supply	Plumbing/Electrical Supplies	Independent Electric Supply	Plumbing/Electrical Supplies
Medline Industries	Medical/Biotech	Macy's	Department Stores
Nixon Egli Equipment	Warehse/Farm/Const. Equip.	Nixon Egli Equipment	Warehse/Farm/Const. Equip.
Platinum Hyundai	New Motor Vehicle Dealers	Premier Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers
Safeway Fuel	Service Stations	Safeway Fuel	Service Stations
Target	Discount Dept Stores	Target	Discount Dept Stores
Tracy Chevrolet	New Motor Vehicle Dealers	Tracy Chevrolet	New Motor Vehicle Dealers
Tracy Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers	Tracy Ford	New Motor Vehicle Dealers
Tracy Ford	New Motor Vehicle Dealers	Tracy Honda	New Motor Vehicle Dealers
Tracy Honda	New Motor Vehicle Dealers	Tracy Mazda	New Motor Vehicle Dealers
Tracy Toyota	New Motor Vehicle Dealers	Tracy Toyota	New Motor Vehicle Dealers
Tracy Volkswagen	New Motor Vehicle Dealers	Tracy Truck & Auto Stop	Service Stations
Walmart Supercenter	Discount Dept Stores	Walmart Supercenter	Discount Dept Stores

Sources: The HdL Companies

City of Tracy
Water and Wastewater Rates
Last Ten Fiscal Years

Fiscal Year	Water		Wastewater
	Monthly Base Rate	Per 100 cubic feet	Monthly Base Rate
2015	20.40	1.00	34.00
2016	20.40	1.00	34.00
2017	20.40	1.00	34.00
2018	24.72	1.00	34.00
2019	24.72	1.00	34.00
2020	30.90	1.00	34.00
2021	30.90	1.00	34.00
2022	30.90	1.00	34.00
2023	30.90	1.00	34.00
2024	30.90	1.00	48.05

Notes:

100 cubic feet = 748 gallons

Rates are based on 1 inch meter-the standard household meter size in Tracy.

Utility charges an excess use rate above normal demand.

Source: Finance Department - City of Tracy

City of Tracy
Ratios of Outstanding Debt by Type
Lest Ten Fiscal Years

Governmental Activities

Fiscal Year	Lease Revenue Bonds (a)	Capital Leases and Loans (a)	Lease Liability (a)	Subscription Liability (a)	Total Governmental Activities
2015	\$ 22,726,000	\$ 1,021,108	\$ -	\$ -	\$ 23,747,108
2016	22,420,000	131,831	-	-	22,551,831
2017	22,085,000	68,552	-	-	22,153,552
2018	21,720,000	-	-	-	21,720,000
2019	20,910,000	-	-	-	20,910,000
2020	20,875,000	-	-	-	20,875,000
2021	20,390,000	-	-	-	20,390,000
2022	35,315,000	-	59,687	-	35,374,687
2023	38,731,342	-	575,495	1,213,488	40,520,325
2024	90,577,186	-	1,931,247	1,186,523	93,694,956

Note: Special Assessment Bonds have no City commitment.

Source: (a) Finance Department, City of Tracy
 (b) The HdL Company

City of Tracy
Ratios of Outstanding Debt by Type (Continued)
Lest Ten Fiscal Years

Fiscal Year	Business-type Activities						Total Primary Government	Per Capita (b)	Population (b)
	Water/Sewer/ Airport Notes Payable (a)	Sewer Revenue Bonds (a)	Subscription Liability (a)	Total Business-Type Activities					
2015	\$ 13,576,864	\$ 25,935,000	\$ -	\$ 39,511,864	\$ 63,258,972	742	\$ 85,296		
2016	12,618,907	25,215,000	-	37,833,907	60,385,738	694	86,985		
2017	11,650,638	24,470,000	-	36,120,638	58,274,190	665	87,613		
2018	10,659,579	23,695,000	-	34,354,579	56,074,579	617	90,832		
2019	8,630,809	22,115,000	-	30,745,809	51,655,809	580	92,800		
2020	8,606,933	22,050,000	-	30,656,933	51,531,933	537	95,931		
2021	7,544,235	21,175,000	-	28,719,235	49,109,235	503	98,601		
2022	6,456,524	20,260,000	-	26,716,524	62,091,211	619	94,538		
2023	5,343,213	19,305,000	53,860	24,702,073	65,222,398	612	95,615		
2024	4,203,697	18,305,000	27,155	22,535,852	116,230,808	1,203	96,609		

Note: Special Assessment Bonds have no City commitment.

Source: (a) Finance Department, City of Tracy
 (b) The HdL Company

City of Tracy
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Outstanding General Bond Debt

Fiscal Year	Lease Revenue Bonds (a)		Total	Percent of Assessed Value		Per Capita
	\$				%	
2015	\$ 22,725,000		\$ 22,725,000		0.25%	\$ 261
2016	22,420,000		\$ 22,420,000		0.23%	256
2017	22,085,000		\$ 22,085,000		0.21%	243
2018	21,720,000		\$ 21,720,000		0.20%	234
2019	21,315,000		\$ 21,315,000		0.18%	222
2020	20,875,000		\$ 20,875,000		0.16%	212
2021	20,390,000		\$ 20,390,000		0.16%	207
2022	35,315,000		\$ 35,315,000		0.26%	374
2023	38,731,342		\$ 33,870,000		0.22%	354
2024	90,577,186		\$ 90,577,186		0.52%	938

Source: Finance Department, City of Tracy

City of Tracy
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024

2023-2024 Assessed Valuation: \$ 17,259,238,029

	Total Debt 6/30/2024	% Applicable (a)	City's Share of Debt 06/30/2023
OVERLAPPING TAX AND ASSESSMENT DEBT:			
San Joaquin Delta Community College District	\$ 162,660,000	14.72%	\$ 23,937,046
Lammersville Joint Unified School District	55,650,000	12.84%	7,142,678
Tracy Unified School District	26,050,000	86.48%	22,527,519
Tracy Unified School District School Facilities Improvement District No. 3	95,012,900	92.17%	87,571,490
Banta School District	265,000	10.21%	27,057
Jefferson School District	43,822,132	80.17%	35,133,080
City of Tracy Community Facilities District No. 93-1	1,710,000	100%	1,710,000
City of Tracy Community Facilities District No. 98-1	17,690,000	100%	17,690,000
City of Tracy Community Facilities District No. 98-3	180,000	100%	180,000
City of Tracy Community Facilities District No. 99-1	630,000	100%	630,000
City of Tracy Community Facilities District No. 99-2	3,510,000	100%	3,510,000
City of Tracy Community Facilities District No. 2000-1	7,270,000	100%	7,270,000
City of Tracy Community Facilities District No. 2006-1	7,165,000	100%	7,165,000
City of Tracy Community Facilities District No. 2016-1 I.A No. 1	64,490,000	100%	64,490,000
City of Tracy Community Facilities District No. 2016-1 I.A No. 1	33,955,000	100%	33,955,000
City of Tracy Community Facilities District No. 2016-2 I.A No. 1	14,970,000	100%	14,970,000
City of Tracy Community Facilities District No. 2016-2 I.A No. 2	12,970,000	100%	12,970,000
City of Tracy Community Facilities District No. 2021-1	6,815,000	100%	6,815,000
City of Tracy 1915 Act Bonds	420,000	100%	420,000
California Statewide Community Development Authority 1915 Act Bonds	7,756,054	100%	7,756,054
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 355,869,924
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Joaquin County Certificates of Participation	49,210,000	15.913%	\$ 7,830,787
Lammersville Joint Unified School District General Fund Obligations	13,930,000	12.835%	1,787,916
City of Tracy Governmental Activities Obligations	116,230,808	100%	\$ 116,230,808
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:			\$ 125,849,511
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 22,670,000	100%	\$ 22,670,000
TOTAL DIRECT DEBT			\$ 116,230,808
TOTAL OVERLAPPING DEBT:			\$ 388,158,627
COMBINED TOTAL DEBT			\$ 504,389,435 (b)

(a) 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 assessed value.

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

Ratios to 2023-24 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.06%
Total Direct Debt (\$35,658,983).....	0.48%
Combined Total Debt.....	2.73%

Ratios to Redevelopment Incremental Valuation (\$1,528,258,550)

Total Overlapping Tax Increment Debt.....	1.79%
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Source: CalMuni - Avenu Insights & Analytics City of Tracy

City of Tracy
Legal Debt Margin information
Last Ten Fiscal Years
(in millions)

	Fiscal Year				
	2024	2023	2022	2021	2020
Assessed Value	\$ 17,259	\$ 15,614	\$ 13,746	\$ 12,796	\$ 11,837
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	4,315	3,904	3,437	3,199	2,959
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	647	586	515	480	444
Total net debt applicable to limit	<u>105</u>	<u>58</u>	<u>62</u>	<u>49</u>	<u>51</u>
Legal debt margin	<u><u>\$ 542</u></u>	<u><u>\$ 528</u></u>	<u><u>\$ 453</u></u>	<u><u>\$ 431</u></u>	<u><u>\$ 393</u></u>

Note:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel.) The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Sources: Finance Department, City of Tracy San Joaquin County - Office of the Auditor Controller

City of Tracy
Legal Debt Margin information (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2019	2018	2017	2016	2015
Assessed Value	\$ 10,984	\$ 10,336	\$ 10,495	\$ 8,941	\$ 8,387
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,746	2,584	2,624	2,235	2,097
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	412	388	394	335	315
Total net debt applicable to limit	54	56	58	60	63
Legal debt margin	<u>\$ 358</u>	<u>\$ 332</u>	<u>\$ 336</u>	<u>\$ 275</u>	<u>\$ 252</u>

Note:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel.) The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Sources: Finance Department, City of Tracy San Joaquin County - Office of the Auditor Controller

City of Tracy
Pledged-Revenue Coverage
Last Ten Fiscal Years

	Fiscal Year				
	2024	2023	2022	2021	2020
Water revenue bonds/State Loan					
Water revenue	\$ 22,473,469	\$ 22,773,326	\$ 29,403,252	\$ 23,910,369	\$ 20,475,348
Less: Operating Expenses	(18,539,475)	(21,155,835)	(18,752,844)	(16,388,854)	(16,711,869)
Net available revenue	<u>3,933,994</u>	<u>1,617,491</u>	<u>10,650,408</u>	<u>3,763,479</u>	<u>1,592,149</u>
Debt service:					
Principal	1,139,516	1,113,312	1,062,698	1,038,261	1,014,385
Interest	118,404	144,608	195,222	219,659	243,535
Total Debt Service	<u>1,257,920</u>	<u>1,257,920</u>	<u>1,257,920</u>	<u>1,257,920</u>	<u>1,257,922</u>
Coverage	3.13	1.29	8.47	2.99	1.27
Wastewater revenue bonds:					
Wastewater revenue	\$ 22,232,268	\$ 16,408,713	\$ 20,282,263	\$ 16,904,623	\$ 23,835,116
Less: Operating expenses	(18,676,496)	(16,379,280)	(15,337,137)	(14,485,122)	(12,605,193)
Net available revenue	<u>3,555,772</u>	<u>29,433</u>	<u>4,945,126</u>	<u>11,229,923</u>	<u>12,485,082</u>
Debt service:					
Principal	1,000,000	955,000	915,000	875,000	840,000
Interest	889,701	932,865	975,418	1,014,818	1,051,480
Total Debt Service	<u>1,889,701</u>	<u>1,887,865</u>	<u>1,890,418</u>	<u>1,891,480</u>	<u>1,891,235</u>
Coverage	1.88	0.02	2.62	5.94	6.60

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

Operating expenses do not include interest or depreciation expenses.

(a) In 2018, there was an increase of Capital Contributions and Grants due to a \$3.2M transfer from Tracy Hills Pump Stations JJTP & Capital Acq.

(b) The City received \$9.7M in grant funds for Proposition 84 Delta Water Quality

Source: City of Tracy. Finance Department

City of Tracy
Pledged-Revenue Coverage (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2019	2018	2017	2016	2015
Water revenue bonds/State Loan					
Water revenue	\$ 16,702,467	\$ 16,352,909	\$ 15,433,348	\$ 15,438,772	\$ 17,675,668
Less: Operating Expenses	(15,110,318)	(14,246,407)	(13,671,219)	(13,380,117)	(13,976,245)
Net available revenue	<u>2,106,502</u>	<u>1,762,129</u>	<u>2,058,655</u>	<u>3,699,423</u>	<u>5,928,620</u>
Debt service:					
Principal	991,059	968,269	946,003	924,249	902,995
Interest	266,861	289,651	311,917	33,671	354,925
Total Debt Service	<u>1,257,920</u>	<u>1,257,920</u>	<u>1,132,923</u>	<u>1,390,419</u>	<u>1,257,919</u>
Coverage	1.67	1.40	1.82	2.66	4.71
Wastewater revenue bonds:					
Wastewater revenue	24,825,340	15,196,599	14,434,402	14,092,302	14,558,438
Less: Operating expenses	(12,340,258)	(12,467,159)	(8,003,091)	(7,449,704)	(7,823,215)
Net available revenue	<u>2,729,440</u>	<u>6,431,311</u>	<u>6,642,598</u>	<u>6,735,223</u>	<u>5,819,664</u>
Debt service:					
Principal	805,000	775,000	745,000	720,000	695,000
Interest	1,086,235	1,119,028	1,153,480	1,182,670	1,208,468
Total Debt Service	<u>1,894,028</u>	<u>1,898,480</u>	<u>1,902,670</u>	<u>1,903,468</u>	<u>2,251,956</u>
Coverage	1.44	3.39	3.49	3.54	2.58

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

Operating expenses do not include interest or depreciation expenses.

(a) In 2018, there was an increase of Capital Contributions and Grants due to a \$3.2M transfer from Tracy Hills Pump Stations JJTP & Capital Acq.

(b) The City received \$9.7M in grant funds for Proposition 84 Delta Water Quality

Source: City of Tracy. Finance Department

City of Tracy
Demographics and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (4)	City of Tracy			Unemployment	
		Labor Force (1)	Employment (1)	Rate (1)	Number (1)	
2015	84,937	41,200	38,100	7.4%	3,050	
2016	89,208	42,000	38,800	7.5%	3,000	
2017	90,890	42,100	39,200	6.8%	2,900	
2018	92,553	44,700	43,100	3.7%	1,700	
2019	92,800	43,700	41,800	4.4%	1,900	
2020	95,931	43,700	38,800	11.3%	4,900	
2021	98,601	45,800	42,900	6.2%	2,800	
2022	94,538	46,500	44,700	3.8%	1,800	
2023	97,328	47,900	45,600	4.8%	2,300	
2024	98,010	48,900	46,500	5.1%	2,500	

Sources:

1. California Employment Development Department-Labor Market Information
2. Finance Department, City of Tracy
3. The HdL Companies
4. U.S. Census Bureau

City of Tracy
Demographics and Economic Statistics (Continued)
Last Ten Fiscal Years

Fiscal Year	San Joaquin County				
	Labor		Unemployment		
	Population (4)	Force (1)	Employment (1)	Rate (1)	Number (1)
2015	719,511	309,800	282,600	8.80%	27,200
2016	733,383	316,900	288,800	8.90%	28,100
2017	733,709	318,000	293,700	7.60%	24,168
2018	745,424	332,400	315,700	5.00%	16,700
2019	752,660	324,500	305,800	5.80%	18,800
2020	762,148	322,100	283,700	11.90%	38,400
2021	783,534	333,100	308,200	7.50%	24,900
2022	784,298	340,000	322,400	5.20%	17,600
2023	793,229	349,500	329,000	5.90%	20,600
2024	800,965	356,900	335,000	6.10%	21,900

Sources:

1. California Employment Development Department-Labor Market Information
2. Finance Department, City of Tracy
3. The HdL Companies
4. U.S. Census Bureau

City of Tracy
Principal Employers
Current Fiscal Year and Nine Years Ago

Taxpayer Name	2024		Percentage of Total City Employment	2015		Percentage of Total City Employment
	Number of Employees	Rank		Number of Employees	Rank	
Amazon - Multiple Sites	7,410	1	15.41%	1,853	1	9.86%
FedEX Ground Package System	1,831	2	3.81%			
Tracy Unified School District	1,203	3	2.50%			
Medline Industries	750	4	1.56%			
Taylor Farms Pacific Inc.	748	5	1.56%	433	4	2.30%
City of Tracy	506	6	1.05%			
Sutter Tracy Community Hospital	419	7	0.87%			
Walmart Supercenter *	389	8	0.81%	377	6	2.01%
Leprino Foods	331	9	0.69%	309	9	1.64%
Costco Wholesale #658	301	10	0.63%			
The Home Depot #5641				442	3	2.35%
SMX LLC				840	2	4.47%
Barbosa Cabinets Inc.				384	5	2.04%
Restoration Hardware				355	7	1.89%
Best Buy				332	8	1.77%
Orchard Supply Hardware				279	10	1.48%
Total Top 10 Employers	<u>13,888</u>		28.87%	<u>5,604</u>		29.81%
Total City Labor Force	<u>48,100</u>					

Source: MuniServices, LLC / Avenu Insights & Analytics

Results based on direct correspondence with local businesses within City limits.

* Includes Full & Part Time Employees

** Business has not responded to Avenu's inquires, prior year count applied.

(1) Total City Labor Force provided by EDD Labor Force Data.

City of Tracy
Full-Time and Part-Time City Employees
By Function
Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City Attorney	4	4	4	4	4	3	4	4	4	4
City Council	5	5	5	5	5	5	5	5	5	5
City Manager's Office	9.5	18	15		31.50	-	-	-	-	-
City Clerk Office	2	2	2	12.00	-	-	-	-	-	-
Cultural Arts Division	14.5	25	16	13.50	-	-	-	-	-	-
Economic Development Division	4	3	2	2.00	0	2	3	3	3	3
Community Engagement and										
Public Information Division	1	1	1.00	-	-	-	-	-	-	-
Information Technology	14	9	9	8.00	-	-	-	-	-	-
Development Services	52	63	63	35	55.5	66	61	61	39	37
Finance	24	25	22	22	25	30	34	32	26	27
City Treasurer	1	1	1	1	1	1	1	1	1	1
South County Fire Authority	96.5	100	100	97	83	89	82	81	80	79
Human Resources	11	11	12	10	10	9	10	9	6	6
Parks and Recreation	-	0	39.5	15	48	a	14	13	23	38
Administration	6	11	6.00	-	-	-	-	-	-	-
Maintenance	31	42	22.00	-	-	-	-	-	-	-
Recreation	35	53	60.00	-	-	-	-	-	-	-
Community Facilities	13	20	19	10.50	-	-	-	-	-	-
Transit	4.5	4	4	3.00	0	3	3	3	3	2
Airport	3	2	2	2.00	0	2	2	2	2	2
Police	174	176	160	151.5	157	144	143	139	133	136
Public Works	-	-	0	96	92	85	84	61	46	
Administrative Services	18	19	14	14.00	0	9	8	8	7	7
Solid Waste and Recycling	7	4	4.00	0	4	1	1	1	1	
Internal	20	20	11	12.00	-	-	-	-	-	-
Aquatics	-	-	-	-	-	-	-	-	-	-
Utilities Maintenance	41	20	21	19.00	-	-	-	-	-	-
Water	7	9	8	18.00	0	31	31	30	35	39
Wastewater	12	11	11	7.00	0	43	25	25	26	26
Street, Community Preservation, Concrete and Traffic										
Maintenance	36	53	51	71.00	0	5	3	3	3	3
Total	639	714	645	561	586	515	504*	458	462	456

Note 1: Table updated as of FY23-24

Note 2: Amounts prior to 2017 do not include vacant positions.

(a) Figure includes all Part-time employees, non-PERS and PERS.

Source: Finance Department, City of Tracy

City of Tracy
Operating Indicators by Function / Program
Last Ten Fiscal Years

	Fiscal Year				
	2024	2023	2022	2021	2020
General Government					
Building Permits Issued	2,572	3,791	3,930	3,552	3,184
Building Inspections requested	27,987	29,089	35,160	38,937	22,337
Police:					
Arrests	1,954	1,774	1,642	1,156	1,859
Parking citations issued	885	1,009	773	427	618
Traffic violations	5,485	3,413	3,094	1,968	2,524
Fire:					
Number of emergency calls	10,662	5,552	10,644	9,029	9,014
Inspections	2,160	1,989	2,868	2,187	2,005
Water:					
Water Mains (miles)	515	485	480	472	465
New connections	359	307	882	653	383
Maximum Daily Capacity (gallons) (millions of gallons)	57	57	57	57	57
Average daily consumptions (gallons) (millions of gallons)	17	17	17	18	18
Sewer:					
Sanitary Sewer (miles)	510	480	475	465	460
New connections	359	286	858	644	373
Average daily treatment (gallons) (millions of gallons)	11	11	10	10	10
Airport:					
Hangar rentals	72	76	94	79	69
Solid waste:					
Refuse collected (tons per day)	295	290	328	301	285
Recyclables collected (tons per day)	93	90	84	89	86
Transit:					
Average daily passengers	415	326	273	174	432
Total fixed route miles	307,996	277,529	264,472	265,926	272,622

Source: City of Tracy Departments

City of Tracy
Operating Indicators by Function / Program (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2019	2018	2017	2016	2015
General Government					
Building Permits Issued	3,050	2,988	2,904	2,736	2,852
Building Inspections requested	20,384	18,028	16,260	17,025	13,824
Police:					
Arrests	2,705	2,768	2,894	2,732	2,502
Parking citations issued	1,291	1,022	1,335	1,685	1,160
Traffic violations	4,063	3,320	4,630	6,341	5,450
Fire:					
Number of emergency calls	9,031	8,811	7,351	6,924	6,811
Inspections	3,002	3,374	3,785	5,164	4,071
Water:					
Water Mains (miles)	452	440	431	426	426
New connections	295	256	1,173	228	74
Maximum Daily Capacity (gallons) (millions of gallons)	57	57	57	57	57
Average daily consumptions (gallons) (millions of gallons)	15	17	16	13	14
Sewer:					
Sanitary Sewer (miles)	450	440	426	421	421
New connections	285	256	650	227	74
Average daily treatment (gallons) (millions of gallons)	9.00	9	9.8	10.0	9.5
Airport:					
Hangar rentals	68	76	76	62	76
Solid waste:					
Refuse collected (tons per day)	278	266	264	252	221
Recyclables collected (tons per day)	86	81	86	76	69
Transit:					
Average daily passengers	552	546	585	505	519
Total fixed route miles	344,724	341,126	302,039	358,405	313,380

Source: City of Tracy Departments

City of Tracy
Capital Asset Statistics by Function / Program
Last Ten Fiscal Years

	Fiscal Year				
	2024	2023	2022	2021	2020
Police:					
Number of stations	1	1	1	1	1
Fire:					
Number of stations	7	7	7	6	6
Public works:					
Number of street lights	6,979	6,979	6,929	6,928	6,142
Number of traffic signals	77	77	77	77	76
Parks and recreation:					
Number of parks	85	81	77	77	77
Number of community centers	3	3	3	3	3
Water:					
Water mains (miles)	515	485	480	472	472
Wastewater					
Sanitary sewers (miles)	510	480	475	465	465
Airport:					
Number of hangars	95	94	94	79	79
Transit:					
Number of vehicles	17	17	17	15	15

Source: City of Tracy Departments

City of Tracy
Capital Asset Statistics by Function / Program (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2019	2018	2017	2016	2015
Police:					
Number of stations	1	1	1	1	1
Fire:					
Number of stations	6	6	6	6	7
Public works:					
Number of street lights	6,141	6,141	6,110	6,110	6,004
Number of traffic signals	75	75	85	85	84
Parks and recreation:					
Number of parks	77	77	77	77	76
Number of community centers	3	3	3	3	3
Water:					
Water mains (miles)	450	440	431	426	426
Wastewater					
Sanitary sewers (miles)	452	440	426	421	421
Airport:					
Number of hangars	68	76	76	62	76
Transit:					
Number of vehicles	15	15	15	15	15

Source: City of Tracy Departments

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