



CITY OF TRACY

Annual Comprehensive Financial Report

Fiscal year ended June 30, 2025

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Artist: Caleb Dowdell

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the
CITY OF TRACY, CALIFORNIA

For the fiscal year ended
June 30, 2025

Prepared by the
Finance Department

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Introductory Section



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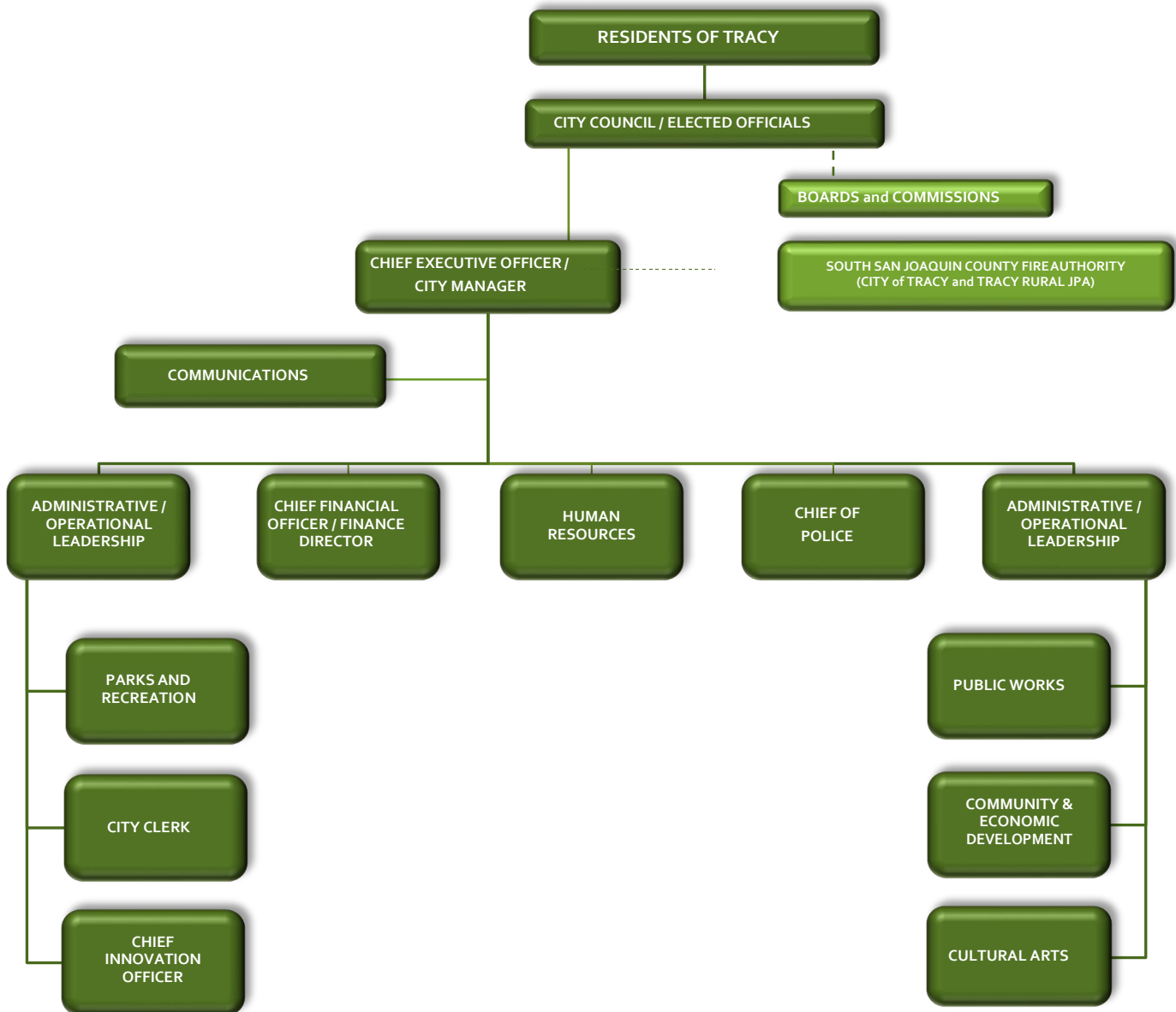
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CITY OF TRACY

Functional Organization Chart

FISCAL YEAR 2024-2025



CITY OF TRACY, CALIFORNIA
COUNCIL – MANAGER FORM OF GOVERNMENT

June 30, 2025

CITY COUNCIL

DAN ARRIOLA

Mayor

STEVE ABERCROMBIE

Mayor Pro Tempore

MATEO BEDOLLA

Council Member

DAN EVANS

Council Member

DOTTY NYGARD

Council Member

OTHER ELECTED OFFICIAL

RAYMOND MCCRAY

City Treasurer

CITY OF TRACY, CALIFORNIA

EXECUTIVE TEAM

MIDORI LICHTWARDT

City Manager

ARTURO M. SANCHEZ

Assistant City Manager

VACANT

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
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Tracy, CA 95376

CITY MANAGER'S OFFICE

MAIN 209.831.6000
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www.cityoftracy.org

December 18, 2025

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 ending June 30, 2025. State law requires all general-purpose local government publish 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), within six months after the close of the fiscal year.

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, 2025 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, 2025, are fairly presented in conformity with GAAP. The independent auditors' report is the first item presented in the financial section of this report.

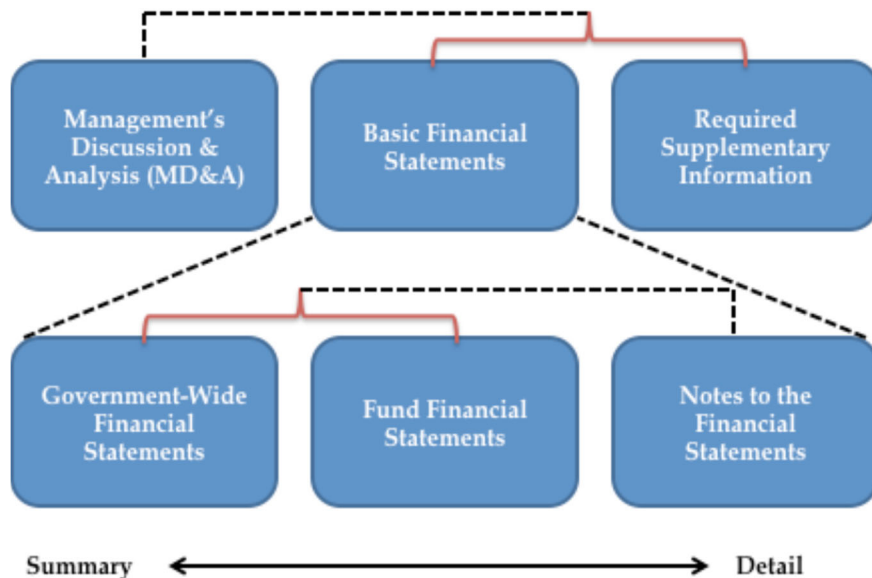
The analysis of the financial condition and the result of operations are in the Management Discussion & Analysis (MD&A) section immediately following the auditors' report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A.

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

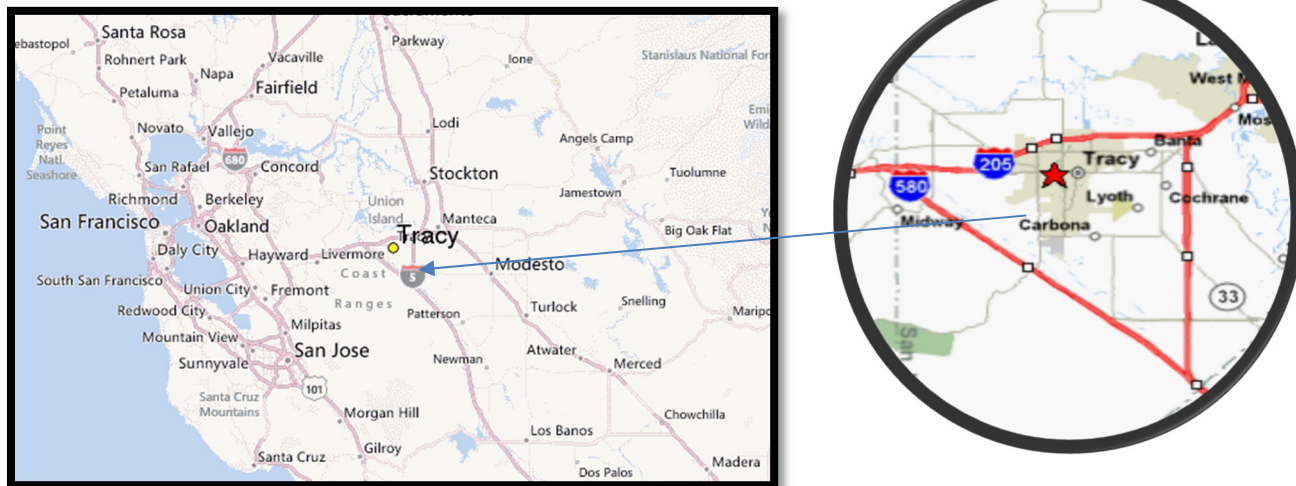


In addition to the financial audit, each year the City is required to undergo an audit of federal grant expenditures. That report is commonly referred to as a Single Audit report and is issued as a separate document and is not included herein. The Single Audit report includes the Schedule of Expenditures 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 99,000 and 29.1 square miles in 2025. The San Joaquin Council of Governments (SJCOG) forecasts that Tracy's population is anticipated to grow to nearly 130,000-150,000 by 2040. The SJCOG population projections are based on the growth projections developed by the Eberhardt School of Business at University of the Pacific (UOP) in collaboration with SJCOG.

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 June 8, 2025, the City Council adopted the 2025-2027 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:

- Public Safety
- Government Accountability
- Local Economy
- Infrastructure
- Quality of Life

For more information on the City's Strategic Priorities, please visit the City's website.

[City of Tracy 2025 - 2027 Strategic Priorities](#)

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 54,220 employed by June 2025. Tracy's unemployment rate is at 5.60%, below that of the County's rate of 7.0%, and the average household income in Tracy is \$151,49, with the average household income in San Joaquin County being \$121,231.

The housing market in Tracy remains healthy, with consistent growth year over year. Currently, there are 31,196 completed housing units in the City with the median home price 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's Economic Development Division continued implementing the City Council's Ten-Year Economic Development Strategic Plan, focusing on business attraction, small-business support, and regional partnerships. These activities contributed to a more diverse economic base and supported the City's positive fiscal outlook.

Retail and commercial investment remained steady during the year. Trader Joe's opened in a long-vacant building, activating the mall area, and Sprouts Farmers Market broke ground at Ellis Village Center. Outreach conducted by staff engaged more than 30 national and regional operators, leading to active discussions with several retail, restaurant, and family entertainment brands. These efforts align with community interest in expanded amenities and strengthen Tracy's regional market position.

Marketing and outreach activities expanded significantly. Social media announcements including the Trader Joe's opening and Sprouts groundbreaking reached audiences of up to 44,000. The City's economic development website averaged more than 12,000 quarterly users and 20,000 page views, while conferences and publications broadened visibility among investors, retailers, and developers.

The Division also emphasized small-business support by conducting over 350 business visits and administering two surveys to identify needs in marketing, workforce recruitment, and access to capital. These insights are guiding the relaunch of the Grow Tracy Fund, which will offer SBA 7(a) loans to facilitate business growth. Staff also maintained consistent engagement with the West Valley Mall to address vacancy issues and explore reinvestment opportunities.

Real property activities supported key asset management goals, including telecommunications lease negotiations with major carriers and ongoing efforts to dispose of City-owned assets, such as the Westside Market site. Additionally, the Downtown Tracy Community Benefit District was renewed and expanded with a new ten-year term, generating about \$295,000 annually for beautification, maintenance, marketing, and events. The division also managed CDBG and HOME programs by setting priorities, issuing the annual Notice of Funding Availability, hosting workshops, and awarding grants to support community services.

These efforts demonstrate a strong economic environment characterized by ongoing investment, stronger partnerships, and continuous support for local businesses. Tracy's strategic approach to economic development positions the City for lasting stability and long-term financial health.

Financial Condition Highlights

The City Council and staff developed a set of fiscal sustainability strategies that were established 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. The strategies have continued to be adopted into each fiscal year's budget since their inception. 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 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 \$78.18 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, 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 2024-25, the Measure V tax proceeds received and recorded were \$11.9 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	Estimated Costs
Legacy Field (Phase 1E) (Completed)	\$19 M	\$19 M
Multi-Generational Recreation Center	\$58 M	\$88 M
Aquatic Center	\$53 M	\$65 M
Nature Park (Phase 1)	\$1 M	\$8.4 M
Ritter Family Ball Park	\$3 M	\$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, 2025.

Summary of the General Fund Reserves as of June 30, 2025

Non-Spendable	SSJCFA Contribution Prepayment	\$6,655,875
	Advances to Other Funds	\$6,408,382
Restricted	PERS 115 Trust	\$4,852,763
	Fire Medical Leave Bank	\$1,963,005
	Medical Leave Bank	\$3,649,609
Committed	17% Reserve (Emergency)	\$21,189,000
Assigned	13% Reserve (Economic Stability)	\$16,204,000
	Prior Year Re-Appropriations	\$131,809
	PERS UAL Holding	\$5,937,088
	Retiree Medical	\$3,729,531
	Community Benefit	\$364,385
	Animal Control Trust	\$22,348
Unassigned		<u>\$4,960,163</u>
		<u><u>\$76,067,958</u></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 is 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 Investments are reviewed by the Finance Committee, which is comprised of two seated Council members. Quarterly, the committee meets in a public meeting 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 early 2025, the Council adopted a two-year Strategic Priority Work plan for FY25 - FY27 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). CDTFA previously 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 loss of revenue. 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, such as Public Safety facilities. 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 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. Another \$2 million was contributed in FY 2024-25. Funds in the trust are invested for long-term growth and can only be used to pay pension-related obligations.

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. Recently named the TRAC (Tracy Recreation Activity Center), 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 summer 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. The project is under construction and is estimated to be completed in February 2026.

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This was the 37th 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 through the dedication and diligence of the entire Finance Department staff. We express our gratitude for each member's contributions and also acknowledge The Pun Group, our independent auditors, for their meticulous and professional execution of the audit.

In closing, we extend our heartfelt gratitude to the Mayor and City Council for their leadership and support in advancing the City's commitment to excellence in financial reporting.

Respectfully submitted,

A handwritten signature in cursive script, reading "Midori Lichtwardt".

Midori Lichtwardt
City Manager

A handwritten signature in cursive script, reading "Sara Castro".

Sara Castro
Director of Finance

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**INDEPENDENT AUDITOR'S 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, 2025, 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, 2025, 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, 2025. 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 Auditor's 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.

Emphasis of Matter***Change in Accounting Principle***

As discussed in Note 22 to the financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*, effective July 1, 2024. The implementation of this standard required the City to change its method of accounting for compensated absences and resulted in a restatement of beginning net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

Correction of Error

As discussed in Note 22 to the financial statements, during the current fiscal year, the City implemented a new capital asset module within its enterprise resource planning (ERP) system and, in the process, identified a miscalculation of accumulated depreciation in prior periods. The correction of this error resulted in a restatement of beginning net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

As discussed in Note 22 to the financial statements, the City implemented a new capital asset module within its enterprise resource planning (ERP) system during the current fiscal year and, in connection with this implementation, identified and corrected an error in previously issued financial statements related to the miscalculation of depreciation. The correction of this error resulted in a restatement of beginning net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

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.

Auditor's 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 auditor's 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.

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 auditor's 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.

To the Honorable Mayor and Members
of the City Council of the City of Tracy
Tracy, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, 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.

The Pw Group, LLP

Walnut Creek, California
December 18, 2025

City of Tracy
Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2025

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, 2025. 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 2024-25 fiscal year by \$1,707.7 million Net Position. Of this amount, \$348.7 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 \$124.5 million, with \$99.3 million attributable to governmental activities and \$25.2 million attributable business-type activities.
- As of June 30, 2025, the City's combined governmental funds reported fund balance of \$561.3 million. Of the \$561.3 million; \$25.2 million is committed, \$361.0 million is assigned, and \$4.7 million is available to meet the City's current and future needs.
- As of June 30, 2025, the fund balance for the General Fund was \$76.1 million of which \$13.1 million is designated as Non-Spendable for items such as deposits, prepaid assets, inter-fund advances, and inventory. Restricted fund balance was \$10.5 million, designated for medical leave bank. Committed fund balance was \$21.2 million, designated for Contingency/Emergency. Assigned fund balance was \$26.4 million, designated for items such as prior reappropriation and fiscal sustainability. Unassigned funds were \$5.0 million as of June 30, 2025.

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, 2025

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, streets and facilities/transportation, public works, and culture and recreation. 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, 2025

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 35 governmental funds of which 4 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, 2025

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 \$124.5 million or 7.9%, from \$1,583.2 million at June 30, 2024 to \$1,707.7 million at June 30, 2025. Restricted net position accounted for \$175.4 million restricted for capital projects, debt service and legally segregated taxes, grants, and fees. The unrestricted net position increased by \$175.0 million, from \$173.7 million at June 30, 2024 to \$348.7 million at June 30, 2025 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 \$116.8 million and Net OPEB Liability of \$6.4 million in accordance with Generally Accepted Accounting Principles.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table reflects the Summary of Net Position for the fiscal year ended June 30, 2025 with comparative data for the fiscal year ended June 30, 2024.

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Cash and Investments	\$ 525,303	\$ 462,607	\$ 61,253	\$ 50,891	\$ 586,556	\$ 513,498
Other Assets	120,074	127,550	32,545	25,306	152,619	152,856
Capital Assets	777,166	718,181	482,251	457,245	1,259,417	1,175,426
Total Assets	1,422,543	1,308,338	576,049	533,442	1,998,592	1,841,780
Deferred Outflows						
Related to Pension/OPEB	28,540	40,320	4,034	5,433	32,574	45,753
Current Liabilities	57,598	41,002	13,884	10,358	71,482	51,360
Non-Current Liabilities	208,002	216,173	32,919	36,145	240,921	252,318
Total Liabilities	265,600	257,175	46,803	46,503	312,403	303,678
Deferred Inflows						
Related to Leases	1,571	1,956	5,533	3,199	7,104	5,155
Related to Pensions/OPEB	3,353	2,336	633	437	3,986	2,773
Total Deferred Inflows	4,924	4,292	6,166	3,636	11,090	7,928
Net Investment in Capital						
Assets	721,626	619,339	461,958	434,709	1,183,584	1,054,048
Restricted	175,437	348,186	1	1	175,438	348,187
Unrestricted	283,496	119,666	65,155	54,026	348,651	173,692
Total Net Position	\$ 1,180,559	\$ 1,087,191	\$ 527,114	\$ 488,736	\$ 1,707,673	\$ 1,575,927

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's Government-wide Net Position as of June 30, 2025, comprised of the following:

- Cash and investments combined increased by \$73.1 million or 14.2%, from \$513.5 million at June 30, 2024 to \$586.6 million at June 30, 2025. The \$586.6 million of cash and investments is in the city treasury and investments.
- Receivables increased by \$12.4 million, from \$78.7 million at June 30, 2024 to \$91.2 million at June 30, 2025. Receivables were comprised of \$70.2 million of current receivables and \$21.0 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 \$83.9 million or 7.1%, from \$1,175.4 million at June 30, 2024 to \$1,259.4 million at June 30, 2025. Net capital assets of \$1,259.4 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position decreased \$172.7 million or 49.6%, from \$348.2 million at June 30, 2024 to \$175.4 million at June 30, 2025. Restricted Net Position is restricted for capital projects \$116.0 million; low-moderate income housing projects \$1.1 million; debt service \$7.3 million; and \$51.0 million may be spent on other projects as specified by funding source restrictions.
- Unrestricted Net Position increased by \$175.0 million or 100.7%, from \$173.7 million at June 30, 2024 to \$348.7 million at June 30, 2025. 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, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The Change in Net Position expressed as the change in revenues and expenses through June 30, 2025 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	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for Services	\$ 51,105	\$ 38,869	\$ 97,546	\$ 79,471	\$ 148,651	\$ 118,340
Operating Contributions and Grants	17,286	17,479	4,767	3,891	22,053	21,370
Capital Grants and Contributions	30,700	20,340	23,399	5,743	54,099	26,083
Total Program Revenues	99,091	76,688	125,712	89,105	224,803	165,793
General Revenues:						
Property Taxes	33,721	32,051	-	-	33,721	32,051
Other Taxes	109,368	115,400	-	-	109,368	115,400
Other General Revenues	45,181	33,839	4,571	10,465	49,752	44,304
Total General Revenues	188,270	181,290	4,571	10,465	192,841	191,755
Total Revenues	287,361	257,978	130,283	99,570	417,644	357,548
Expenses						
General Government	46,485	47,147	-	-	46,485	47,147
Police	59,168	49,569	-	-	59,168	49,569
Fire	19,959	18,950	-	-	19,959	18,950
Development & Engineering	10,238	6,005	-	-	10,238	6,005
Public Works	24,877	25,624	-	-	24,877	25,624
Parks & Community Services	23,746	20,229	-	-	23,746	20,229
Interest on Long-term Debt	3,624	1,436	-	-	3,624	1,436
Water	-	-	27,793	23,603	27,793	23,603
Wastewater	-	-	25,089	25,874	25,089	25,874
Solid Waste	-	-	39,489	36,571	39,489	36,571
Storm Drainage	-	-	2,539	2,133	2,539	2,133
Airport	-	-	2,469	2,168	2,469	2,168
Transit	-	-	7,742	7,352	7,742	7,352
Total Expenses	188,097	168,960	105,121	97,701	293,218	266,661
Changes in net position before transfers	99,264	89,018	25,162	1,869	124,426	90,887
Transfers	-	(1,613)	-	1,613	-	-
Change in Net Position	99,264	87,405	25,162	3,482	124,426	90,887
Net Position, Beginning, as restated	1,081,295	999,786	501,952	485,254	1,583,247	1,485,040
Net Position, Ending	\$ 1,180,559	\$1,087,191	\$ 527,114	\$ 488,736	\$1,707,673	\$ 1,575,927

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Revenues

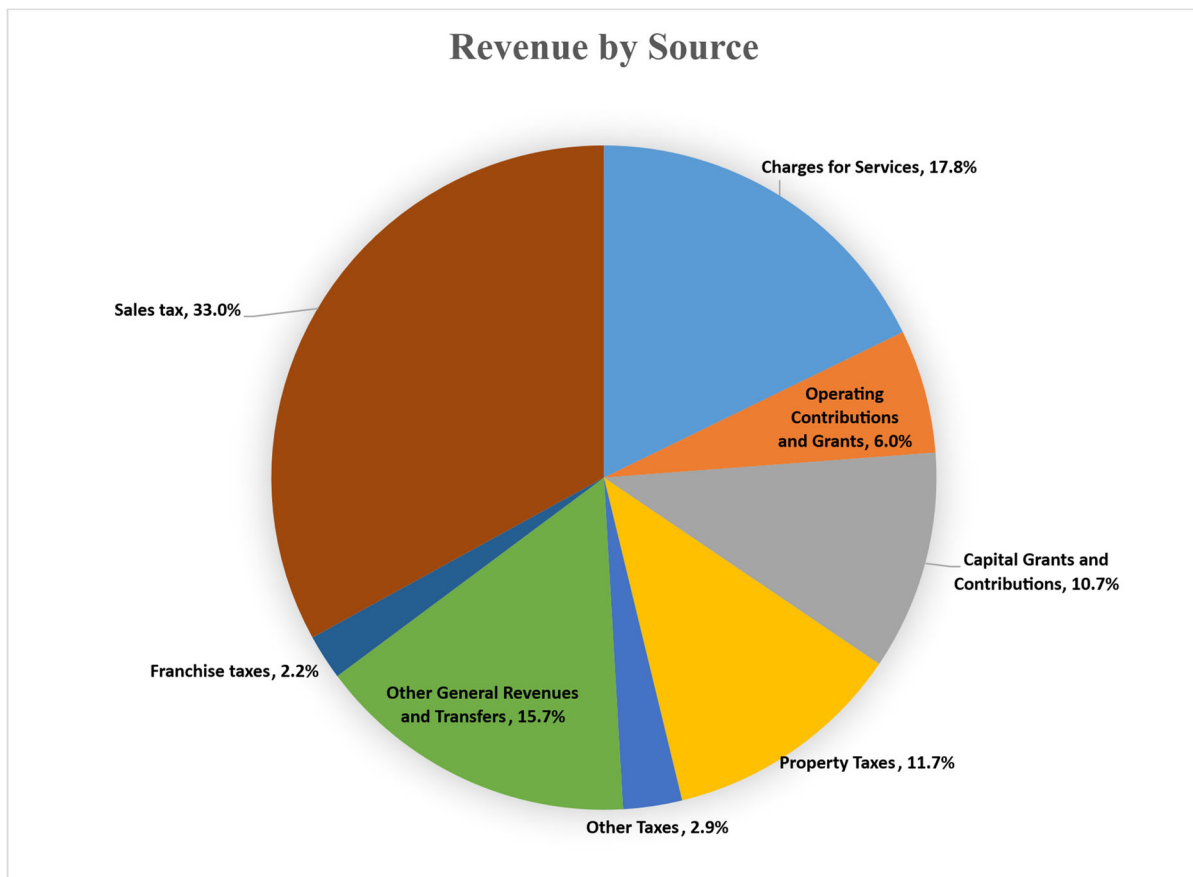
Total revenues increased by \$60.1 million or 16.8%, from \$357.5 million at June 30, 2024 to \$417.6 million at June 30, 2025. Total governmental program revenues increased by \$22.4 million, largely due to increases in charges for services and capital grants and contributions. Total governmental general revenues increased by \$7.0 million.

Expenses

Total expenses for the City increased by \$26.6 million or 10.0%, from \$266.7 million at June 30, 2024 to \$293.2 million at June 30, 2025. Governmental activities incurred \$188.1 million of expenses while business-type activities incurred \$105.1 million. Of the Governmental Activities, the largest expenses were in Public Safety \$79.1 million; Public Works \$24.9 million; and General Government \$46.5 million.

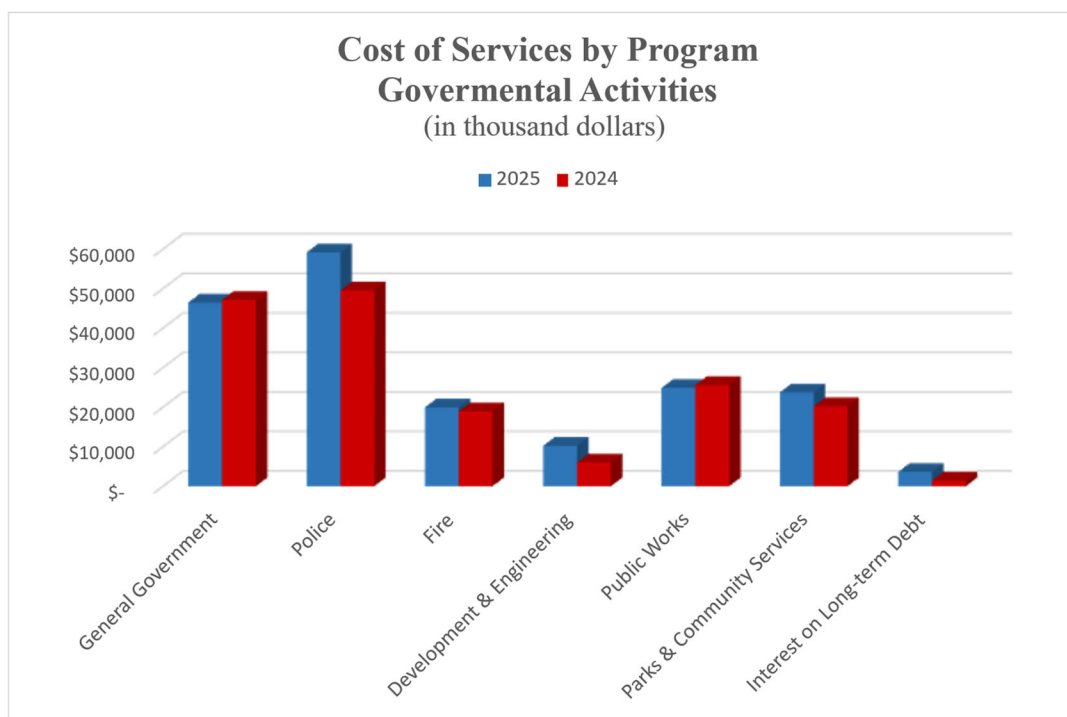
Governmental Activities

Total resources available during the year to finance governmental operations were \$1,368.7 million consisting of net position at June 30, 2024 of \$1,081.3 million (as restated), program revenues of \$99.1 million and general revenues, net of transfers, in amount of \$188.3 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, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



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

	Business-type Activities	
	2025	2024
Net Revenue (Expense)		
from Business-type Activities		
Water	\$5,455	\$830
Wastewater	4,876	(2,057)
Solid Waste	2,868	(1,449)
Drainage	6,194	(570)
Airport	(894)	(1,254)
Transit	2,092	(4,096)
Total Business-type Activities	\$20,591	(\$8,596)

Program revenues of Business-type Activities increased \$36.6 million or 41.1%, from a total of \$89.1 million at June 30, 2024 to a total of \$125.7 million at June 30, 2025. This was a result of increases in charges for services and capital grants received.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

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, 2025, the City's governmental funds reported combined fund balances of \$561.3 million, which is an increase of \$43.1 million or 8.3%, from \$518.2 million at June 30, 2024. Total revenues increased by \$29.4 million or 11.7%, from \$250.4 million at June 30, 2024 to \$279.7 million at June 30, 2025. Of this total, \$184.1 million was in the General Fund. Total expenditures increased by \$65.7 million or 37.9%, from \$173.2 million at June 30, 2024 to \$238.9 million at June 30, 2025. Of this total, \$138.2 million was in the General Fund.

General Fund

At June 30, 2025, the General Fund balance of \$76.1 million, was comprised of \$21.2 million committed funds for contingency/emergency reserve, \$26.4 million in assigned funds, including \$16.2 million for the economic/budget stability reserve, \$5.9 million for PERS UAL holding, \$3.7 million for retiree medical, \$0.4 million for community benefit, \$0.1 million for prior year reappropriations, and \$0.02 million for Animal Control Trust. Restricted funds were \$10.5 million, with \$4.9 million for the City's PERS 115 trust, and \$5.6 million for medical leave banks. Non-spendable funds of \$13.0 million are for the City's prepayment of a portion of the City's FY26 South San Joaquin County Fire Authority (SSJCFA) membership dues. Unassigned funds at June 30, 2025 were \$5.0 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, 2025, the fund balance of the Housing Successor Special Revenue Fund was \$5.1 million with \$4.0 million committed and \$1.1 million restricted.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

General Projects Capital Fund

The General Projects Fund had revenues of \$4.3 million, transfers in of \$86.5 million, and expenditures of \$34.2 million. The fund balance increased \$56.6 million from \$138.8 million at June 30, 2024 to \$195.4 million at June 30, 2025. Funding for the General Project Fund is transferred from the City's General Fund. Capital project expenses include the Multi-Generational Recreation Center (78178), Park Maintenance (78193), and Road Rehabilitation Project (73206). 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 \$25.8 million and expenditures of \$7.4 million. The fund balance increased \$13.1 million from \$126.2 million at June 30, 2024 to \$139.3 million at June 30, 2025. 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.

Community Development Fees Special Revenue Fund

The Community Development Fees Special Revenue Fund was reclassified as a non-major fund during the fiscal year due to a decrease in the amount of fees being received.

Lease Revenue Bonds Fund

The Lease Revenue Bonds Fund was reclassified as a non-major fund during the fiscal year due to the fund no longer meeting the quantitative criteria for major fund reporting.

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 \$527.1 million at June 30, 2025. Enterprise operating revenues were \$99.1 million and operating expenses were \$103.9 million in fiscal year 2025. Operating expenses included \$16.0 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.

Water Fund

The net position of the Water Fund at June 30, 2025 was \$213.0 million, an increase of \$6.4 million over the prior fiscal year. The net position of the Water fund at June 30, 2024 was \$206.5 million (as restated). Approximately \$14.4 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$198.6 million. Activities for the year were comprised of \$25.2 million in operating revenues for the current year and \$27.5 million in operating expenses including \$5.0 million in depreciation expense.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Wastewater Fund

The net position of the Wastewater Fund at June 30, 2025 was \$190.0 million, an increase of \$6.2 million over the prior fiscal year. The net position of the Wastewater fund at June 30, 2024 was \$183.8 million (as restated). Approximately \$23.9 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$166.2 million. Activities for the year were comprised of \$27.2 million in operating revenues for the current year and \$24.3 million in operating expenses including \$6.6 million in depreciation expense. In fiscal year 2024-25, the Wastewater fund saw the second rate increase in a five-year Council adopted rate plan.

Solid Waste Fund

The net position of the Solid Waste Fund at June 30, 2025 was \$12.6 million, an increase of \$3.4 million over the prior fiscal year. The net position of the Solid Waste fund at June 30, 2024 was \$9.2 million (as restated). Approximately \$12.1 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$0.5 million. Activities for the year were comprised of \$42.2 million in operating revenues for the current year and \$39.5 million in operating expense.

Drainage Fund

The net position of the Drainage Fund at June 30, 2025 was \$70.7 million, an increase of \$6.2 million over the prior fiscal year. The net position of the Drainage fund at June 30, 2024 was \$64.5 million (as restated). Approximately \$0.6 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$70.1 million. Activities for the year were comprised of \$0.9 million in operating revenues for the current year and \$2.5 million in operating expenses including \$2.0 million in depreciation expenses.

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the General Fund totaled \$138.4 million. The difference in appropriations between the original budget and the final amended budget was \$11.9 million. The variance of the final amended budget to the actual expenditures was \$0.2 million. At the end of the fiscal year, the total actual expenditures of the General Fund were \$138.2 million.

CAPITAL ASSETS

At the end of fiscal 2025, the City had \$1,259.4 million, net of depreciation and amortization, 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	
	2025	2024	2025	2024	2025	2024
Non-depreciable assets						
Land	\$ 181,125	\$ 181,091	\$ 19,057	\$ 19,057	\$ 200,182	\$ 200,148
Streets and Roads	343,632	332,210	-	-	343,632	332,210
Construction in-Progress	103,402	54,812	44,909	37,649	148,311	92,461
Water rights	-	-	72,835	-	72,835	-
Total	628,159	568,113	136,801	56,706	764,960	624,819
Depreciable assets						
Buildings and Improvements	153,307	147,516	172,759	171,165	326,066	318,681
Improvements	74,784	70,211	-	-	74,784	70,211
Grading, Curbs & Gutters						
Sidewalks & Driveway Approaches	32,135	32,135	-	-	32,135	32,135
Traffic Signals	37,931	32,748	8,118	8,118	46,049	40,866
Equipment	30,259	36,892	50,389	47,602	80,648	84,494
Infrastructure	12,219	12,219	451,332	435,976	463,551	448,195
Intangible Assets	1,361	1,368	55	73,476	1,416	74,844
Less: accumulated depreciation	(197,113)	(186,203)	(337,224)	(335,848)	(534,337)	(522,051)
Net depreciable assets	144,883	146,886	345,429	400,489	490,312	547,375
Lease right to use assets						
Buildings and Improvements	2,497	2,283	-	-	2,497	2,283
Less: accumulated amortization	(685)	(349)	-	-	(685)	(349)
Net lease right to us assets	1,812	1,934	-	-	1,812	1,934
Subscription assets						
Subscription assets	4,213	2,143	86	86	4,127	2,057
Less: accumulated amortization	(1,901)	(895)	(65)	(36)	(1,836)	(859)
Net lease right to us assets	2,312	1,248	21	50	2,291	1,198
Total Capital Assets	\$ 777,166	\$ 718,181	\$ 482,251	\$ 457,245	\$ 1,259,375	\$ 1,175,326

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

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 1 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 65, instead of providing depreciation. During fiscal year 2025, the City expended \$9,723,048 to preserve its roads, and the condition index level was 65. The City estimates that it will be required to expend approximately \$11.5M annually to maintain its roads at the current PCI level of 65.

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 decreased by \$1.1 million or 1.2%, from \$93.7 million at June 30, 2024 to \$92.6 million at June 30, 2025. The City's Business Activities long-term debt outstanding decreased by \$2.2 million or -10.0%, from \$22.5 million at June 30, 2024 to \$20.3 million at June 30, 2025.

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

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Leases Payable	\$ 1,888	\$ 1,931	\$ -	\$ -	\$ 1,888	\$ 1,931
Subscription Liability	2,069	1,187	-	27	2,069	1,214
2020 Lease Revenue Refunding Bonds 3%-4%	15,030	15,735	-	-	15,030	15,735
2020 Lease Revenue Refunding Bonds Premium	2,580	2,764	-	-	2,580	2,764
2022 Lease Revenue Bonds	15,820	16,665	-	-	15,820	16,665
2022 Lease Revenue Refunding Bonds Premium	1,657	1,785	-	-	1,657	1,785
2024 Lease Revenue Bonds	50,355	50,355	-	-	50,355	50,355
2024 Lease Revenue Refunding Bonds Premium	3,164	3,273	-	-	3,164	3,273
2004 Wastewater Revenue Bonds	-	-	17,255	18,305	17,255	18,305
State of California-Department of Health Services Loan	-	-	3,037	4,204	3,037	4,204
Total Long-Term Liabilities	<u>\$ 92,563</u>	<u>\$ 93,695</u>	<u>\$ 20,292</u>	<u>\$ 22,536</u>	<u>\$ 112,855</u>	<u>\$ 116,231</u>

City of Tracy
Management Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

Throughout fiscal year 2024-25, the City's economic development continued to grow through expansion of several existing businesses, construction of new commercial 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 \$1.7 million, or 5.2% over fiscal year 2023-2024 and is expected to continue to grow by 3% annually over the next 3-5 years.

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 54,220 employed by June 2025. Tracy's unemployment rate is at 5.60% and the average household income is \$151,492.

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 3-5 fiscal years. 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, 2025

	Primary Government			Component Unit
	Governmental	Business-Type		South San
	Activities	Activities	Total	Joaquin County
				Fire Authority
ASSETS				
Current assets:				
Cash and investments	\$ 525,302,549	\$ 61,253,369	\$ 586,555,918	\$ 12,096,421
Restricted cash and investments	4,852,763	-	4,852,763	-
Cash and investments with fiscal agents	41,877,579	614	41,878,193	-
Accounts receivable, net	8,652,283	18,127,421	26,779,704	1,044,736
Intergovernmental receivable	34,933,147	7,161,654	42,094,801	-
Interest receivable	737,372	90,371	827,743	-
Lease receivable - due within one year	189,648	276,980	466,628	-
Deposits	1,000,000	-	1,000,000	-
Prepaid items	6,841,087	1,008,442	7,849,529	-
Inventories	-	570,994	570,994	-
Due from Fiduciary Funds	4,033,816	-	4,033,816	-
Due from Component Unit	1,258,832	-	1,258,832	-
Internal balances	141,282	(141,282)	-	-
Total current assets	629,820,358	88,348,563	718,168,921	13,141,157
Noncurrent assets:				
Lease receivable - due in more than one year	1,420,462	5,449,479	6,869,941	-
Loans receivable	14,136,113	-	14,136,113	-
Capital assets:				
Non-depreciable/amortizable	628,159,593	136,800,789	764,960,382	649,970
Depreciable/amortizable, net	149,006,538	345,450,068	494,456,606	1,062,290
Total capital assets, net	777,166,131	482,250,857	1,259,416,988	1,712,260
Total noncurrent assets	792,722,706	487,700,336	1,280,423,042	1,712,260
Total assets	1,422,543,064	576,048,899	1,998,591,963	14,853,417
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	1,634,664	375,993	2,010,657	-
Related to pensions	26,905,010	3,657,790	30,562,800	5,062,354
Total deferred outflows of resources	28,539,674	4,033,783	32,573,457	5,062,354

City of Tracy
Statement of Net Position (Continued)
June 30, 2025

	Primary Government			Component Unit
	Governmental	Business-Type		South San
	Activities	Activities	Total	Joaquin County
				Fire Authority
LIABILITIES				
Current liabilities:				
Accounts payable	23,996,275	7,727,449	31,723,724	1,007,726
Accrued payroll	3,486,046	78,088	3,564,134	1,144,090
Deposits	15,551,116	68,050	15,619,166	-
Interest payable	655,555	1,853,296	2,508,851	-
Unearned revenue	2,489,094	656,787	3,145,881	6,655,875
Due to Primary Government	-	-	-	1,258,832
Total OPEB liability - due within one year	237,447	54,615	292,062	-
Sick leave conversion - due within one year	665,643	-	665,643	-
Compensated absences - due within one year	7,052,693	1,156,493	8,209,186	3,539,344
Long-term debt - due within one year	3,464,276	2,288,788	5,753,064	-
Total current liabilities	57,598,145	13,883,566	71,481,711	13,605,867
Noncurrent liabilities:				
Total OPEB liability - due in more than one year	5,208,394	1,197,997	6,406,391	-
Net pension liability	103,768,351	13,045,888	116,814,239	129,374
Sick leave conversion - due in more than one year	6,443,650	-	6,443,650	-
Compensated absences - due in more than one year	3,483,431	671,740	4,155,171	-
Long-term debt - due in more than one year	89,098,309	18,003,572	107,101,881	-
Total noncurrent liabilities	208,002,135	32,919,197	240,921,332	129,374
Total liabilities	265,600,280	46,802,763	312,403,043	13,735,241
DEFERRED INFLOWS OF RESOURCES				
Related to leases	1,570,490	5,533,272	7,103,762	-
Related to OPEB	2,749,874	632,505	3,382,379	-
Related to pensions	603,365	-	603,365	1,391
Total deferred inflows of resources	4,923,729	6,165,777	11,089,506	1,391
NET POSITION				
Net investment in capital assets	721,626,184	461,958,497	1,183,584,681	1,712,260
Restricted:				
Debt service	7,298,776	614	7,299,390	-
Public safety	600,815	-	600,815	-
Streets and roads	29,154,157	-	29,154,157	-
Community development	14,548,292	-	14,548,292	-
Special districts	6,750,959	-	6,750,959	-
Projects	116,019,359	-	116,019,359	-
Housing services	1,064,787	-	1,064,787	-
Total restricted	175,437,145	614	175,437,759	-
Unrestricted	283,495,400	65,155,031	348,650,431	4,466,879
Total net position	\$ 1,180,558,729	\$ 527,114,142	\$ 1,707,672,871	\$ 6,179,139

City of Tracy
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government					
Economic development	\$ 1,869,150	\$ -	\$ 727,924	\$ 156,738	\$ 884,662
General government	20,882,031	25,012,834	-	2,118,125	27,130,959
Finance	6,896,292	-	-	-	-
Non-departmental	16,838,185	8,009,433	2,433,451	653,320	11,096,204
Public safety					
Police	59,168,338	484,689	2,919,880	298,872	3,703,441
Fire	19,959,496	-	-	-	-
Public ways and facilities					
Development and engineering	10,238,064	13,478,178	-	-	13,478,178
Public works	24,876,639	2,887,133	10,676,947	27,472,755	41,036,835
Community development					
Parks and community services	23,745,605	1,232,401	528,370	-	1,760,771
Interest and fiscal charges	3,623,859	-	-	-	-
Total governmental activities	<u>188,097,659</u>	<u>51,104,668</u>	<u>17,286,572</u>	<u>30,699,810</u>	<u>99,091,050</u>
Business-type activities:					
Water	27,793,050	25,073,314	-	8,174,754	33,248,068
Wastewater	25,089,427	26,938,742	-	3,027,171	29,965,913
Solid waste	39,488,720	42,199,181	-	157,426	42,356,607
Drainage operations	2,539,375	867,961	-	7,865,136	8,733,097
Municipal airport	2,468,600	1,197,445	20,000	357,468	1,574,913
Municipal transit	7,742,127	1,269,734	4,746,658	3,817,471	9,833,863
Total business-type activities	<u>105,121,299</u>	<u>97,546,377</u>	<u>4,766,658</u>	<u>23,399,426</u>	<u>125,712,461</u>
Total primary government	<u>\$ 293,218,958</u>	<u>\$ 148,651,045</u>	<u>\$ 22,053,230</u>	<u>\$ 54,099,236</u>	<u>\$ 224,803,511</u>
Component unit:					
South San Joaquin County Fire Authority	\$ 31,071,353	\$ 4,369,082	\$ 28,839,728	\$ -	\$ 33,208,810
Total component unit	<u>\$ 31,071,353</u>	<u>\$ 4,369,082</u>	<u>\$ 28,839,728</u>	<u>\$ -</u>	<u>\$ 33,208,810</u>

City of Tracy
Statement of Activities (Continued)
For the Year Ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Joaquin County Fire Authority
Primary government:				
Governmental activities:				
General government				
Economic development	\$ (984,488)	\$ -	\$ (984,488)	\$ -
General government	6,248,928	-	6,248,928	-
Finance	(6,896,292)	-	(6,896,292)	-
Non-departmental	(5,741,981)	-	(5,741,981)	-
Public safety				
Police	(55,464,897)	-	(55,464,897)	-
Fire	(19,959,496)	-	(19,959,496)	-
Public ways and facilities				
Development and engineering	3,240,114	-	3,240,114	-
Public works	16,160,196	-	16,160,196	-
Community development				
Parks and community services	(21,984,834)	-	(21,984,834)	-
Interest and fiscal charges	(3,623,859)	-	(3,623,859)	-
Total governmental activities	(89,006,609)	-	(89,006,609)	-
Business-type activities:				
Water	-	5,455,018	5,455,018	-
Wastewater	-	4,876,486	4,876,486	-
Solid waste	-	2,867,887	2,867,887	-
Drainage operations	-	6,193,722	6,193,722	-
Municipal airport	-	(893,687)	(893,687)	-
Municipal transit	-	2,091,736	2,091,736	-
Total business-type activities	-	20,591,162	20,591,162	-
Total primary government	(89,006,609)	20,591,162	(68,415,447)	-
Component unit:				
South San Joaquin County Fire Authority	-	-	-	2,137,457
Total component unit	-	-	-	2,137,457
General Revenues:				
General revenues:				
Taxes:				
Property taxes	33,720,635	-	33,720,635	-
Sales and use taxes	94,810,084	-	94,810,084	-
Franchise taxes	6,323,974	-	6,323,974	-
Transient occupancy tax	2,020,485	-	2,020,485	-
Business license tax	4,142,193	-	4,142,193	-
Transfer tax	2,071,583	-	2,071,583	-
Total taxes	143,088,954	-	143,088,954	-
Motor vehicle in lieu, unrestricted	300,027	-	300,027	-
Investment income	25,951,426	2,979,442	28,930,868	-
Other revenue	18,930,127	1,592,014	20,522,141	-
Total general revenues	188,270,534	4,571,456	192,841,990	-
Change in net position	99,263,925	25,162,618	124,426,543	2,137,457
Net Position:				
Beginning of year, as restated (Note 22)	1,081,294,804	501,951,524	1,583,246,328	4,041,682
End of year	\$ 1,180,558,729	\$ 527,114,142	\$ 1,707,672,871	\$ 6,179,139

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.

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, 2025

	Major Funds			
	General Fund	Housing Successor Fund	General Capital Projects Fund	Tracy Infrastructure Master Plans Fund
ASSETS				
Cash and investments	\$ 40,857,913	\$ 5,046,717	\$ 160,966,248	\$ 149,585,828
Restricted cash and investments	4,852,763	-	-	-
Cash and investments with fiscal agents	-	-	40,354,922	-
Accounts receivable, net	1,303,164	-	340,000	-
Intergovernmental receivable	19,327,176	-	-	-
Interest receivable	261,526	6,996	-	207,329
Lease receivable	1,610,110	-	-	-
Due from other funds	3,028,133	-	-	-
Prepaid items	6,655,875	-	-	-
Deposits	-	-	-	-
Loans receivable	-	12,580,043	-	-
Due from Fiduciary Funds	-	-	-	-
Due from Component Unit	1,258,832	-	-	-
Advances to other funds	6,800,000	-	-	-
Total assets	\$ 85,955,492	\$ 17,633,756	\$ 201,661,170	\$ 149,793,157
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,407,375	\$ -	\$ 5,586,602	\$ 3,724,340
Accrued payroll	3,391,193	-	453	1,888
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	6,800,000
Deposits payable	518,476	-	681,713	-
Unearned revenues	-	-	-	-
Total liabilities	8,317,044	-	6,268,768	10,526,228
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	12,568,969	-	-
Related to leases	1,570,490	-	-	-
Total deferred inflows of resources	1,570,490	12,568,969	-	-
Fund Balances:				
Nonspendable	13,064,257	-	-	-
Restricted	10,465,377	1,064,787	-	-
Committed	21,189,000	4,000,000	-	-
Assigned	26,389,161	-	195,392,402	139,266,929
Unassigned (deficit)	4,960,163	-	-	-
Total fund balances	76,067,958	5,064,787	195,392,402	139,266,929
Total liabilities, deferred inflows of resources, and fund balances	\$ 85,955,492	\$ 17,633,756	\$ 201,661,170	\$ 149,793,157

City of Tracy
Balance Sheet (Continued)
Governmental Funds
June 30, 2025

	Non-major Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 149,273,701	\$ 505,730,407
Restricted cash and investments	-	4,852,763
Cash and investments with fiscal agents	1,522,657	41,877,579
Accounts receivable, net	6,970,030	8,613,194
Intergovernmental receivable	15,605,971	34,933,147
Interest receivable	234,368	710,219
Lease receivable	-	1,610,110
Due from other funds	-	3,028,133
Prepaid items	-	6,655,875
Deposits	1,000,000	1,000,000
Loans receivable	1,556,070	14,136,113
Due from Fiduciary Funds	4,033,816	4,033,816
Due from Component Unit	-	1,258,832
Advances to other funds	-	6,800,000
Total assets	\$ 180,196,613	\$ 635,240,188
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 9,339,586	\$ 23,057,903
Accrued payroll	64,829	3,458,363
Due to other funds	2,886,851	2,886,851
Advances from other funds	-	6,800,000
Deposits payable	14,344,169	15,544,358
Unearned revenues	2,489,094	2,489,094
Total liabilities	29,124,529	54,236,569
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	5,589,886	18,158,855
Related to leases	-	1,570,490
Total deferred inflows of resources	5,589,886	19,729,345
Fund Balances:		
Nonspendable	-	13,064,257
Restricted	145,748,126	157,278,290
Committed	-	25,189,000
Assigned	-	361,048,492
Unassigned (deficit)	(265,928)	4,694,235
Total fund balances	145,482,198	561,274,274
Total liabilities, deferred inflows of resources, and fund balances	\$ 180,196,613	\$ 635,240,188

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City of Tracy
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025

Total Fund Balances - Total Governmental Funds	\$ 561,274,274
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.	18,158,855
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	777,166,131
Less: capital assets reported in Internal Service Funds	(11,430,438)
Total capital assets	765,735,693
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	(665,643)
Sick leave conversion - due in more than one year	(6,443,650)
Compensated absences - due within one year	(7,052,693)
Compensated absences - due in more than one year	(3,483,431)
Long-term debt - due within one year	(3,464,276)
Long-term debt - due in more than one year	(89,098,309)
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	7,263
Compensated absences - due within one year	397,804
Compensated absences - due in more than one year	280,721
Total long-term liabilities	(109,220,710)
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.	(644,110)
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	(5,445,841)
Net pension liability	(103,768,351)
Less: amount reported in Internal Service Funds:	
Total OPEB liability	396,548
Net pension liability	4,120,032
Total OPEB/pension liability	(104,697,612)
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	1,634,664
Deferred outflows of resources related to pensions	26,905,010
Less: amount reported in Internal Service Funds:	
Deferred outflows of resources related to OPEB	(119,032)
Deferred outflows of resources related to pensions	(1,155,170)
Total deferred outflows of resources	27,265,472
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	(2,749,874)
Deferred inflows of resources related to pensions	(603,365)
Less: amount reported in Internal Service Funds:	
Deferred inflows of resources related to OPEB	200,237
Deferred inflows of resources related to pensions	-
Total deferred inflows of resources	(3,153,002)
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.	25,839,869
Net Position of Governmental Activities	\$ 1,180,558,729

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, 2025

	Major Funds			
	General Fund	Housing Successor Fund	General Capital Projects Fund	Tracy Infrastructure Master Plans Fund
REVENUES:				
Taxes	\$ 137,774,723	\$ -	\$ -	\$ -
Licenses, permits and fees	6,341,503	-	-	-
Fines and penalties	249,523	-	-	-
Investment income (loss)	8,265,729	402,412	1,729,729	6,626,312
Intergovernmental	3,858,061	-	1,000,000	-
Charges for current services	14,664,668	-	-	17,259,428
Special assessments	-	-	-	-
Contributions	244,090	-	596,689	329,632
Revenue from Fiduciary Fund	-	-	-	-
Other revenue	12,699,271	60,581	948,009	1,552,881
Total revenues	184,097,568	462,993	4,274,427	25,768,253
EXPENDITURES:				
Current:				
General government				
Economic development	1,055,356	-	-	-
General government	13,262,422	-	-	-
Finance	6,610,944	-	-	-
Non-departmental	13,810,722	-	-	-
Public safety				
Police	56,317,707	-	-	-
Fire	18,569,079	-	-	-
Public ways and facilities				
Development and engineering	3,628	-	-	-
Public works	7,570,863	-	-	-
Community development				
Parks and community services	16,600,523	-	-	-
Capital outlay	3,154,454	-	34,165,845	7,400,352
Debt service:				
Principal	1,133,515	-	-	-
Interest and fiscal charges	93,241	-	-	-
Total expenditures	138,182,454	-	34,165,845	7,400,352
REVENUES OVER (UNDER) EXPENDITURES	45,915,114	462,993	(29,891,418)	18,367,901
OTHER FINANCING SOURCES (USES):				
Inception of subscription agreement	2,071,113	-	-	-
Inception of lease agreement	214,316	-	-	-
Transfers in	-	-	86,532,524	-
Transfers out	(27,387,878)	-	-	(5,264,362)
Total other financing sources (uses)	(25,102,449)	-	86,532,524	(5,264,362)
NET CHANGE IN FUND BALANCES	20,812,665	462,993	56,641,106	13,103,539
FUND BALANCES:				
Beginning of year, as previously reported	55,255,293	4,601,794	138,751,296	126,163,390
Change with financial reporting entity (major and non-major fund classification)	-	-	-	-
Beginning of year, as restated (Note 22)	55,255,293	4,601,794	138,751,296	126,163,390
End of year	\$ 76,067,958	\$ 5,064,787	\$ 195,392,402	\$ 139,266,929

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, 2025

	Formerly Major Fund	Formerly Major Fund		
	Lease Revenue Bonds Fund	Community Development Fees Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes			\$ 8,153,526	\$ 145,928,249
Licenses, permits and fees			13,583,580	19,925,083
Fines and penalties			8,952	258,475
Investment income (loss)			8,321,573	25,345,755
Intergovernmental			21,631,348	26,489,409
Charges for current services			4,948,201	36,872,297
Special assessments			5,520,863	5,520,863
Contributions			-	1,170,411
Revenue from Fiduciary Fund			-	-
Other revenue			2,962,822	18,223,564
Total revenues			<u>65,130,865</u>	<u>279,734,106</u>
EXPENDITURES:				
Current:				
General government				
Economic development			815,942	1,871,298
General government			31,105	13,293,527
Finance			265,661	6,876,605
Non-departmental			3,027,463	16,838,185
Public safety				
Police			213,450	56,531,157
Fire			-	18,569,079
Public ways and facilities				
Development and engineering			9,718,809	9,722,437
Public works			8,935,091	16,505,954
Community development				
Parks and community services			5,493,880	22,094,403
Capital outlay			25,582,851	70,303,502
Debt service:				
Principal			1,550,000	2,683,515
Interest and fiscal charges			3,525,612	3,618,853
Total expenditures			<u>59,159,864</u>	<u>238,908,515</u>
REVENUES OVER (UNDER) EXPENDITURES			<u>5,971,001</u>	<u>40,825,591</u>
OTHER FINANCING SOURCES (USES):				
Inception of subscription agreement			-	2,071,113
Inception of lease agreement			-	214,316
Transfers in			4,775,184	91,307,708
Transfers out			(58,655,468)	(91,307,708)
Total other financing sources (uses)			<u>(53,880,284)</u>	<u>2,285,429</u>
NET CHANGE IN FUND BALANCES			<u>(47,909,283)</u>	<u>43,111,020</u>
FUND BALANCES:				
Beginning of year, as previously reported	57,170,695	5,474,412	130,746,374	518,163,254
Change with financial reporting entity (major and non-major fund classification)	(57,170,695)	(5,474,412)	62,645,107	-
Beginning of year, as restated (Note 22)	-	-	193,391,481	518,163,254
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,482,198</u>	<u>\$ 561,274,274</u>

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, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 43,111,020
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 \$1,117,366 added in internal service funds) (\$780,848 of the governmental fund capital outlay balance were for repairs and maintenance expenditures).	69,522,654
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 \$2,236,111, was not reported as expenditures in the Governmental Funds.	(10,982,951)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net position (net of \$18,667 in net capital asset retirements in internal service funds).	(4,954,371)
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.	
Subscription liability	(2,071,113)
Lease liability	(214,316)
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 \$312,656 reported in the internal service funds	2,683,515
Amortization of bond premium	421,629
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.	(400,335)
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.	(338,510)
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 \$21,659 in internal service funds.	91,399
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.	(427,730)
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 \$113,274 in internal service funds	(12,081,340)
Changes in net pension liabilities, net of \$242,150 in internal service funds	6,843,237
Changes in pension related deferred inflows of resources, net of \$14,644 in internal service funds	729,388
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 \$30,120 in internal service funds	717,675
Changes in total OPEB liabilities, net of \$21,659 in internal service funds	427,181
Changes in OPEB related deferred inflows of resources, net of \$78,607 in internal service funds	(1,682,607)
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.	1,944,535
Change in Net Position of Governmental Activities	\$ 99,263,925

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, 2025

	Major Funds			
	Water Fund	Wastewater Fund	Solid Waste Fund	Drainage Fund
ASSETS				
Current assets:				
Cash and investments	\$ 15,890,181	\$ 24,333,740	\$ 10,897,925	\$ 1,275,807
Cash and investments with fiscal agents	-	614	-	-
Accounts receivable, net	4,573,650	5,187,325	8,061,703	149,278
Intergovernmental receivable	-	45,004	-	-
Interest receivable	22,026	35,902	18,211	1,769
Lease receivable - due within one year	-	195,085	-	-
Prepaid items	1,008,442	-	-	-
Inventories	570,994	-	-	-
Total current assets	22,065,293	29,797,670	18,977,839	1,426,854
Noncurrent assets:				
Lease receivable - due in more than one year	-	3,748,042	-	-
Capital assets:				
Non-depreciable/amortizable	83,439,323	37,443,455	-	13,252,652
Depreciable/amortizable	118,210,342	145,968,041	470,290	56,858,959
Total capital assets, net	201,649,665	183,411,496	470,290	70,111,611
Total noncurrent assets	201,649,665	187,159,538	470,290	70,111,611
Total assets	223,714,958	216,957,208	19,448,129	71,538,465
DEFERRED OUTFLOW OF RESOURCES				
Related to OPEB	143,159	153,212	47,250	5,630
Related to pensions	1,393,303	1,490,923	459,997	54,726
Total deferred outflow of resources	1,536,462	1,644,135	507,247	60,356
LIABILITIES				
Current liabilities:				
Accounts payable	1,258,262	594,947	5,180,085	9,535
Accrued payroll	28,992	32,711	10,415	1,024
Due to other funds	-	-	-	-
Interest payable	-	68,050	-	-
Deposits payable	1,090,204	2,500	38,775	643,699
Unearned revenue	498,784	-	113,818	-
Total OPEB liability - due within one year	20,795	22,255	6,863	818
Compensated absences - due within one year	406,946	474,944	99,008	14,185
Long-term debt - due within one year	1,193,788	1,095,000	-	-
Total current liabilities	4,497,771	2,290,407	5,448,964	669,261
Noncurrent liabilities:				
Total OPEB liability - due in more than one year	456,135	488,167	150,551	17,938
Net pension liability	4,969,360	5,317,532	1,640,627	195,187
Compensated absences - due in more than one year	277,613	247,196	69,105	6,764
Long term debt - due in more than one year	1,843,572	16,160,000	-	-
Total noncurrent liabilities	7,546,680	22,212,895	1,860,283	219,889
Total liabilities	12,044,451	24,503,302	7,309,247	889,150
DEFERRED INFLOWS OF RESOURCES				
Related to leases	-	3,814,441	-	-
Related to OPEB	240,825	257,737	79,486	9,471
Total deferred inflows of resources	240,825	4,072,178	79,486	9,471
NET POSITION				
Net investment in capital assets	198,612,305	166,156,496	470,290	70,111,611
Restricted:				
Debt service	-	614	-	-
Unrestricted	14,353,839	23,868,753	12,096,353	588,589
Total net position	\$ 212,966,144	\$ 190,025,863	\$ 12,566,643	\$ 70,700,200

See accompanying Notes to the Basic Financial Statements.

City of Tracy
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2025

	Non-major Funds	Total	Governmental Activities Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 8,855,716	\$ 61,253,369	\$ 19,572,142
Cash and investments with fiscal agents	-	614	-
Accounts receivable, net	155,465	18,127,421	39,089
Intergovernmental receivable	7,116,650	7,161,654	-
Interest receivable	12,463	90,371	27,153
Lease receivable - due within one year	81,895	276,980	-
Prepaid items	-	1,008,442	185,212
Inventories	-	570,994	-
Total current assets	16,222,189	88,489,845	19,823,596
Noncurrent assets:			
Lease receivable - due in more than one year	1,701,437	5,449,479	-
Capital assets:			
Non-depreciable/amortizable	2,665,359	136,800,789	-
Depreciable/amortizable	23,942,436	345,450,068	11,430,438
Total capital assets, net	26,607,795	482,250,857	11,430,438
Total noncurrent assets	28,309,232	487,700,336	11,430,438
Total assets	44,531,421	576,190,181	31,254,034
DEFERRED OUTFLOW OF RESOURCES			
Related to OPEB	26,742	375,993	119,032
Related to pensions	258,841	3,657,790	1,155,170
Total deferred outflow of resources	285,583	4,033,783	1,274,202
LIABILITIES			
Current liabilities:			
Accounts payable	684,620	7,727,449	938,372
Accrued payroll	4,946	78,088	27,683
Due to other funds	141,282	141,282	-
Interest payable	-	68,050	11,445
Deposits payable	78,118	1,853,296	6,758
Unearned revenue	44,185	656,787	-
Total OPEB liability - due within one year	3,884	54,615	17,290
Compensated absences - due within one year	161,410	1,156,493	397,804
Long-term debt - due within one year	-	2,288,788	301,504
Total current liabilities	1,118,445	14,024,848	1,700,856
Noncurrent liabilities:			
Total OPEB liability - due in more than one year	85,206	1,197,997	379,258
Net pension liability	923,182	13,045,888	4,120,032
Compensated absences - due in more than one year	71,062	671,740	280,721
Long term debt - due in more than one year	-	18,003,572	7,263
Total noncurrent liabilities	1,079,450	32,919,197	4,787,274
Total liabilities	2,197,895	46,944,045	6,488,130
DEFERRED INFLOWS OF RESOURCES			
Related to leases	1,718,831	5,533,272	-
Related to OPEB	44,986	632,505	200,237
Total deferred inflows of resources	1,763,817	6,165,777	200,237
NET POSITION			
Net investment in capital assets	26,607,795	461,958,497	11,121,671
Restricted:			
Debt service	-	614	-
Unrestricted	14,247,497	65,155,031	14,718,198
Total net position	\$ 40,855,292	\$ 527,114,142	\$ 25,839,869

See accompanying Notes to the Basic Financial Statements.

City of Tracy
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Major Funds			
	Water Fund	Wastewater Fund	Solid Waste Fund	Drainage Fund
OPERATING REVENUES:				
Sales and charges for services	\$ 25,073,314	\$ 26,938,742	\$ 42,199,181	\$ 867,961
Other operating revenue	162,818	213,361	-	-
Total operating revenues	<u>25,236,132</u>	<u>27,152,103</u>	<u>42,199,181</u>	<u>867,961</u>
OPERATING EXPENSES:				
Purchase of water	6,356,204	-	-	-
Maintenance and operation	13,737,713	13,475,831	32,605,659	384,134
Administration	2,350,312	4,154,123	6,832,102	119,540
Insurance costs and claims	-	-	-	-
Depreciation and amortization	5,009,006	6,622,748	50,347	2,035,701
Total operating expenses	<u>27,453,235</u>	<u>24,252,702</u>	<u>39,488,108</u>	<u>2,539,375</u>
OPERATING INCOME (LOSS)	<u>(2,217,103)</u>	<u>2,899,401</u>	<u>2,711,073</u>	<u>(1,671,414)</u>
NONOPERATING REVENUES (EXPENSES):				
Operating grants	-	-	-	-
Investment income	823,286	1,086,083	494,712	50,231
Interest expense	(92,015)	(836,725)	(592)	-
Gain (loss) on sale of capital assets	(247,800)	-	(20)	-
Total nonoperating revenues (expenses)	<u>483,471</u>	<u>249,358</u>	<u>494,100</u>	<u>50,231</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(1,733,632)</u>	<u>3,148,759</u>	<u>3,205,173</u>	<u>(1,621,183)</u>
CAPITAL CONTRIBUTIONS:				
Capital contributions	8,174,754	3,027,171	157,426	7,865,136
Total capital contributions	<u>8,174,754</u>	<u>3,027,171</u>	<u>157,426</u>	<u>7,865,136</u>
Changes in net position	6,441,122	6,175,930	3,362,599	6,243,953
NET POSITION:				
Beginning of year, as restated (Note 22)	206,525,022	183,849,933	9,204,044	64,456,247
End of year	<u>\$ 212,966,144</u>	<u>\$ 190,025,863</u>	<u>\$ 12,566,643</u>	<u>\$ 70,700,200</u>

City of Tracy
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	Non-major Funds	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES:			
Sales and charges for services	\$ 2,467,179	\$ 97,546,377	\$ 25,223,953
Other operating revenue	1,215,835	1,592,014	709,395
Total operating revenues	<u>3,683,014</u>	<u>99,138,391</u>	<u>25,933,348</u>
OPERATING EXPENSES:			
Purchase of water	-	6,356,204	-
Maintenance and operation	6,156,877	66,360,214	6,389,709
Administration	1,732,583	15,188,660	7,429,648
Insurance costs and claims	7,748	7,748	9,309,226
Depreciation and amortization	2,313,519	16,031,321	2,236,111
Total operating expenses	<u>10,210,727</u>	<u>103,944,147</u>	<u>25,364,694</u>
OPERATING INCOME (LOSS)	<u>(6,527,713)</u>	<u>(4,805,756)</u>	<u>568,654</u>
NONOPERATING REVENUES (EXPENSES):			
Operating grants	4,766,658	4,766,658	-
Investment income	525,130	2,979,442	767,528
Interest expense	-	(929,332)	(26,300)
Gain (loss) on sale of capital assets	-	(247,820)	(18,667)
Total nonoperating revenues (expenses)	<u>5,291,788</u>	<u>6,568,948</u>	<u>722,561</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(1,235,925)</u>	<u>1,763,192</u>	<u>1,291,215</u>
CAPITAL CONTRIBUTIONS:			
Capital contributions	4,174,939	23,399,426	653,320
Total capital contributions	<u>4,174,939</u>	<u>23,399,426</u>	<u>653,320</u>
Changes in net position	2,939,014	25,162,618	1,944,535
NET POSITION:			
Beginning of year, as restated (Note 22)	37,916,278	501,951,524	23,895,334
End of year	<u><u>\$ 40,855,292</u></u>	<u><u>\$ 527,114,142</u></u>	<u><u>\$ 25,839,869</u></u>

City of Tracy
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Major Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	Drainage Operations Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 24,798,081	\$ 25,532,559	\$ 40,265,457	\$ 877,842
Cash payments to suppliers for goods and services	(15,790,354)	(10,555,243)	(34,433,814)	(239,401)
Cash payments to employees for services	(6,601,345)	(7,230,759)	(2,242,764)	(278,353)
Other operating revenues and expenses	162,818	213,361	-	-
Net cash provided by (used in) operating activities	2,569,200	7,959,918	3,588,879	360,088
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating grants	-	103,592	-	-
Borrowing from other funds	-	500,000	-	-
Repayment to other funds	(500,000)	-	-	-
Net cash provided by (used in) capital and financing activities	(500,000)	603,592	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital contributions from developers and others	8,174,754	3,027,171	157,426	-
Acquisition of capital assets	(9,249,280)	(4,763,788)	(157,426)	-
Principal payment of long-term debt	(1,166,337)	(1,050,000)	(27,155)	-
Interest paid on debt	(92,015)	(840,750)	(592)	-
Net cash provided by (used in) capital and related financing activities	(2,580,678)	(3,627,367)	(27,747)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest from investments	841,699	1,098,098	499,981	50,710
Net cash provided by investing activities	841,699	1,098,098	499,981	50,710
Net change in cash and cash equivalents	330,221	6,034,241	4,061,113	410,798
CASH AND CASH EQUIVALENTS:				
Beginning of year	15,559,960	18,300,113	6,836,812	865,009
End of year	<u>\$ 15,890,181</u>	<u>\$ 24,334,354</u>	<u>\$ 10,897,925</u>	<u>\$ 1,275,807</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:				
Cash and cash investments	\$ 15,890,181	\$ 24,333,740	\$ 10,897,925	\$ 1,275,807
Restricted cash and investments	-	614	-	-
Total cash and cash equivalents	<u>\$ 15,890,181</u>	<u>\$ 24,334,354</u>	<u>\$ 10,897,925</u>	<u>\$ 1,275,807</u>

(Continued)

City of Tracy
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	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)	\$ (2,217,103)	\$ 2,899,401	\$ 2,711,073	\$ (1,671,414)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	5,009,006	6,622,748	50,347	2,035,701
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:				
Accounts receivable, net	(814,291)	(1,352,919)	(1,939,634)	6,390
Lease receivable	-	(2,480,955)	-	-
Prepaid items	50,422	-	-	-
Deferred outflows - OPEB related	(32,097)	(40,458)	(8,947)	(1,784)
Deferred outflows - pension related	612,934	546,116	232,021	15,092
Accounts payable	(209,016)	(540,356)	2,771,469	(8,906)
Accrued payroll	28,992	32,711	10,415	1,024
Deposits payable	40,274	500	5,910	3,491
Unearned revenue	498,784	-	-	-
Compensated absences	70,764	11,275	2,270	(28,786)
Total OPEB liability	(45,466)	(19,933)	(22,747)	667
Net pension liability	(494,553)	(230,269)	(244,059)	5,041
Deferred inflows - lease related	-	2,427,191	-	-
Deferred inflows - OPEB related	88,892	103,489	27,088	4,210
Deferred inflows - pension related	(18,342)	(18,623)	(6,327)	(638)
Total adjustments	4,786,303	5,060,517	877,806	2,031,502
Net cash provided by (used in) operating activities	\$ 2,569,200	\$ 7,959,918	\$ 3,588,879	\$ 360,088

(Continued)

City of Tracy
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	Non-major Funds	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 2,398,174	\$ 93,872,113	\$ 25,185,189
Cash payments to suppliers for goods and services	(7,982,895)	(69,001,707)	(16,849,654)
Cash payments to employees for services	111,541	(16,241,680)	(5,899,385)
Other operating revenues and expenses	1,215,835	1,592,014	709,395
Net cash provided by (used in) operating activities	(4,257,345)	10,220,740	3,145,545
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	4,076,494	4,180,086	-
Borrowing from other funds	-	500,000	-
Repayment to other funds	(169,738)	(669,738)	-
Net cash provided by (used in) capital and financing activities	3,906,756	4,010,348	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions from developers and others	4,174,939	15,534,290	653,320
Acquisition of capital assets	(4,835,084)	(19,005,578)	(1,117,366)
Principal payment of long-term debt	-	(2,243,492)	(312,656)
Interest paid on debt	-	(933,357)	(14,855)
Net cash provided by (used in) capital and related financing activities	(660,145)	(6,895,937)	(791,557)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	536,914	3,027,402	783,292
Net cash provided by investing activities	536,914	3,027,402	783,292
Net change in cash and cash equivalents	(473,820)	10,362,553	3,137,280
CASH AND CASH EQUIVALENTS:			
Beginning of year	9,329,536	50,891,430	16,434,862
End of year	<u>\$ 8,855,716</u>	<u>\$ 61,253,983</u>	<u>\$ 19,572,142</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ 8,855,716	\$ 61,253,369	\$ 19,572,142
Restricted cash and investments	-	614	-
Total cash and cash equivalents	<u>\$ 8,855,716</u>	<u>\$ 61,253,983</u>	<u>\$ 19,572,142</u>

(Continued)

City of Tracy
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	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)	\$ (6,527,713)	\$ (4,805,756)	\$ 568,654
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,313,519	16,031,321	2,236,111
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	(79,472)	(4,179,926)	(38,764)
Lease receivable	80,362	(2,400,593)	-
Prepaid items	-	50,422	(19,897)
Deferred outflows - OPEB related	(7,667)	(90,953)	(30,120)
Deferred outflows - pension related	84,088	1,490,251	446,534
Accounts payable	(85,687)	1,927,504	113,274
Accrued payroll	4,946	78,088	27,683
Deposits payable	19,082	69,257	-
Unearned revenue	3,859	502,643	-
Compensated absences	25,818	81,341	41,916
Total OPEB liability	(629)	(88,108)	(21,659)
Net pension liability	(10,772)	(974,612)	(242,150)
Deferred inflows - lease related	(92,836)	2,334,355	-
Deferred inflows - OPEB related	18,892	242,571	78,607
Deferred inflows - pension related	(3,135)	(47,065)	(14,644)
Total adjustments	2,270,368	15,026,496	2,576,891
Net cash provided by (used in) operating activities	\$ (4,257,345)	\$ 10,220,740	\$ 3,145,545

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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, 2025

	Custodial Funds	Successor Agency Private Purpose Trust Fund
ASSETS		
Cash and investments	\$ 11,129,712	\$ 6,382,122
Cash and investments with fiscal agent	33,205,002	1,426
Interest receivable	-	9,274
Total assets	<u>44,334,714</u>	<u>6,392,822</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	-	1,307,781
Total deferred outflows of resources	<u>-</u>	<u>1,307,781</u>
LIABILITIES		
Accounts payable	53,745	-
Interest payable	-	389,500
Deposits payable	322,814	-
Due to City	-	4,033,816
Long-term debt - due within one year	-	1,910,000
Long-term debt - due in more than one year	-	21,682,168
Total liabilities	<u>376,559</u>	<u>28,015,484</u>
NET POSITION (DEFICIT)		
Restricted for individuals, organizations, and other governments	43,958,155	-
Held in trust for dissolution of RDA	-	(20,314,881)
Total net position (deficit)	<u>\$ 43,958,155</u>	<u>\$ (20,314,881)</u>

City of Tracy
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Custodial Funds	Successor Agency Private Purpose Trust Fund
ADDITIONS:		
Fee collections for other governments	\$ 97,193	\$ 304,686
Special assessments for other governments	18,242,145	-
Investment income	839,700	238,637
RDA property tax trust fund distribution	-	3,141,971
Total additions	<u>19,179,038</u>	<u>3,685,294</u>
DEDUCTIONS:		
Administration	291,995	-
Payments on conduit bonds - principal	8,335,000	-
Payments on conduit bonds - interest	8,202,892	-
Project payments	9,320,795	-
Payments to other governments	307,096	299,571
Interest expense	-	798,121
Total deductions	<u>26,457,778</u>	<u>1,097,692</u>
Change in net position	(7,278,740)	2,587,602
NET POSITION (DEFICIT):		
Beginning of year	<u>51,236,895</u>	<u>(22,902,483)</u>
End of year	<u><u>\$ 43,958,155</u></u>	<u><u>\$ (20,314,881)</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Tracy
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For the Year Ended June 30, 2025

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City of Tracy
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

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, 2025

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. Further details of the City's discretely presented component unit follows:

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. SSJCFA is fiscally dependent on the City. SSJCFA's annual budgeted and long-term bonded debt issues are required to be approved by the City Council. Therefore, the City determined that SSJCFA should be reported as a Discretely Presented Component Unit. 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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Government-Wide Financial Statements (Continued)

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.

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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements (Continued)

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.

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.

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, 2025

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 SSJCFA 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. SSJCFA provides services on a continuous basis and its activities are substantially financed by revenues derived from user charges and contributions from the member agencies. SSJCFA 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, 2025

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. Fiduciary funds are accounted for using the "*economic resources*" measurement focus and the 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. 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, 2025

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, 2025

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, 2025

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 noncancellable 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 noncancellable 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.

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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

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.

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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Capital Assets (Continued)

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 chosen the Modified Approach for reporting of the Street Pavement Subsystem infrastructure assets, and as a result no depreciation is recorded for that system; instead, all expenditures made for these assets, except for additions and improvements, are expensed in the year incurred. For all other assets, depreciation is recorded on a straight-line basis over the useful lives of the assets and based on the capitalization threshold as follows:

Asset Type	Useful Lives	Capitalization Threshold
Land	n/a	\$0
Land improvements	n/a	\$50,000
Intangibles - water rights	n/a	\$0
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 elected to use the Modified Approach as defined by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, for infrastructure reporting of its streets, concrete and asphalt pavements. This condition assessment will be performed every three years. Each homogeneous segment of City-owned street was assigned a physical condition based on potential defects. A Pavement Condition Index (PCI) was assigned to each street segment. The PCI is expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street.

The following conditions were defined:

PCI Conditions	PCI Rating
Very Good	70-100
Good	50-69
Poor	25-49
Very Poor	0-24

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Capital Assets (Continued)

The City's policy relative to maintaining the street assets is to achieve an average rating of 69 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. For 2023, 2024 and 2025, the City's street system was rated at a PCI of 64, 64 and 65 on the average, respectively.

For a detailed description of the Modified Approach, see the Required Supplementary Information section of this report.

For all other infrastructure systems, the City elected to use the Basic Approach for infrastructure reporting. As such, the City records the assets at historical cost and depreciates them over their useful lives, and regularly evaluates them for impairment. Expenditures that extend the life of the asset are capitalized.

In the governmental fund financial statements, capital assets are not presented. Consequently, capital assets are a reconciling item and are shown in the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.

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 recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation: The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Compensated Absences/Sick Leave Conversion (Continued)

Sick Leave: The City’s policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

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. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. 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.

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, 2023
Measurement date	June 30, 2024
Measurement period	July 1, 2023 to June 30, 2024

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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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, 2024
Measurement date	June 30, 2024
Measurement period	July 1, 2023 to June 30, 2024

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, 2025, 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.
- 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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Fund Balances (Continued)

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 17% 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 \$21,189,000 at June 30, 2025, which is a component of committed fund balance of the General Fund.

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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Fund Balances (Continued)

General Fund Reserve Policies (Continued)

- 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 \$16,204,000 at June 30, 2025, which is a component of assigned fund balance of the General Fund.

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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Net Position (Continued)

- 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:

Property Valuations are established by the Assessor of the County of San Joaquin (the "County") 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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Property Tax (Continued)

The County 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. The Teeter Plan authorizes the Auditor/Controller of the County to allocate 100 percent of the secured property taxes billed, but not yet paid. The County 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.

U. Implementation of New GASB Pronouncements for the Year Ended June 30, 2025

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, 2025. 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. 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. Implementation of this Statement had a significant effect on the City's financial statements for the fiscal year ended June 30, 2025. See Note 22.

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. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2025.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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. 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.

Note 2 – Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2025 as follows:

	Government-Wide Statement of Net Position			Component Unit	Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total		Statement of Net Position	Total
Cash and investments	\$ 525,302,549	\$ 61,253,369	\$ 586,555,918	\$ 12,096,421	\$ 17,511,834	\$ 616,164,173
Restricted cash and investments	4,852,763	-	4,852,763	-	-	4,852,763
Cash and investments with fiscal agent	41,877,579	614	41,878,193	-	33,206,428	75,084,621
Total cash and investments	\$ 572,032,891	\$ 61,253,983	\$ 633,286,874	\$ 12,096,421	\$ 50,718,262	\$ 696,101,557

Cash and investments at June 30, 2025, consisted of the following:

Cash:	
Cash on hand	\$ 9,244
Deposits with financial institution	37,307,497
Total cash	37,316,741
Investments:	
Investments	583,700,195
Investments held by bond trustee	75,084,621
Total investments	658,784,816
Total cash and investments	\$ 696,101,557

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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

A. Demand Deposits

The carrying amounts of the City's demand deposits were \$37,307,497 at June 30, 2025. Bank balances were \$30,429,875 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.

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, 2025

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, 2025, the City's investments had the following recurring fair value measurements:

Investments measured by fair value level:	Total	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 148,306,530	\$ -	\$ 148,306,530	\$ -
Federal Agency Obligations	163,251,635	-	163,251,635	-
Municipal Bond	149,556	-	149,556	-
Supranational	8,987,379	-	8,987,379	-
Medium Term Corporate Notes	159,595,842	-	159,595,842	-
Negotiable CD	1,267,122	-	1,267,122	-
Asset-Backed Securities	14,976,454	-	14,976,454	-
Total investments by fair value level	496,534,518	\$ -	\$ 496,534,518	\$ -
Investments not subject to the fair value hierarchy:				
California Local Agency Investment Fund	75,000,000			
California Asset Management Program (CAMP)	4,665,102			
Investments Held in Section 115 Trust (Mutual Funds)	4,852,763			
Money Market Funds - Held by City	2,647,812			
Money Market Funds - Held by Trustee	75,084,621			
Total investments not subject to the fair value hierarchy	162,250,298			
Total investments	\$ 658,784,816			

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, Federal Agency Obligations, and Municipal Bonds: quoted prices for identical securities in markets that are not active;
- Medium term notes, Negotiable CD's, and Supranational: 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
Held by City:						
U.S. Treasury Notes	\$ 24,954,562	\$ 32,199,024	\$ 33,680,414	\$ 31,769,273	\$ 25,703,257	\$ 148,306,530
Federal Agency Obligations	14,472,922	22,740,047	85,878,926	33,820,617	6,339,123	163,251,635
Municipal Bond	149,556	-	-	-	-	149,556
Supranational	-	4,136,044	1,836,227	614,849	2,400,259	8,987,379
Medium Term Corporate Notes	30,275,325	85,210,803	22,577,337	14,917,518	6,614,859	159,595,842
Negotiable CD	764,936	-	502,186	-	-	1,267,122
Asset-Backed Securities	649,799	4,027,968	3,013,579	4,356,204	2,928,904	14,976,454
California Local Agency Investment Fund	75,000,000	-	-	-	-	75,000,000
California Asset Management Program (CAMP)	4,665,102	-	-	-	-	4,665,102
Investments Held in Section 115 Trust (Mutual Funds)	4,852,763	-	-	-	-	4,852,763
Money Market Funds	2,647,812	-	-	-	-	2,647,812
Held by Trustees:						
Money Market Funds	75,084,621	-	-	-	-	75,084,621
Total Investments	\$ 233,517,398	\$ 148,313,886	\$ 147,488,669	\$ 85,478,461	\$ 43,986,402	\$ 658,784,816

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, 2025

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, 2025, for each investment-type as provided by Standard and Poor's investment rating system.

Investment Type	AA+/AA-	A+/A/A-	AAA/AAAm	A-1+/A-1/A-2	BBB+/BBB	Total
Held by City:						
Municipal Bonds	\$ 149,556	\$ -	\$ -	\$ -	\$ -	\$ 149,556
Asset-Backed Securities	-	-	11,580,510	-	-	11,580,510
Medium Term Corporate Notes	8,861,305	121,721,080	-	-	29,013,457	159,595,842
Federal Agency Obligations	163,251,635	-	-	-	-	163,251,635
Supranationals	-	-	8,987,379	-	-	8,987,379
Money Market Funds	-	-	2,647,812	-	-	2,647,812
Negotiable CDs	-	1,044,761	-	-	-	1,044,761
California Asset Management Program	-	-	4,665,102	-	-	4,665,102
Held by Trustee:						
Money Market Funds	-	-	75,084,621	-	-	75,084,621
Total Rated Investments	\$ 172,262,496	\$ 122,765,841	\$ 102,965,424	\$ -	\$ 29,013,457	427,007,218
Not rated:						
Asset-Backed Securities						3,395,944
Negotiable CDs						222,361
California Local Agency Investment Fund						75,000,000
Investments Held in Section 115 Trust (Mutual Funds)						4,852,763
Exempt from credit rating disclosure:						
U.S. Treasury Notes						148,306,530
Total Investments						\$ 658,784,816

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, *Deposit and Investment Risk Disclosures*, requires disclosure by amount and issuer, of investments in any one issuer that represent 5% or more of total investments. At June 30, 2025, the City had the followings 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 Farm Credit Bank Funding Corporation	Federal Agency Obligations	\$ 50,935,065
Federal Home Loan Bank	Federal Agency Obligations	54,844,092

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, 2025

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, 2025, 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, 2025, the City had \$75,000,000 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, 2025 was \$22.3 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, 2025 the amortized cost approximates the City's cost.

H. Investments Held in Section 115 Trust

The City previously 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. At June 30, 2025, the total amount accumulated in the Section 115 Trust was \$4,852,763.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Loans Receivable

A. Summary of Loans Receivable and Unavailable Revenue

The former Community Development Agency (the “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, 2025, the loans are comprised of the following:

Housing Successor Loans:	
Commercial Rehabilitation Program	\$ 85,762
Mountain View Townhomes	1,019,651
Eden Housing Inc.	2,676,575
Habitat for Humanity	62,973
Down Payment Assistance Program	573,902
Tracy Place Associates	5,147,195
DHI Tracy Garden Associates, LP	3,013,985
Tracy Mall Partners, LP	1,556,070
Total loans receivable	<u>\$ 14,136,113</u>

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 loans receivable arising from these programs was \$85,762 at June 30, 2025.

In 1994, the Agency loaned \$609,000 in Low- and Moderate-Income Housing funds to Mountain View Townhomes Association (the “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, 2025, principal and accrued interest totaled \$1,019,651.

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, 2025, principal and accrued interest totaled \$2,676,575.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025 is \$62,973.

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, 2025, principal and accrued interest totaled \$573,902.

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, 2025, the developer owes \$5,147,195, 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, 2025 is \$3,013,985.

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 2025 did not exceed the threshold, therefore only \$72,687 of the annual repayment was forgiven. The cumulative shortage of sales tax collections was \$648,914 as of June 30, 2025 and the balance of the loan is \$1,556,070 at that date.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, the City recognized \$385,194 in lease revenue and \$24,176 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, 2025, the balance of the deferred inflow of resources was \$1,570,490.

A summary of changes in lease receivable for the fiscal year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Classification	
					Due within One Year	Due in More Than One Year
Leases receivable	\$ 2,025,986	\$ -	\$ (415,876)	\$ 1,610,110	\$ 189,648	\$ 1,420,462

As of June 30, 2025, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 189,648	\$ 21,878	\$ 211,526
2027	164,532	19,714	184,246
2028	157,189	17,716	174,905
2029	128,655	15,869	144,524
2030	105,486	14,312	119,798
2031-2035	305,127	56,557	361,684
2036-2040	258,252	40,108	298,360
2041-2045	160,605	24,194	184,799
2046-2050	140,616	9,383	149,999
Total	\$ 1,610,110	\$ 219,731	\$ 1,829,841

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, 2025, the City recognized \$351,279 in lease revenue and \$92,837 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, 2025, the balance of the deferred inflow of resources was \$5,533,272.

A summary of changes in lease receivable for the fiscal year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Classification	
					Due within One Year	Due in More Than One Year
Leases receivable	\$ 3,325,866	\$ 2,685,634	\$ (285,041)	\$ 5,726,459	\$ 276,980	\$ 5,449,479

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 4 – Lease Receivable (Continued)

B. Business-Type Activities (Continued)

As of June 30, 2025, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 276,980	\$ 132,208	\$ 409,188
2027	289,168	125,306	414,474
2028	301,647	118,274	419,921
2029	314,862	110,668	425,530
2030	328,668	102,641	431,309
2031-2035	1,711,364	383,282	2,094,646
2036-2040	932,732	231,923	1,164,655
2041-2045	795,938	128,717	924,655
2046-2050	500,880	63,775	564,655
2051-2055	274,220	17,410	291,630
Total	\$ 5,726,459	\$ 1,414,204	\$ 7,140,663

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, 2025, there were five loans outstanding in the amount of \$917,181, 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, 2025 was \$786,351 and the unused balance of the capitalization contribution was \$213,649. The total deposits receivable balance as of June 30, 2025 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, 2025, were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	TEA Grant Special Revenue Fund	\$ 1,366,577	Overdrawn Cash
General Fund	Community Development Block Grant Special Revenue Fund	81,062	Overdrawn Cash
General Fund	State and Local Grants Fund	1,439,212	Overdrawn Cash
General Fund	Municipal Airport Enterprise Fund	141,282	Overdrawn Cash
	Total	\$ 3,028,133	

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

B. Long-Term Advances

On May 6, 2025 and June 3, 2025, the City Council approved the borrowing from the General Fund of \$6,000,000 and \$800,000, respectively, to the Tracy Infrastructure Master Plan Capital Projects Fund for the construction of the Interstate 580/Patterson Pass Road/International Parkway Diverging Diamond Interchange Improvements project, CIP 73147. The advances are for the terms of twenty (20) years and fours, respectively, and bear an interest rate of the 3.93%, the current rate of return of the Local Agency Investment Fund (LAIF). At June 30, 2025, the total advance balance was \$6,800,000.

The annual requirements to amortize the advances are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 391,618	\$ 267,036	\$ 658,654
2027	406,997	251,657	658,654
2028	422,980	235,674	658,654
2029	439,590	219,064	658,654
2030	236,840	201,801	438,641
2031-2035	1,331,235	861,972	2,193,207
2036-2040	1,613,974	579,233	2,193,207
2041-2045	1,956,766	236,443	2,193,209
Total	\$ 6,800,000	\$ 2,852,880	\$ 9,652,880

C. Transfers

Interfund transfers during the year ended June 30, 2025, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Capital Projects Fund	General Fund	\$ 22,612,694	Capital projects
Lease Revenue Bonds Debt Service Fund	General Fund	4,775,184	Debt service
	Subtotal	27,387,878	
General Capital Projects Fund	Lease Revenue Bonds Debt Service Fund	53,009,534	Reclassify Bond Cash
General Capital Projects Fund	Ellis Area Impact Fee Capital Projects Fund	2,506,799	Capital projects
General Capital Projects Fund	Tracy Infrastructure Master Plan Capital Projects Fund	5,264,362	Capital projects
General Capital Projects Fund	CORE Capital Projects Fund	3,139,135	Capital projects
	Subtotal	63,919,830	
	Total	\$ 91,307,708	

Note 7 – Due from Fiduciary Funds

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, 2025 was \$4,033,816.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Capital Assets

A. Governmental Activities

The summary of changes in governmental activities capital assets for the year ended June 30, 2025, is as follows:

	Balance July 1, 2024, as restated	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 181,090,902	\$ 34,000	\$ -	\$ -	\$ 181,124,902
Roads accounted for using the modified approach	332,209,922	11,422,441	-	-	343,632,363
Construction in progress	54,812,631	52,141,756	(3,360,914)	(191,145)	103,402,328
Total capital assets not being depreciated	568,113,455	63,598,197	(3,360,914)	(191,145)	628,159,593
Capital assets being depreciated/amortized:					
Buildings and improvements	147,515,818	-	(1,593,457)	7,385,012	153,307,373
Improvements	70,211,228	4,381,607	-	191,145	74,783,980
Grading, curb & gutter, sidewalk and driveway approaches	32,135,175	-	-	-	32,135,175
Traffic signals and street lights	32,748,114	5,182,386	-	-	37,930,500
Equipment	36,892,284	1,117,366	(365,516)	(7,385,012)	30,259,122
Infrastructure and drainage	12,218,531	-	-	-	12,218,531
Intangibles	1,367,751	-	-	(7,224)	1,360,527
Lease assets - buildings and improvements	2,282,782	214,316	-	-	2,497,098
Subscription assets	2,142,841	2,071,113	(809)	-	4,213,145
Total capital assets being depreciated/amortized	337,514,524	12,966,788	(1,959,782)	183,921	348,705,451
Less accumulated depreciation/amortization for:					
Buildings and improvements	(74,414,103)	(4,997,041)	-	(6,036,814)	(85,447,958)
Improvements	(43,713,819)	(3,086,234)	-	-	(46,800,053)
Grading, curb & gutter, sidewalk and driveway approaches	(18,579,392)	(706,518)	-	-	(19,285,910)
Traffic signals and street lights	(19,062,245)	(845,665)	-	-	(19,907,910)
Equipment	(23,659,823)	(2,005,577)	347,424	6,036,814	(19,281,162)
Infrastructure and drainage	(5,228,129)	(123,232)	-	-	(5,351,361)
Intangibles	(932,563)	(113,763)	-	7,224	(1,039,102)
Lease assets - buildings and improvements	(349,268)	(335,604)	-	-	(684,872)
Subscription assets	(895,391)	(1,005,428)	234	-	(1,900,585)
Total accumulated depreciation/amortization	(186,834,733)	(13,219,062)	347,658	7,224	(199,698,913)
Total capital assets, being depreciated/amortized, net	150,679,791	(252,274)	(1,612,124)	191,145	149,006,538
Governmental activities capital assets, net	\$ 718,793,246	\$ 63,345,923	\$ (4,973,038)	\$ -	\$ 777,166,131

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

General government	\$ 2,122,718
Police	328,440
Fire	221,506
Development and engineering	358,992
Public works	6,782,661
Parks and community services	1,168,634
Internal service funds	2,236,111
Total depreciation and amortization expense	\$ 13,219,062

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, is as follows:

	Balance July 1, 2024, as restated	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 19,056,776	\$ -	\$ -	\$ -	\$ 19,056,776
Construction in progress	37,649,018	7,507,923	(247,801)	-	44,909,140
Water rights	-	-	-	72,834,873	72,834,873
Total capital assets not being depreciated	56,705,794	7,507,923	(247,801)	72,834,873	136,800,789
Capital assets being depreciated/amortized:					
Buildings	171,165,547	1,593,457	-	-	172,759,004
Improvements	8,117,986	-	-	-	8,117,986
Equipment	47,601,958	3,061,770	(274,997)	-	50,388,731
Infrastructure	435,975,639	14,763,029	-	593,212	451,331,880
Intangibles	73,476,025	-	-	(73,420,861)	55,164
Subscription assets	86,132	-	(33)	-	86,099
Total capital assets being depreciated/amortized	736,423,287	19,418,256	(275,030)	(72,827,649)	682,738,864
Less accumulated depreciation/amortization for:					
Buildings	(114,509,096)	(4,466,689)	-	-	(118,975,785)
Improvements	(4,385,752)	(577,687)	-	-	(4,963,439)
Equipment	(28,340,611)	(2,131,990)	274,996	-	(30,197,605)
Infrastructure	(174,159,621)	(8,813,575)	-	(71,011)	(183,044,207)
Intangibles	(94,292)	(12,681)	-	63,787	(43,186)
Subscription assets	(35,888)	(28,699)	13	-	(64,574)
Total accumulated depreciation/amortization	(321,525,260)	(16,031,321)	275,009	(7,224)	(337,288,796)
Total capital assets, being depreciated/amortized, net	414,898,027	3,386,935	(21)	(72,834,873)	345,450,068
Governmental activities capital assets, net	\$ 471,603,821	\$ 10,894,858	\$ (247,822)	\$ -	\$ 482,250,857

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

Water	\$ 5,009,006
Sewer	6,622,748
Solid waste	50,347
Drainage operations	2,035,701
Municipal Airport	1,107,347
Municipal Transit	1,206,172
Total depreciation and amortization expense	\$ 16,031,321

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Capital Assets (Continued)

C. Component Unit

The summary of changes in component unit capital assets for the year ended June 30, 2025, is as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 649,970	\$ -	\$ 649,970
Total capital assets not being depreciated	-	649,970	-	649,970
Capital assets being depreciated:				
Machinery and equipment	1,998,083	12,400	-	2,010,483
Vehicles	2,872,675	163,624	-	3,036,299
Total capital assets being depreciated	4,870,758	176,024	-	5,046,782
Less accumulated depreciation for:				
Machinery and equipment	(1,420,051)	(149,803)	-	(1,569,854)
Vehicles	(2,298,463)	(116,175)	-	(2,414,638)
Total accumulated depreciation	(3,718,514)	(265,978)	-	(3,984,492)
Total capital assets, being depreciated, net	1,152,244	(89,954)	-	1,062,290
Component unit capital assets, net	\$ 1,152,244	\$ 560,016	\$ -	\$ 1,712,260

Depreciation expense for the component unit for the year ended June 30, 2025 was \$265,978.

Note 9 – Long-Term Liabilities

A. Summary

	Final Maturity	Interest Rate	Remaining Annual Principal Installments	Original Issue Amounts	Outstanding at June 30, 2025
Governmental Activities					
Direct Borrowing:					
Lease Liability	2028	0.26% - 3.38%	\$247,925-\$158,109	\$ 1,094,186	\$ 1,887,800
Subscription Liability	2027	2.45% - 3.28%	\$770,107-\$5,838	3,257,636	2,069,228
Public Borrowing:					
Lease Revenue Refunding Bonds, Series 2020	2039	3.00% - 4.00%	\$705,000-\$1,295,000	18,190,000	15,030,000
Lease Revenue Bonds, Series 2022	2038	5.00%	\$845,000-\$1,615,000	18,275,000	1,656,498
Lease Revenue Bonds, Series 2024	2055	5.00%	\$745,000-\$3,065,000	50,355,000	50,355,000
Total Governmental Activities				\$ 91,171,822	\$ 70,998,526
Business-Type Activities					
Direct Borrowing:					
State of California Department of Public Health	2028	2.34%	\$573,072-\$621,686	20,000,000	3,037,360
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	17,255,000
Total Business-Type Activities				\$ 50,955,000	\$ 20,292,360
Successor Agency					
Public Borrowing:					
Tax Allocation Refunding Bonds, Series 2016	2034	3.00% - 4.00%	\$1,820,000-\$2,730,000	\$ 33,720,000	\$ 20,850,000
Total Successor Agency				\$ 33,720,000	\$ 20,850,000

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, is as follows:

	Balance July 1, 2024	Debt Issued	Debt Retired	Balance June 30, 2025	Classification	
					Due within One Year	Due in More Than One Year
Governmental Activities:						
Direct borrowings:						
Lease liability	\$ 1,931,247	\$ 214,316	\$ (257,763)	\$ 1,887,800	\$ 273,764	\$ 1,614,036
Subscription liability	1,186,523	2,071,113	(1,188,408)	2,069,228	810,512	1,258,716
Public borrowings:						
Lease revenue bonds:						
2020 Lease Revenue Refunding Bonds	15,735,000	-	(705,000)	15,030,000	750,000	14,280,000
plus: bond premium	2,764,083	-	(184,273)	2,579,810	-	2,579,810
2022 Lease Revenue Bonds	16,665,000	-	(845,000)	15,820,000	885,000	14,935,000
plus: bond premium	1,784,742	-	(128,244)	1,656,498	-	1,656,498
2024 Lease Revenue Bonds	50,355,000	-	-	50,355,000	745,000	49,610,000
plus: bond premium	3,273,361	-	(109,112)	3,164,249	-	3,164,249
Total lease revenue bonds	90,577,186	-	(1,971,629)	88,605,557	2,380,000	86,225,557
Total	\$ 93,694,956	\$ 2,285,429	\$ (3,417,800)	\$ 92,562,585	\$ 3,464,276	\$ 89,098,309

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, 2025, the capitalized right-to-use assets related to leases were \$2,497,098 and the total lease liability was \$1,887,800 of which \$273,764 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
2026	\$ 273,764	\$ 70,500	\$ 344,264
2027	290,703	60,114	350,817
2028	274,457	48,778	323,235
2029	205,992	40,227	246,219
2030	170,979	32,480	203,459
2031-2034	671,905	50,667	722,572
Total	\$ 1,887,800	\$ 302,766	\$ 2,190,566

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, 2025

Note 9 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

Subscription Liability (Continued)

As of June 30, 2025, the capitalized right-to-use assets related to SBITAs were \$2,028,590 and the total subscription liability was \$2,069,228, of which \$810,512 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
2026	\$ 810,512	\$ 67,272	\$ 877,784
2027	406,874	38,921	445,795
2028	419,455	26,340	445,795
2029	432,387	13,407	445,794
Total	\$ 2,069,228	\$ 145,940	\$ 2,215,168

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
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	945,000	451,300	1,396,300
2031-2035	5,590,000	1,627,200	7,217,200
2036-2039	5,220,000	413,600	5,633,600
Total	\$ 15,030,000	\$ 4,644,400	\$ 19,674,400

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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
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	1,080,000	572,750	1,652,750
2031-2035	6,305,000	1,971,875	8,276,875
2036-2038	4,610,000	353,500	4,963,500
Total	\$ 15,820,000	\$ 5,691,750	\$ 21,511,750

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, 2025

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
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	910,000	2,217,013	3,127,013
2031-2035	5,310,000	10,334,063	15,644,063
2036-2040	6,815,000	8,825,688	15,640,688
2041-2045	8,750,000	6,890,063	15,640,063
2046-2050	11,230,000	4,404,563	15,634,563
2051-2055	14,120,000	1,521,850	15,641,850
Total	\$ 50,355,000	\$ 43,484,292	\$ 93,839,292

C. Business-Type Activities

A summary of changes in the long-term liabilities of the business-type activities for the year ended June 30, 2025, is as follows:

	Balance July 1, 2024	Debt Issued	Debt Retired	Balance June 30, 2025	Classification	
					Due within One Year	Due in More Than One Year
Business-Type Activities:						
Direct borrowings:						
Subscription liability	\$ 27,155	\$ -	\$ (27,155)	\$ -	\$ -	\$ -
Loans payable:						
State of California						
Department of Public Health	4,203,697	-	(1,166,337)	3,037,360	1,193,788	1,843,572
Public borrowings:						
Certificates of Participation:						
Wastewater, Series 2004	18,305,000	-	(1,050,000)	17,255,000	1,095,000	16,160,000
Total	\$ 22,535,852	\$ -	\$ (2,243,492)	\$ 20,292,360	\$ 2,288,788	\$ 18,003,572

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, 2025, the capitalized right-to-use assets related to SBITAs were \$86,099 and the total subscription liability was paid in full.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Long-Term Liabilities (Continued)

C. Business-Type Activities (Continued)

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 2025 net revenues amounted to \$3,615,189 which represented coverage of 287% 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 \$3,144,798 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 June 30,	Principal	Interest	Total
2026	\$ 1,193,788	\$ 64,131	\$ 1,257,919
2027	1,221,886	36,033	1,257,919
2028	621,686	7,274	628,960
Total	\$ 3,037,360	\$ 107,438	\$ 3,144,798

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 2025 net revenues amounted to \$10,608,232 which represented coverage of 561% of the \$1,890,750 of debt service. The pledge of net revenues ends upon repayment of the City's repayment of the remaining balance of \$22,623,833 which is scheduled to occur in 2037.

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

Year Ending June 30,	Principal	Interest	Total
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	1,320,000	564,445	1,884,445
2031-2035	7,635,000	1,794,669	9,429,669
2036-2037	3,595,000	172,781	3,767,781
Total	\$ 17,255,000	\$ 5,368,833	\$ 22,623,833

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

A summary of changes in the long-term liabilities of the fiduciary fund financial statements for the year ended June 30, 2025, is as follows:

	Balance July 1, 2024	Debt Issued	Debt Retired	Balance June 30, 2025	Classification	
					Due within One Year	Due in More Than One Year
Fiduciary Activities:						
Public borrowings:						
Tax allocation refunding bonds:						
Series 2016	\$ 22,670,000	\$ -	\$ (1,820,000)	\$ 20,850,000	\$ 1,910,000	\$ 18,940,000
Add: unamortized bond premiums	3,046,854	-	(304,686)	2,742,168	-	2,742,168
Total tax allocation refunding bonds	25,716,854	-	(2,124,686)	23,592,168	1,910,000	21,682,168
Total	\$ 25,716,854	\$ -	\$ (2,124,686)	\$ 23,592,168	\$ 1,910,000	\$ 21,682,168

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.

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
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	2,305,000	466,675	2,771,675
2031-2034	10,335,000	736,275	11,071,275
Total	\$ 20,850,000	\$ 4,145,400	\$ 24,995,400

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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)

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 \$24,995,400 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 2025 received by the Successor Agency for fiscal year 2025 debt service was \$3,141,971, which the Agency used to pay the \$2,800,300 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, 2025

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

The outstanding balance of each of these issues as of June 30, 2025, is as follows:

Description	Fiscal Year		Underlying Assessment District Bonds	Outstanding June 30, 2025
	Issue Year	Maturity Year		
1996A Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	1997	2027		\$ 195,000
2002 Special Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	2003	2033		1,370,000
2003-01 Assessment District Limited Obligation Improvement Bonds (Berg Avenue)	2003	2029		250,000
2005A TOP JPA Revenue Bonds (Senior Lien) (98-1 Plan C)	2006	2029		14,335,000
2005B TOP JPA Revenue Bonds (Junior Lien) (98-3 Plan C)	2006	2036		170,000
2005C TOP JPA Revenue Bonds	2006	2036		6,680,000
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	1,510,000	
Total 2011A TOP JPA Revenue Bonds				2,610,000
2018 Series Tracy Hills Special Tax Bonds Community Facilities District No. 2016-1	2019	2048		31,720,000
2019 Series Tracy Hills Phase I Special Tax Bonds Community Facilities District No. 2016-1	2020	2050		14,505,000
2019 Series ECFD Special Tax Bonds Community Facilities District No. 2016-2	2020	2050		17,730,000
2019 Series NEI Phase II Special Tax Refunding Bonds Community Facilities District No. 2006-01	2020	2037		6,830,000
2020 Series Tracy Hills Special Tax Bonds Community Facilities District No. 2016-1	2022	2051		14,860,000
2021 Series ECFD Special Tax Bonds Community Facilities District No. 2016-2	2021	2051		12,870,000
2022 Series Hillview Special Tax Bonds Community Facilities District No. 2021-1	2022	2053		6,795,000
2023 Series Tracy Hills Phase I Special Tax Bonds Community Facilities District No. 2016-1	2020	2050		33,605,000
			Total	<u>\$ 164,525,000</u>

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, 2025 is as follows:

	Balance July 1, 2024	Increase/ (Decrease)	Balance June 30, 2025	Classification	
				Due within One Year	Due in More Than One Year
Sick Leave Conversion	\$ 6,770,783	\$ 338,510	\$ 7,109,293	\$ 665,643	\$ 6,443,650

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, 2025 is as follows:

	Balance July 1, 2024, as restated	Increase/ (Decrease)	Balance June 30, 2025	Classification	
				Due within One Year	Due in More Than One Year
Compensated absences	\$ 10,585,607	\$ (49,483)	\$ 10,536,124	\$ 7,052,693	\$ 3,483,431

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 12 – Compensated Absences (Continued)

B. Business-Type Activities

A summary of changes in the compensated absences balances for the business-type activities for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024, as restated	Increase/ (Decrease)	Balance June 30, 2025	Classification Due within One Year	Due in More Than One Year
Compensated absences	\$ 1,746,892	\$ (1,746,892)	\$ 1,828,233	\$ 1,156,493	\$ 671,740

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

Water Fund	\$ 684,559
Sewer Fund	722,140
Solid Waste Fund	168,113
Drainage Operations Fund	20,949
Municipal Airport Fund	57,695
Municipal Transit Fund	174,777
Total	\$ 1,828,233

C. Component Unit

A summary of changes in the compensated absences balances for the component unit for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024, as restated	Increase/ (Decrease)	Balance June 30, 2025	Classification Due within One Year	Due in More Than One Year
Compensated absences	\$ 2,626,649	\$ 912,695	\$ 3,539,344	\$ 3,539,344	\$ -

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.

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.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 13 – Risk Management (Continued)

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

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, 2025, the City contributed \$9,228,743 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, 2025

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

	Governmental Activities	Business-Type Activities	Total	Component Unit*
Deferred outflows of resources:				
Pension contribution made after measurement date:				
CalPERS Miscellaneous	\$ 5,824,398	1,913,610	\$ 7,738,008	\$ -
CalPERS Safety	7,708,043	-	7,708,043	2,705,955
Total pension contribution made after measurement date	13,532,441	1,913,610	15,446,051	2,705,955
Changes in assumptions:				
CalPERS Miscellaneous	1,171,447	384,880	1,556,327	-
CalPERS Safety	4,030,118	-	4,030,118	3,191
Total changes in assumptions	5,201,565	384,880	5,586,445	3,191
Projected earnings on pension plan investments in excess of actual earnings:				
CalPERS Miscellaneous	1,671,220	549,080	2,220,300	-
CalPERS Safety	2,820,326	-	2,820,326	6,283
Total projected earnings on pension plan investments in excess of actual earnings	4,491,546	549,080	5,040,626	6,283
Difference between expected and actual experience:				
CalPERS Miscellaneous	2,466,044	810,220	3,276,264	-
CalPERS Safety	1,213,414	-	1,213,414	10,573
Total difference between expected and actual experience	3,679,458	810,220	4,489,678	10,573
Differences between employer's contributions and proportionate share of contributions:				
CalPERS Safety	-	-	-	2,232,509
Total difference between expected and actual experience	-	-	-	2,232,509
Adjustments due to differences in proportions:				
CalPERS Safety	-	-	-	103,843
Total difference between expected and actual experience	-	-	-	103,843
Total deferred outflows of resources				
CalPERS Miscellaneous	11,133,109	3,657,790	14,790,899	-
CalPERS Safety	15,771,901	-	15,771,901	5,062,354
Total deferred outflows of resources	\$ 26,905,010	\$ 3,657,790	\$ 30,562,800	\$ 5,062,354

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 14 – Pension Plans (Continued)

A. Summary (Continued)

	Governmental Activities	Business-Type Activities	Total	Total
Net pension liability:				
CalPERS Miscellaneous	\$ 39,707,401	\$ 13,045,888	\$ 52,753,289	\$ -
CalPERS Safety	64,060,950	-	64,060,950	129,374
Total net pension liability	<u>\$ 103,768,351</u>	<u>\$ 13,045,888</u>	<u>\$ 116,814,239</u>	<u>\$ 129,374</u>
Deferred inflows of resources:				
Difference between expected and actual experience:				
CalPERS Safety	\$ 603,365	\$ -	\$ 603,365	\$ 346
Total difference between expected and actual experience	<u>603,365</u>	<u>-</u>	<u>603,365</u>	<u>346</u>
Differences between employer's contributions and proportionate share of contributions				
CalPERS Safety	-	-	-	1,045
Total differences between employer's contributions and proportionate share of contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,045</u>
Total deferred inflows of resources				
CalPERS Safety	603,365	-	603,365	1,391
Total deferred inflows of resources	<u>\$ 603,365</u>	<u>\$ -</u>	<u>\$ 603,365</u>	<u>\$ 1,391</u>
Pension expenses:				
CalPERS Miscellaneous	\$ 7,608,633	\$ 2,499,820	\$ 10,108,453	\$ -
CalPERS Safety	10,491,165	-	10,491,165	1,048,587
Total net pension expenses	<u>\$ 18,099,798</u>	<u>\$ 2,499,820</u>	<u>\$ 20,599,618</u>	<u>\$ 1,048,587</u>

*Includes Miscellaneous and Safety Plans

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, 2024, the measurement date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous Plan	Safety Plan	Total
Active employees	385	100	485
Transferred and terminated employees	344	141	485
Retired employees and beneficiaries	406	203	609
Total	<u>1,135</u>	<u>444</u>	<u>1,579</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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:

	Miscellaneous		
	Classic Tier I	Classic Tier II	PEPRA
	Prior to April 8, 2012	After April 8, 2012 Prior to January 1, 2013	On or after 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	10.030%	10.030%	10.030%
Required UAL contribution (Police and Fire)	\$5,033,717		

	Safety - Police		
	Classic Tier I	Classic Tier II	PEPRA
	Prior to April 8, 2012	After April 8, 2012 Prior to January 1, 2013	On or after January 1, 2013
Hire date			
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	24.230%	24.230%	24.230%
Required UAL contribution (Police and Fire)	\$5,420,035		

	Safety - Fire	
	Classic Tier I	PEPRA
	Prior to January 1, 2013	On or After 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%	13%
Required employer contribution rates	23.680%	13.660%

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 14 – Pension Plans (Continued)

B. City (Continued)

Benefits Provided (Continued)

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.

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, 2025, the plan's contributions made for the Plan was as follows:

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Contributions - employer	\$ 7,738,008	\$ 7,708,043

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, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The June 30, 2023 valuation was rolled forward to determine the June 30, 2024 total pension liability, based on 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
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

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 14 – Pension Plans (Continued)

B. City (Continued)

Change in Assumptions

There were no changes in assumptions in the measurement period ending June 30, 2024.

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 Class¹	Assumed Asset Allocation	Real Return Years 1-10²
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, 2025

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	\$ 83,790,507	\$ 52,753,289	\$ 27,187,392
Safety Plan	\$ 106,208,455	\$ 64,060,950	\$ 30,202,797

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, 2023 (Valuation Date)	\$ 214,405,084	\$ 158,479,669	\$ 55,925,415
Changes in the year:			
Service cost	5,591,864	-	5,591,864
Interest on the total pension liabilities	14,817,080	-	14,817,080
Changes in benefit terms	-	-	-
Differences between expected and actual experience	2,740,826	-	2,740,826
Benefit payments, including refunds of members contributions	(10,403,091)	(10,403,091)	-
Contributions - employer	-	8,188,403	(8,188,403)
Contributions - employee	-	2,857,169	(2,857,169)
Net investment income	-	15,405,279	(15,405,279)
Administrative expenses	-	(128,955)	128,955
Net changes	12,746,679	15,918,805	(3,172,126)
Balance at June 30, 2024 (Measurement Date)	\$ 227,151,763	\$ 174,398,474	\$ 52,753,289

Safety Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2023 (Valuation Date)	\$ 260,360,142	\$ 191,411,319	\$ 68,948,823
Changes in the year:			
Service cost	4,624,061	-	4,624,061
Interest on the total pension liabilities	17,817,913	-	17,817,913
Changes in benefit terms	-	-	-
Differences between expected and actual experience	1,206,115	-	1,206,115
Benefit payments, including refunds of members contributions	(11,295,330)	(11,295,330)	-
Contributions - employer	-	7,955,321	(7,955,321)
Contributions - employee	-	2,212,034	(2,212,034)
Net investment income	-	18,524,359	(18,524,359)
Administrative expenses	-	(155,752)	155,752
Net changes	12,352,759	17,240,632	(4,887,873)
Balance at June 30, 2024 (Measurement Date)	\$ 272,712,901	\$ 208,651,951	\$ 64,060,950

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, the City recognized pension expense in the amount of \$10,108,453 and \$10,491,165 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 2023-24 measurement period is 3.9 years, which was obtained by dividing the total service years of 4,230 (the sum of remaining service lifetimes of the active employees) by 1,079 (the total number of participants: active, inactive, and retired). For the Safety Plan, the EARSL for the Miscellaneous Plan for the 2023-24 measurement period is 3.0 years, which was obtained by dividing the total service years of 1,328 (the sum of remaining service lifetimes of the active employees) by 440 (the total number of participants: active, inactive, and retired).

At June 30, 2025 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	\$ 7,738,008	\$ -
Difference between projected and actual earning on pension plan investments	2,220,300	-
Changes in assumptions	1,556,327	-
Differences between expected and actual experience	3,276,264	-
Total	<u>\$ 14,790,899</u>	<u>\$ -</u>
Safety Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 7,708,043	\$ -
Difference between projected and actual earning on pension plan investments	2,820,326	-
Changes in assumptions	4,030,118	-
Differences between expected and actual experience	1,213,414	(603,365)
Total	<u>\$ 15,771,901</u>	<u>\$ (603,365)</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 14 – Pension Plans (Continued)

B. City (Continued)

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

For the Miscellaneous and Safety Plans, \$7,738,008 and \$7,708,043, 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, 2026. 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	
2026	\$ 2,849,183	\$ 1,933,855	\$ 4,783,038
2027	5,169,702	7,439,086	12,608,788
2028	(74,264)	(839,253)	(913,517)
2029	(891,730)	(1,073,195)	(1,964,925)
2030	-	-	-
Thereafter	-	-	-
	<u>\$ 7,052,891</u>	<u>\$ 7,460,493</u>	<u>\$ 14,513,384</u>

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 (SSJCFA) 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, 2024, the measurement date, the following employees were covered by the benefit terms the Plan:

Active employees	94
Transferred and terminated employees	8
Retired employees and beneficiaries	10
Total	<u><u>112</u></u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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 April 8, 2012	After April 8, 2012 Prior to January 1, 2013	On or after 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	14.18%	11.94%	7.96%

	Safety - Fire (Component Unit)	
	Classic Tier I	PEPRA
	Prior to January 1, 2013	On or After 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%	14.5%
Required employer contribution rates	26.36%	14.96%

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. SSJCF A is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the fiscal year ended June 30, 2025, employer contributions made for the plans was \$2,705,955.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 14 – Pension Plans (Continued)

C. Component Unit (Continued)

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

SSJCFA'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, 2024, 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, 2023 rolled forward to June 30, 2024 using standard update procedures. SSJCFA's proportion of the net pension liability was based on a projection of SSJCFA'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, 2025, SSJCFA reported net pension liability for its proportionate shares of the net pension liability of SSJCFA's Plan are as follows:

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)
Balance at: 6/30/23 (Valuation date)	\$ 1,914,614	\$ 1,656,788	\$ 257,826
Balance at: 6/30/24 (Measurement date)	6,369,494	6,240,120	129,374
Net Changes during 2023-2024	4,454,880	4,583,332	(128,452)

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, 2023). 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, 2024). 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, 2023 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2023-24).
- (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, 2025

Note 14 – Pension Plans (Continued)

C. Component Unit (Continued)

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

SSJCFA’s proportionate share of the net pension liability for the plans as of June 30, 2023 and 2024 was as follows:

Proportion June 30, 2023	0.00207%
Proportion June 30, 2024	0.00107%
Change - Increase (Decrease)	<u>-0.00100%</u>

For year ended June 30, 2025, SSJCFA recognized pension expenses in the amount of \$1,048,587 for SSJCFA’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 the risk pool for the 2023-24 measurement period is 3.8 years, which was obtained by dividing the total service years of 630,177 (the sum of remaining service lifetimes of the active employees) by 166,163 (the total number of participants: active, inactive, and retired).

At June 30, 2025, SSJCFA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made subsequent to measurement date	\$ 2,705,955	\$ -
Difference between projected and actual earning on pension plan investments	6,283	-
Adjustment due to differences in proportions	103,843	-
Changes in assumptions	3,191	-
Difference between actual and expected experience	10,573	(346)
Difference between employer's actual contributions and proportionate share of contributions	2,232,509	(1,045)
Total	<u>\$ 5,062,354</u>	<u>\$ (1,391)</u>

For SSJCFA’s Plan, \$2,705,955 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, 2026.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2026	\$ 943,048
2027	893,066
2028	521,044
2029	(2,150)
2030	-
Thereafter	-
	<u>\$ 2,355,008</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023 total pension liability. Both the June 30, 2023 and the June 30, 2024 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%
Salary Increases	Varies by Entry Age and Service
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

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 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, 2025

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 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.

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

The following presents SSJCFA's proportionate share of the net pension liability for SSJCFA's Plan, calculated using the discount rate for SSJCFA's Plan, as well as what SSJCFA'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%)
\$ 999,018	\$ 129,374	\$ (582,054)

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, SSJCFA reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2025.

Note 15 – Other Postemployment Benefits

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Employer contributions made subsequent to the measurement date	\$ 230,531	\$ 53,025	\$ 283,556
Difference between expected and actual experience	312,419	71,861	384,280
Changes in assumptions	1,091,714	251,107	1,342,821
Total deferred outflows of resources	\$ 1,634,664	\$ 375,993	\$ 2,010,657
Total OPEB liability:			
Total OPEB liability	\$ 5,445,841	\$ 1,252,612	\$ 6,698,453
Total OPEB liability	\$ 5,445,841	\$ 1,252,612	\$ 6,698,453
Deferred inflows of resources:			
Difference between expected and actual experience	\$ 1,042,749	\$ 368,586	\$ 1,411,335
Change in assumption	1,707,125	263,919	1,971,044
Total deferred inflows of resources	\$ 2,749,874	\$ 632,505	\$ 3,382,379
Total OPEB Expense	\$ 107,547	\$ 467,569	\$ 575,116

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, 2025

Note 15 – Other Postemployment Benefits (Continued)

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, 2025, those costs for 139 retirees totaled \$914,183 and the total liability amount in the medical leave bank is \$7,109,293.

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, 2024, the date of the latest actuarial valuation:

Active employees	361
Inactive plan members entitled to but not receiving benefits	18
Inactive plan members currently receiving benefits	29
Total	<u>408</u>

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. The total OPEB liability at June 30, 2025 was \$6,698,453.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.93%
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.
Healthcare Trend Rate	An annual healthcare cost trend rate of 9.3% in 2026 and graded down to 3.9% by 2075

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2023 through June 30, 2024.

Change in Assumption

The City's discount rate used to measure the total OPEB liability decreased from 4.13% to 3.93% for the measurement period ended June 30, 2024.

Discount Rate

The discount rate used to measure the total OPEB liability 3.93%. 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, 2025

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, 2023	\$ 7,235,401
Changes recognized for the measurement period:	
Service cost	483,884
Interest on the total OPEB liability	312,252
Employer contributions	-
Changes of benefit terms	-
Difference between expected and actual experience	(1,139,157)
Changes of assumptions	123,449
Benefit payments	(317,376)
Net changes during July 1, 2023 to June 30, 2024	(536,948)
Balance at June 30, 2024 (measurement date)	<u>\$ 6,698,453</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 (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1% (2.93%)	Current Discount Rate (3.93%)	Discount Rate + 1% (4.93%)
\$ 7,328,138	\$ 6,698,453	\$ 6,125,632

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		
-1%	Healthcare Cost Trend Rates	1%
\$ 5,929,749	\$ 6,698,453	\$ 7,608,425

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

For the fiscal year ended June 30, 2025, the City recognized OPEB expense of \$575,116. At June 30, 2025, 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	\$ 283,556	\$ -
Difference between expected and actual experience	384,280	(1,411,335)
Changes of assumptions	1,342,821	(1,971,044)
Total	<u>\$ 2,010,657</u>	<u>\$ (3,382,379)</u>

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, 2025, \$283,556 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, 2026. 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
2026	\$ (221,020)
2027	(221,020)
2028	(192,612)
2029	(185,469)
2030	(179,234)
Thereafter	(655,923)
	<u>\$ (1,655,278)</u>

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 of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 16 – Deferred Compensation Plan (Continued)

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.

Note 17 – Other Required Disclosures

A. Deficit Fund Balances/Net Position

At June 30, 2025, 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
State and Local Grants Fund	Special Revenue Fund	\$ 265,928
Central Services Fund	Internal Service Fund	315,715
Successor Agency Private Purpose Trust Fund	Fiduciary Fund	20,314,881

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, 2025, expenditures exceeded appropriations in the following funds by function:

Fund	Function	Excess Expenditures over Appropriations
General Fund	General government: Economic development	\$ 18
General Fund	General government: Finance	95
General Fund	Public ways and facilities: Development and engineering	182
General Fund	Capital outlay	2
General Fund	Debt service: Principal	1,133,515
General Fund	Debt service: Interest and fiscal charges	93,241
Asset Forfeiture Special Revenue Fund	Capital outlay	206
Community Development Fees Special Revenue Fund	General government: Economic development	3
Landscaping District Special Revenue Fund	Public ways and facilities: Public works	33
Landscaping District Special Revenue Fund	Community development: Parks and community services	234
CFD Services 2016-2 Special Revenue Fund	General government: Non-departmental	1
CFD Services 2016-2 Special Revenue Fund	Public ways and facilities: Public works	15
National Opioid Settlement Special Revenue Fund	Public safety: Police	887
Community Development Fees Special Revenue Fund	Public ways and facilities: Development and engineering	86

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 18 – Fund Balance Classification

The City classifies fund balances, as shown on the *Balance Sheet – Governmental Funds*, as follows as of June 30, 2025:

	General Fund	Housing Successor Fund	General Capital Projects Fund	Tracy Infrastructure Master Plans Fund	Non-major Governmental Funds	Total
Nonspendable						
Prepaid items	\$ 6,655,875	\$ -	\$ -	\$ -	\$ -	\$ 6,655,875
Advances to other funds	6,408,382	-	-	-	-	6,408,382
Total nonspendable	13,064,257	-	-	-	-	13,064,257
Restricted						
Housing	\$ -	\$ 1,064,787	\$ -	\$ -	\$ -	\$ 1,064,787
Special area projects	-	-	-	-	99,473,824	99,473,824
Public safety	-	-	-	-	2,902,786	2,902,786
Debt service	-	-	-	-	3,264,960	3,264,960
Community development	-	-	-	-	80,595	80,595
Asset forfeiture	-	-	-	-	70,518	70,518
Streets and roads	-	-	-	-	29,154,157	29,154,157
Landscaping district	-	-	-	-	5,803,285	5,803,285
Cable TV	-	-	-	-	979,323	979,323
Drainage	-	-	-	-	3,018,678	3,018,678
Tracy GROW	-	-	-	-	1,000,000	1,000,000
Section 115 pension trust	4,852,763	-	-	-	-	4,852,763
Fire medical leave bank	1,963,005	-	-	-	-	1,963,005
Medical leave bank	3,649,609	-	-	-	-	3,649,609
Total restricted	10,465,377	1,064,787	-	-	145,748,126	157,278,290
Committed						
Affordable housing development	-	4,000,000	-	-	-	4,000,000
Contingency/emergency	21,189,000	-	-	-	-	21,189,000
Total committed	21,189,000	4,000,000	-	-	-	25,189,000
Assigned						
Animal control trust	22,348	-	-	-	-	22,348
Community benefit	364,385	-	-	-	-	364,385
Economic/budget stability	16,204,000	-	-	-	-	16,204,000
PERS UAL holding	5,937,088	-	-	-	-	5,937,088
Retiree medical	3,729,531	-	-	-	-	3,729,531
Prior year reappropriations	131,809	-	-	-	-	131,809
Capital projects	-	-	195,392,402	139,266,929	-	334,659,331
Total assigned	26,389,161	-	195,392,402	139,266,929	-	361,048,492
Unassigned (deficit)	4,960,163	-	-	-	(265,928)	4,694,235
Total fund balances	\$ 76,067,958	\$ 5,064,787	\$ 195,392,402	\$ 139,266,929	\$ 145,482,198	\$ 561,274,274

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 19 – Net Investment in Capital Assets

Net Investment in Capital Assets at June 30, 2025 consisted of the following:

	Governmental Activities	Business-type Activities	Total
Capital assets, nondepreciable	\$ 628,159,593	\$ 136,800,789	\$ 764,960,382
Capital assets, depreciable/amortizable, net	149,006,538	345,450,068	494,456,606
Unspent bond proceeds of capital borrowings	40,344,119	-	40,344,119
Less capital-related liabilities:			
Retention payable	(3,321,481)	-	(3,321,481)
Lease liability	(1,887,800)	-	(1,887,800)
Subscription liability	(2,069,228)	-	(2,069,228)
Lease revenue bonds	(88,605,557)	-	(88,605,557)
Loans payable	-	(3,037,360)	(3,037,360)
Certificates of participation	-	(17,255,000)	(17,255,000)
Net investment in capital assets	<u>\$ 721,626,184</u>	<u>\$ 461,958,497</u>	<u>\$ 1,183,584,681</u>

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

On March 1, 2018, the City 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 SSJCFA is to provide fire administration, fire prevention and fire training and safety within the jurisdictional area of the SSJCFA. The SSJCFA 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 2025, the SSJCFA incurred costs of \$31.1 million, of which \$19.4 million was paid by the City and \$11.7 million was paid by the District. The City’s balance Due from the Component Unit as of June 30, 2025, was \$1,258,832. The City prepaid their annual membership dues to SSJCFA for fiscal year 2025 in the amount of \$6,655,875, this balance is reported by the City and SSJCFA in prepaid items and unearned revenue, respectively.

Note 21 – Community Development Agency Dissolution

The City opted to become the Successor Agency to the former Community Development Agency (“CDA”) of the City 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 – Adjustments and Restatements of Beginning Balances

Due to a decrease in the amount of fees being received, the City determined that the Community Development Fees Special Revenue Fund and the Lease Revenue Bond Debt Service Fund no longer meets the quantitative criteria for major governmental fund reporting. Accordingly, beginning in the current fiscal year, the Community Development Fees Fund and Lease Revenue Bonds Fund are reported as nonmajor governmental funds.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 22 – Adjustments and Restatements of Beginning Balances (Continued)

The effect of this change in fund classification is presented in the column titled “Adjustment –Major to nonmajor fund” in the table below.

During the current year, the City implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the City now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the “Restatement – GASB 101 implementation” column in the table below.

During the current fiscal year, the City implemented a new capital asset module within its enterprise resource planning (ERP) system. As part of this implementation, the City identified an error in previously issued financial statements related to the miscalculation of depreciation on certain capital assets. The error resulted from system configuration and data conversion issues that caused depreciation to be misstated in prior years. The effects of the error correction are summarized below in the “Error Correction –Depreciation Miscalculation” column in the table below.

	June 30, 2024, As Previously Reported	Adjustment - Major to nonmajor funds	Restatement - GASB 101 implementation	Error Correction - Depreciation Miscalculation	June 30, 2024, As Restated
Government-wide					
Governmental activities	\$ 1,087,191,313	\$ -	\$ (6,508,525)	\$ 612,016	\$ 1,081,294,804
Business-type activities	488,736,357	-	(951,373)	14,166,540	501,951,524
Total government-wide	\$ 1,575,927,670	\$ -	\$ (7,459,898)	\$ 14,778,556	\$ 1,583,246,328
Governmental funds					
Major funds:					
General Fund	\$ 55,255,293	\$ -	\$ -	\$ -	\$ 55,255,293
Housing Successor Fund	4,601,794	-	-	-	4,601,794
Community Development Fees Fund	5,474,412	(5,474,412)	-	-	-
Lease Revenue Bonds Fund	57,170,695	(57,170,695)	-	-	-
General Projects Fund	138,751,296	-	-	-	138,751,296
Tracy Infrastructure Master Plans Fund	126,163,390	-	-	-	126,163,390
Nonmajor funds	130,746,374	62,645,107	-	-	193,391,481
Total governmental funds	\$ 518,163,254	\$ -	\$ -	\$ -	\$ 518,163,254
Proprietary funds					
Enterprise funds					
Major funds:					
Water Fund	\$ 206,416,406	\$ -	\$ (296,777)	\$ 405,393	\$ 206,525,022
Wastewater Fund	184,163,237	-	(403,583)	90,279	183,849,933
Solid Waste Fund	9,276,279	-	(70,834)	(1,401)	9,204,044
Drainage Fund	50,717,839	-	(30,759)	13,769,167	64,456,247
Non-major funds:					
Municipal Airport Fund	11,753,270	-	(28,701)	54,645	11,779,214
Municipal Transit Fund	26,409,326	-	(120,719)	(151,543)	26,137,064
Total enterprise funds	\$ 488,736,357	\$ -	\$ (951,373)	\$ 14,166,540	\$ 501,951,524
Internal service funds					
Central Garage Fund	\$ (216,227)	\$ -	\$ (38,574)	\$ -	\$ (254,801)
Central Services Fund	(397,629)	-	(116,732)	-	(514,361)
Equipment Acquisition Fund	21,257,653	-	-	(258,985)	20,998,668
Building Maintenance Fund	2,784,878	-	(86,897)	-	2,697,981
Insurance Fund	1,062,200	-	(94,353)	-	967,847
Total internal service funds	\$ 24,490,875	\$ -	\$ (336,556)	\$ (258,985)	\$ 23,895,334
Discretely Presented Component Unit	\$ 5,838,147	\$ -	\$ (1,796,465)	\$ -	\$ 4,041,682

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, 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, 2025 was \$11,899,381. 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 \$4,222,259 to the Corporation during the year ended June 30, 2025.

City of Tracy
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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 \$2,233,327 to the Corporation during the year ended June 30, 2025.

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 \$732,299 to the Corporation during the year ended June 30, 2025.

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, 2025 were as follows:

	Balance
General Fund	\$ 206,615
General Projects Capital Projects Fund	46,567,370
Tracy Infrastructure Master Plan Capital Projects Fund	6,755,646
Non-Major Governmental Funds	12,356,627
	\$ 65,886,258

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, 2025

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, 2025. 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 2026.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Tracy
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2025

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, 2025

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, Capital Project, 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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Taxes	\$ 114,801,344	\$ 137,774,725	\$ 137,774,723	\$ (2)
Licenses, permits and fees	4,704,498	6,341,521	6,341,503	(18)
Fines and penalties	170,000	249,523	249,523	-
Investment income	2,000,000	8,288,480	8,265,729	(22,751)
Intergovernmental	2,279,850	3,710,357	3,858,061	147,704
Charges for current services	13,882,485	14,664,669	14,664,668	(1)
Contributions	75,136	244,090	244,090	-
Other revenue	7,477,581	10,382,335	12,699,271	2,316,936
Total revenues	145,390,894	181,655,700	184,097,568	2,441,868
EXPENDITURES:				
Current:				
General government				
Economic development	1,369,848	1,055,338	1,055,356	(18)
General government	13,868,361	13,262,588	13,262,422	166
Finance	6,424,134	6,610,849	6,610,944	(95)
Non-departmental	11,419,095	14,045,068	13,810,722	234,346
Public safety				
Police	49,676,721	56,492,970	56,317,707	175,263
Fire	17,984,656	18,569,081	18,569,079	2
Public ways and facilities				
Development and engineering	5,000	3,446	3,628	(182)
Public works	7,215,423	7,571,297	7,570,863	434
Community development				
Parks and community services	18,581,394	17,652,129	16,600,523	1,051,606
Capital outlay	1,022	3,154,452	3,154,454	(2)
Debt service:				
Principal	-	-	1,133,515	(1,133,515)
Interest and fiscal charges	-	-	93,241	(93,241)
Total expenditures	126,545,654	138,417,218	138,182,454	234,764
REVENUES OVER (UNDER) EXPENDITURES	18,845,240	43,238,482	45,915,114	2,676,632
OTHER FINANCING SOURCES (USES):				
Inception of subscription agreement	-	2,071,113	2,071,113	-
Inception of lease agreement	-	214,316	214,316	-
Transfers out	(11,102,184)	(27,387,878)	(27,387,878)	-
Total other financing sources (uses)	(11,102,184)	(25,102,449)	(25,102,449)	-
Net change in fund balance	\$ 7,743,056	\$ 18,136,033	20,812,665	\$ 2,676,632
FUND BALANCE:				
Beginning of year			55,255,293	
End of year			<u>\$ 76,067,958</u>	

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Housing Successor Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ 402,412	\$ 402,412	\$ -
Other revenue	-	60,582	60,581	(1)
Total revenues	-	462,994	462,993	(1)
EXPENDITURES:				
Capital outlay	-	588,831	-	588,831
Total expenditures	-	588,831	-	588,831
Net change in fund balance	\$ -	\$ (125,837)	462,993	\$ 588,830
FUND BALANCE:				
Beginning of year			4,601,794	
End of year			\$ 5,064,787	

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, 2025

Measurement Period	Miscellaneous Plan									
	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Total Pension Liability										
Service cost	\$ 5,591,864	\$ 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
Interest on total pension liability	14,817,080	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
Differences between expected and actual experience	2,740,826	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	(10,403,091)	(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)
Net change in total pension liability	12,746,679	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
Total pension liability - beginning	214,405,084	202,321,647	60,806,423	52,848,465	39,998,320	29,633,020	21,946,448	5,544,767	1,265,058	-
Total pension liability - ending (a)	\$ 227,151,763	\$ 214,405,084	\$ 77,462,813	\$ 60,806,423	\$ 52,848,465	\$ 39,998,320	\$ 29,633,020	\$ 21,946,448	\$ 5,544,767	\$ 1,265,058
Plan fiduciary net position										
Contributions - employer	8,188,403	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
Contributions - employee	2,857,169	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
Investment income (net of administrative expenses)	15,405,279	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
Benefit payments	(10,403,091)	(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)
Other	(128,955)	(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	15,918,805	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
Plan fiduciary net position - beginning	158,479,669	149,166,537	65,206,672	35,203,385	28,466,767	20,622,535	12,599,247	1,766,245	1,366,298	-
Plan fiduciary net position - ending (b)	\$ 174,398,474	\$ 158,479,669	\$ 53,068,193	\$ 65,206,672	\$ 35,203,385	\$ 28,466,767	\$ 20,622,535	\$ 12,599,247	\$ 1,766,245	\$ 1,366,298
Net pension liability - ending (a)-(b)	\$ 52,753,289	\$ 55,925,415	\$ 24,394,620	\$ (4,400,249)	\$ 17,645,080	\$ 11,531,553	\$ 9,010,485	\$ 9,347,201	\$ 3,778,522	\$ (101,240)
Plan fiduciary net position as a percentage of the total pension liability	76.78%	73.92%	68.51%	107.24%	66.61%	71.17%	69.59%	57.41%	31.85%	108.00%
Covered payroll	\$ 32,835,375	\$ 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
Net pension liability as a percentage of covered payroll	160.66%	186.49%	85.43%	-15.74%	64.32%	47.78%	41.79%	46.08%	20.41%	-0.56%

Notes to Schedule:

Changes of Benefit Terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

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, 2025

Measurement Period	Safety Plan									
	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Total Pension Liability										
Service cost	\$ 4,624,061	\$ 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
Interest on total pension liability	17,817,913	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
Differences between expected and actual experience	1,206,115	(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	(11,295,330)	(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)
Net change in total pension liability	12,352,759	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
Total pension liability - beginning	260,360,142	250,629,186	83,969,134	70,204,113	54,561,105	40,024,890	30,489,512	9,386,834	2,964,816	-
Total pension liability - ending (a)	\$ 272,712,901	\$ 260,360,142	\$ 109,402,410	\$ 83,969,134	\$ 70,204,113	\$ 54,561,105	\$ 40,024,890	\$ 30,489,512	\$ 9,386,834	\$ 2,964,816
Plan fiduciary net position										
Contributions - employer	7,955,321	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
Contributions - employee	2,212,034	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
Investment income (net of administrative expenses)	18,524,359	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
Benefit payments	(11,295,330)	(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)
Other	(155,752)	(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	17,240,632	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
Plan fiduciary net position - beginning	191,411,319	181,294,213	82,082,952	44,258,727	35,695,713	26,023,002	15,556,382	2,934,211	2,482,782	-
Plan fiduciary net position - ending (b)	\$ 208,651,951	\$ 191,411,319	\$ 67,805,757	\$ 82,082,952	\$ 44,258,727	\$ 35,695,713	\$ 26,023,002	\$ 15,556,382	\$ 2,934,211	\$ 2,482,782
Net pension liability - ending (a)-(b)	\$ 64,060,950	\$ 68,948,823	\$ 41,596,653	\$ 1,886,182	\$ 25,945,386	\$ 18,865,392	\$ 14,001,888	\$ 14,933,130	\$ 6,452,623	\$ 482,034
Plan fiduciary net position as a percentage of the total pension liability	76.51%	73.52%	61.98%	97.75%	63.04%	65.42%	65.02%	51.02%	31.26%	83.74%
Covered payroll	\$ 13,823,800	\$ 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
Net pension liability as a percentage of covered payroll	463.41%	529.21%	187.94%	9.09%	133.25%	107.44%	85.78%	96.33%	42.32%	3.03%

Notes to Schedule:

Changes of Benefit Terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

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, 2025

Component Unit	6/30/2024	6/30/2023 ¹
Measurement period, year ended		
Plan's proportion of the net pension liability	0.001070%	0.002070%
Plan's proportionate share of the net pension liability	\$ 129,374	\$ 257,826
Plan's covered payroll	\$ 12,754,995	\$ 11,534,347
Plan's proportionate share of the net pension liability as a percentage of covered payroll	1.01%	2.24%
Plan's fiduciary net position	\$ 6,240,120	\$ 1,656,788
Plan's fiduciary net position as a percentage of the total pension liability	2.07%	15.56%
Plan's proportionate share of aggregate employer contributions	\$ 2,669,142	\$ 983,974

¹ Information only presented from the plan implementation year.

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pension
For the Year Ended June 30, 2025

Miscellaneous Plan

Fiscal Year:	2024-25	2023-24	2022-23	2021-22	2020-21
Contractually determined contribution (actuarially determined)	\$ 7,738,008	\$ 8,201,865	\$ 7,226,222	\$ 6,787,574	\$ 6,067,472
Contributions in relation to the actuarially determined contributions	(7,738,008)	(8,201,865)	(7,226,222)	(6,787,574)	(6,067,472)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 31,815,313	\$ 30,888,654	\$ 29,988,984	\$ 28,554,473	\$ 27,962,432
Contributions as a percentage of covered payroll	24.32%	26.55%	24.10%	23.77%	21.70%
Fiscal Year:	2019-20	2018-19	2017-18	2016-17	2015-16
Contractually determined contribution (actuarially determined)	\$ 5,566,882	\$ 4,749,293	\$ 4,050,711	\$ 3,873,007	\$ 3,499,868
Contributions in relation to the actuarially determined contributions	(5,566,882)	(4,749,293)	(4,050,711)	(3,873,007)	(3,499,868)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 27,434,251	\$ 25,887,652	\$ 23,989,506	\$ 20,465,522	\$ 19,352,925
Contributions as a percentage of covered payroll	20.29%	18.35%	16.89%	18.92%	18.08%

Notes to Schedule:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2025 were derived from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2025:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method/period	Level percentage of payroll
Asset valuation method	Fair Market Value
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.80%
Investment rate of return	6.80% 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.
	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
Mortality	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, 2025

	Safety Plan				
Fiscal Year:	2024-25	2023-24	2022-23	2021-22	2020-21
Contractually determined contribution (actuarially determined)	\$ 7,708,043	\$ 7,955,321	\$ 7,159,137	\$ 7,549,380	\$ 7,379,603
Contributions in relation to the actuarially determined contributions	(7,708,043)	(7,955,321)	(7,159,137)	(7,549,380)	(7,379,603)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 14,238,514	\$ 13,823,800	\$ 13,028,704	\$ 22,133,035	\$ 20,745,326
Contributions as a percentage of covered payroll	54.14%	57.55%	54.95%	34.11%	35.57%
Fiscal Year:	2019-20	2018-19	2017-18	2016-17	2015-16
Contractually determined contribution (actuarially determined)	\$ 6,437,044	\$ 5,643,974	\$ 5,148,037	\$ 4,604,350	\$ 4,477,450
Contributions in relation to the actuarially determined contributions	(6,437,044)	(5,643,974)	(5,148,037)	(4,604,350)	(4,477,450)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 19,470,677	\$ 17,559,035	\$ 16,322,896	\$ 15,501,462	\$ 15,245,537
Contributions as a percentage of covered payroll	33.06%	32.14%	31.54%	29.70%	29.37%

Notes to Schedule:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2025 were derived from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2025:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method/period	Level percentage of payroll
Asset valuation method	Fair Market Value
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.80%
Investment rate of return	6.80% 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 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, 2025

	Component Unit		
Fiscal Year:	2024-25	2023-24	2022-2023 ¹
Contractually determined contribution (actuarially determined)	\$ 2,705,955	\$ 2,669,142	\$ 983,974
Contributions in relation to the actuarially determined contributions	(2,705,955)	(2,669,142)	(983,974)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,434,378	\$ 12,754,995	\$ 12,754,995
Contributions as a percentage of covered payroll	20.14%	20.93%	7.71%

Notes to Schedule:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2025 were derived from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2025:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method/period	Level percentage of payroll
Asset valuation method	Fair Market Value
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.80%
Investment rate of return	6.80% 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 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, 2025

Fiscal year ending:	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement date:	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017 ¹
Total OPEB liability								
Service cost	\$ 483,884	\$ 423,235	\$ 504,444	\$ 450,489	\$ 443,619	\$ 417,193	\$ 318,114	\$ 343,641
Interest	312,252	259,533	162,107	178,125	195,454	192,818	192,889	153,933
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,139,157)	-	-	-	(356,446)	-	273,705	-
Changes of assumptions	123,449	770,285	(1,412,084)	287,043	(388,970)	101,040	(391,232)	(334,977)
Benefit payments, including refunds of member contributions	(317,376)	(279,927)	(247,683)	(211,025)	(209,370)	(195,363)	(174,114)	(138,947)
Net change in total OPEB liability	(536,948)	1,173,126	(993,216)	704,632	(315,713)	515,688	219,362	23,650
Total OPEB liability - beginning	7,235,401	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)	\$ 6,698,453	\$ 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	\$ 317,376	\$ 279,927	\$ 247,683	\$ 211,025	\$ 209,370	\$ 195,363	\$ 174,114	\$ 138,947
Net investment income	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(317,376)	(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)	\$ 6,698,453	\$ 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%	0.00%
Covered-employee payroll	\$ 51,528,064	\$ 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	13.00%	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)
Modified Approach for City Street Infrastructure Assets
For the Year Ended June 30, 2025

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. GASB Statement No. 34 defines infrastructure assets as "long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets..." Major infrastructure systems include the street system, storm water system, sewer system, and traffic control system. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, etc. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the "Modified Approach" for infrastructure reporting for its Streets Pavement System. Eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of: (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

In October 2022, the City completed a study to update the physical condition assessment of the arterials and collector for residential/urban streets. The streets, primarily asphalt pavements, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. City owned streets are classified based on land use, access and traffic utilization into the following four classifications: arterial/major, arterial/minor, collector and local. This condition assessment will be performed at least every three years. Street assessments have historically been funded with grants and performed approximately every three years. Each street was assigned a physical condition based on potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to the physical characteristics of a new street.

The following conditions were defined:

PCI Conditions	PCI Rating
Very Good	70-100
Good	50-69
Poor	25-49
Very Poor	0-24

The City's policy is to achieve a minimum average rating of 65 for all streets, which is a "good" rating. As of June 30, 2025, the City's street system was rated at a PCI index of 65 on the average with the detail condition as follows:

Street Condition	% of Streets
Very Good (PCI 70-100)	28%
Good (PCI 50-69)	50%
Poor (PCI 26-49)	17%
Very Poor (PCI 0-25)	5%
	100%

City of Tracy
Required Supplementary Information (Unaudited) (Continued)
Modified Approach for City Street Infrastructure Assets (Continued)
For the Year Ended June 30, 2025

The City expended \$9,723,048 on street improvement projects for the fiscal year ended June 30, 2025. These capital improvements expenditures enhanced the condition of many streets and delayed deterioration on others. The estimated expenditures required to maintain and improve the overall condition of the streets from July 1, 2024 through June 30, 2025 is a minimum of \$19,000,000.

A schedule of the estimated annual amount required to maintain and preserve the City's streets at the current level compared to budgeted expenditures and actual expenditures for street maintenance for the last five years is presented below:

Year	PCI	Maintenance to Maintain PCI	Maintenance Budget	Actual Maintenance
2021	69	\$ 4,000,000	\$ 9,866,151	\$ 7,827,339
2022	64	4,000,000	10,175,540	5,587,759
2023	64	19,000,000	5,920,343	7,385,863
2024	64	19,000,000	7,949,575	7,389,773
2025	65	19,000,000	12,405,013	9,723,048

As of June 30, 2025, 72% of City streets were rated below the targeted average condition level of 69 PCI. However, as noted above, the City is investing in these infrastructure assets as part of the five-year Capital Improvement Program and will continue to rehabilitate and maintain its streets in order to achieve this goal.

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.

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

Non-Major Governmental Funds (Continued)

Special Revenue Funds (Continued):

State and Local Grants Fund - This fund accounts for the grant revenues and expenditures received through State and Local passthrough entities.

Community Development Fees Fund - This fund is used to account for revenues and expenditures of the Building, Engineering and Planning Divisions.

Debt Service Funds:

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

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, 2025

Special Revenue

	TEA Grant	Business Improvement District	Asset Forfeiture	Transportation Development	Proposition K Transportation	State Gas Tax Street
ASSETS						
Cash and investments	\$ -	\$ 943	\$ 72,147	\$ 619,461	\$ 12,562,147	\$ 9,014,940
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Intergovernmental receivable	6,581,212	-	-	5,659,736	574,177	450,915
Interest receivable	-	-	100	857	17,418	13,035
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-	-
Total assets	\$ 6,581,212	\$ 943	\$ 72,247	\$ 6,280,054	\$ 13,153,742	\$ 9,478,890
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 4,787,352	\$ -	\$ 1,729	\$ 1,949	\$ 80,388	\$ 95,308
Accrued payroll	20	-	-	124	102	7,921
Due to other funds	1,366,577	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	6,153,949	-	1,729	2,073	80,490	103,229
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted	427,263	943	70,518	6,277,981	13,073,252	9,375,661
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	427,263	943	70,518	6,277,981	13,073,252	9,375,661
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,581,212	\$ 943	\$ 72,247	\$ 6,280,054	\$ 13,153,742	\$ 9,478,890

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2025

	Special Revenue					
	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy	COPS Grant
ASSETS						
Cash and investments	\$ -	\$ 6,076,051	\$ -	\$ 948,252	\$ -	\$ 529,553
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	29,756	-	-
Intergovernmental receivable	275,422	-	-	-	-	-
Interest receivable	-	8,424	-	1,315	-	744
Deposits	-	-	-	-	1,000,000	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-	-
Total assets	<u>\$ 275,422</u>	<u>\$ 6,084,475</u>	<u>\$ -</u>	<u>\$ 979,323</u>	<u>\$ 1,000,000</u>	<u>\$ 530,297</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 113,255	\$ 276,145	\$ -	\$ -	\$ -	\$ -
Accrued payroll	510	5,045	-	-	-	-
Due to other funds	81,062	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	<u>194,827</u>	<u>281,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted	80,595	5,803,285	-	979,323	1,000,000	530,297
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>80,595</u>	<u>5,803,285</u>	<u>-</u>	<u>979,323</u>	<u>1,000,000</u>	<u>530,297</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 275,422</u>	<u>\$ 6,084,475</u>	<u>\$ -</u>	<u>\$ 979,323</u>	<u>\$ 1,000,000</u>	<u>\$ 530,297</u>

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2025

	Special Revenue					
	FEMA Grant	CFD Services 2016-2	CFD Services 2018-1	North East Industrial Plan Area Storm Drain	National Opioid Settlement	ARPA Grant
ASSETS						
Cash and investments	\$ 2,857	\$ 3,475,322	\$ 895,990	\$ 3,014,498	\$ 391,612	\$ 2,937,550
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	39,429	-	-	-
Intergovernmental receivable	-	-	-	-	-	-
Interest receivable	-	4,820	1,241	4,180	543	4,065
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-	-
Total assets	<u>\$ 2,857</u>	<u>\$ 3,480,142</u>	<u>\$ 936,660</u>	<u>\$ 3,018,678</u>	<u>\$ 392,155</u>	<u>\$ 2,941,615</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 408,044	\$ 136,994	\$ -	\$ -	\$ 586,058
Accrued payroll	-	1,461	1,575	-	-	145
Due to other funds	-	-	-	-	-	-
Deposits payable	-	2,838,131	100,000	-	-	-
Unearned revenues	-	-	-	-	375,078	-
Total liabilities	<u>-</u>	<u>3,247,636</u>	<u>238,569</u>	<u>-</u>	<u>375,078</u>	<u>586,203</u>
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted	2,857	232,506	698,091	3,018,678	17,077	2,355,412
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>2,857</u>	<u>232,506</u>	<u>698,091</u>	<u>3,018,678</u>	<u>17,077</u>	<u>2,355,412</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,857</u>	<u>\$ 3,480,142</u>	<u>\$ 936,660</u>	<u>\$ 3,018,678</u>	<u>\$ 392,155</u>	<u>\$ 2,941,615</u>

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2025

	Special Revenue		Debt Service	Capital Projects		
	State and Local Grants	Community Development Fees	Lease Revenue Bonds	Infill Projects	Urban Management Plan Facilities	Capital Projects Deposit
ASSETS						
Cash and investments	\$ -	\$ 6,249,475	\$ 1,748,381	\$ -	\$ 7,761,945	\$ 5,433,282
Cash and investments with fiscal agents	-	-	1,522,657	-	-	-
Accounts receivable, net	-	6,903,049	-	-	(2,204)	-
Intergovernmental receivable	2,064,509	-	-	-	-	-
Interest receivable	-	30,982	-	-	10,754	7,532
Deposits	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from Fiduciary Funds	-	-	4,033,816	-	-	-
Total assets	<u>\$ 2,064,509</u>	<u>\$ 13,183,506</u>	<u>\$ 7,304,854</u>	<u>\$ -</u>	<u>\$ 7,770,495</u>	<u>\$ 5,440,814</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 891,101	\$ 977,073	\$ 6,078	\$ -	\$ 327,131	\$ -
Accrued payroll	124	46,353	-	-	1,325	-
Due to other funds	1,439,212	-	-	-	-	-
Deposits payable	-	3,054,972	-	-	3,259,695	5,088,023
Unearned revenues	-	2,114,016	-	-	-	-
Total liabilities	<u>2,330,437</u>	<u>6,192,414</u>	<u>6,078</u>	<u>-</u>	<u>3,588,151</u>	<u>5,088,023</u>
Deferred inflows of resources:						
Unavailable revenue	-	-	4,033,816	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>4,033,816</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted	-	6,991,092	3,264,960	-	4,182,344	352,791
Unassigned (deficit)	(265,928)	-	-	-	-	-
Total fund balances	<u>(265,928)</u>	<u>6,991,092</u>	<u>3,264,960</u>	<u>-</u>	<u>4,182,344</u>	<u>352,791</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,064,509</u>	<u>\$ 13,183,506</u>	<u>\$ 7,304,854</u>	<u>\$ -</u>	<u>\$ 7,770,495</u>	<u>\$ 5,440,814</u>

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2025

	Capital Projects					
	Redevelopment Obligations	Tracy Gateway Area	Residential Specific Plan Projects	Ellis Area	CORE Capital Projects	Regional Transportation Impact
ASSETS						
Cash and investments	\$ 1,163,609	\$ 2,165,674	\$ 3,115,591	\$ 9,842,067	\$ 49,229,985	\$ 19,906,144
Cash and investments with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-
Interest receivable	1,613	3,002	4,319	13,638	75,256	27,596
Deposits	-	-	-	-	-	-
Loans receivable	-	-	1,556,070	-	-	-
Due from Fiduciary Funds	-	-	-	-	-	-
Total assets	<u>\$ 1,165,222</u>	<u>\$ 2,168,676</u>	<u>\$ 4,675,980</u>	<u>\$ 9,855,705</u>	<u>\$ 49,305,241</u>	<u>\$ 19,933,740</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 785	\$ 107,467	\$ 542,729
Accrued payroll	-	-	-	-	50	74
Due to other funds	-	-	-	-	-	-
Deposits payable	3,000	-	-	348	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>1,133</u>	<u>107,517</u>	<u>542,803</u>
Deferred inflows of resources:						
Unavailable revenue	-	-	1,556,070	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,556,070</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted	1,162,222	2,168,676	3,119,910	9,854,572	49,197,724	19,390,937
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>1,162,222</u>	<u>2,168,676</u>	<u>3,119,910</u>	<u>9,854,572</u>	<u>49,197,724</u>	<u>19,390,937</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,165,222</u>	<u>\$ 2,168,676</u>	<u>\$ 4,675,980</u>	<u>\$ 9,855,705</u>	<u>\$ 49,305,241</u>	<u>\$ 19,933,740</u>

(Continued)

City of Tracy
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2025

	<u>Capital Projects</u>	
	<u>JPA Fee</u>	<u>Total Non-Major Funds</u>
ASSETS		
Cash and investments	\$ 2,116,225	\$ 149,273,701
Cash and investments with fiscal agents	-	1,522,657
Accounts receivable, net	-	6,970,030
Intergovernmental receivable	-	15,605,971
Interest receivable	2,934	234,368
Deposits	-	1,000,000
Loans receivable	-	1,556,070
Due from Fiduciary Funds	-	4,033,816
Total assets	<u>\$ 2,119,159</u>	<u>\$ 180,196,613</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 9,339,586
Accrued payroll	-	64,829
Due to other funds	-	2,886,851
Deposits payable	-	14,344,169
Unearned revenues	-	2,489,094
Total liabilities	<u>-</u>	<u>29,124,529</u>
Deferred inflows of resources:		
Unavailable revenue	<u>-</u>	<u>5,589,886</u>
Total deferred inflows of resources	<u>-</u>	<u>5,589,886</u>
Fund Balances:		
Restricted	2,119,159	145,748,126
Unassigned (deficit)	<u>-</u>	<u>(265,928)</u>
Total fund balances	<u>2,119,159</u>	<u>145,482,198</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,119,159</u>	<u>\$ 180,196,613</u>

(Concluded)

City of Tracy
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue					
	TEA Grant	Business Improvement District	Asset Forfeiture	Transportation Development	Proposition K Transportation	State Gas Tax Street
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ 5,659,736	\$ 2,493,790	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	8,952	-	-	-
Investment income	-	4	8,482	30,931	543,173	436,707
Intergovernmental	6,746,020	-	-	-	399,051	5,312,821
Charges for current services	-	-	-	-	-	-
Special assessments	-	156,738	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	6,746,020	156,742	17,434	5,690,667	3,436,014	5,749,528
EXPENDITURES:						
Current:						
General government						
Economic development	-	156,924	-	-	-	-
General government	-	-	-	-	-	-
Finance	-	-	-	-	-	127,120
Non-departmental	-	-	-	-	-	-
Public safety						
Police	-	-	41,914	-	-	-
Public ways and facilities						
Development and engineering	-	-	-	-	-	-
Public works	-	-	-	-	-	1,959,570
Community development						
Parks and community services	-	-	-	-	-	-
Capital outlay	6,746,040	-	131,402	2,533,422	952,852	3,944,938
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	6,746,040	156,924	173,316	2,533,422	952,852	6,031,628
REVENUES OVER (UNDER) EXPENDITURES	(20)	(182)	(155,882)	3,157,245	2,483,162	(282,100)
OTHER FINANCING SOURCES (USES):						
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGES IN FUND BALANCES	(20)	(182)	(155,882)	3,157,245	2,483,162	(282,100)
FUND BALANCES (DEFICIT):						
Beginning of year, as previously reported	427,283	1,125	226,400	3,120,736	10,590,090	9,657,761
Change with financial reporting entity (major and non-major fund classification)	-	-	-	-	-	-
Beginning of year, as restated (Note 22)	427,283	1,125	226,400	3,120,736	10,590,090	9,657,761
End of year	<u>\$ 427,263</u>	<u>\$ 943</u>	<u>\$ 70,518</u>	<u>\$ 6,277,981</u>	<u>\$ 13,073,252</u>	<u>\$ 9,375,661</u>

(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, 2025

	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	-	-	-	126,114	-	-
Fines and penalties	-	-	-	-	-	-
Investment income	-	277,819	1	42,370	-	19,133
Intergovernmental	561,925	-	-	-	-	289,920
Charges for current services	-	-	-	-	-	-
Special assessments	-	3,730,058	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	561,925	4,007,877	1	168,484	-	309,053
EXPENDITURES:						
Current:						
General government						
Economic development	469,143	-	-	-	-	-
General government	-	-	-	31,089	-	-
Finance	-	-	-	-	-	-
Non-departmental	-	266,838	2,657	-	-	-
Public safety						
Police	-	-	-	-	-	60,649
Public ways and facilities						
Development and engineering	-	-	-	-	-	-
Public works	-	135,539	-	-	-	-
Community development						
Parks and community services	-	3,572,660	-	-	-	-
Capital outlay	2,345	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	471,488	3,975,037	2,657	31,089	-	60,649
REVENUES OVER (UNDER) EXPENDITURES	90,437	32,840	(2,656)	137,395	-	248,404
OTHER FINANCING SOURCES (USES):						
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGES IN FUND BALANCES	90,437	32,840	(2,656)	137,395	-	248,404
FUND BALANCES (DEFICIT):						
Beginning of year, as previously reported	(9,842)	5,770,445	2,656	841,928	1,000,000	281,893
Change with financial reporting entity (major and non-major fund classification)	-	-	-	-	-	-
Beginning of year, as restated (Note 22)	(9,842)	5,770,445	2,656	841,928	1,000,000	281,893
End of year	<u>\$ 80,595</u>	<u>\$ 5,803,285</u>	<u>\$ -</u>	<u>\$ 979,323</u>	<u>\$ 1,000,000</u>	<u>\$ 530,297</u>

(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, 2025

	Special Revenue					
	FEMA Grant	CFD Services 2016-2	CFD Services 2018-1	North East Industrial Plan Area Storm Drain	National Opioid Settlement	ARPA Grant
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment income	-	135,409	53,062	135,366	17,964	259,481
Intergovernmental	-	-	-	-	-	2,861,181
Charges for current services	-	-	-	214,944	-	-
Special assessments	-	747,851	886,216	-	-	-
Other revenue	-	-	-	-	159,729	-
Total revenues	-	883,260	939,278	350,310	177,693	3,120,662
EXPENDITURES:						
Current:						
General government						
Economic development	-	-	-	-	-	132,122
General government	-	-	-	-	-	-
Finance	-	-	-	-	-	-
Non-departmental	-	53,359	270,899	-	-	-
Public safety						
Police	-	-	-	-	110,887	-
Public ways and facilities						
Development and engineering	-	-	-	-	-	-
Public works	-	30,207	-	-	-	-
Community development						
Parks and community services	-	739,261	867,859	-	-	314,100
Capital outlay	-	96,318	79,146	-	49,729	3,173,011
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	919,145	1,217,904	-	160,616	3,619,233
REVENUES OVER (UNDER) EXPENDITURES	-	(35,885)	(278,626)	350,310	17,077	(498,571)
OTHER FINANCING SOURCES (USES):						
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGES IN FUND BALANCES	-	(35,885)	(278,626)	350,310	17,077	(498,571)
FUND BALANCES (DEFICIT):						
Beginning of year, as previously reported	2,857	268,391	976,717	2,668,368	-	2,853,983
Change with financial reporting entity (major and non-major fund classification)	-	-	-	-	-	-
Beginning of year, as restated (Note 22)	2,857	268,391	976,717	2,668,368	-	2,853,983
End of year	<u>\$ 2,857</u>	<u>\$ 232,506</u>	<u>\$ 698,091</u>	<u>\$ 3,018,678</u>	<u>\$ 17,077</u>	<u>\$ 2,355,412</u>

(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, 2025

	Special Revenue		Debt Service	Capital Projects		
	State and Local Grants	Community Development Fees	Lease Revenue Bonds	Infill Projects	Urban Management Plan Facilities	Capital Projects Deposit
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	13,457,466	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment income	-	1,046,523	(4,517)	(2,478)	424,196	252,636
Intergovernmental	5,236,940	223,490	-	-	-	-
Charges for current services	-	157,696	-	-	926,643	-
Special assessments	-	-	-	-	-	-
Other revenue	-	2,513,522	289,571	-	-	-
Total revenues	5,236,940	17,398,697	285,054	(2,478)	1,350,839	252,636
EXPENDITURES:						
Current:						
General government						
Economic development	-	-	-	-	-	-
General government	-	-	-	-	16	-
Finance	-	-	-	-	138,541	-
Non-departmental	-	-	880,827	-	1,552,883	-
Public safety						
Police	-	-	-	-	-	-
Public ways and facilities						
Development and engineering	-	9,718,809	-	-	-	-
Public works	-	6,122,453	-	-	687,322	-
Community development						
Parks and community services	-	-	-	-	-	-
Capital outlay	5,502,868	40,755	-	-	87,609	-
Debt service:						
Principal	-	-	1,550,000	-	-	-
Interest and fiscal charges	-	-	3,525,612	-	-	-
Total expenditures	5,502,868	15,882,017	5,956,439	-	2,466,371	-
REVENUES OVER (UNDER) EXPENDITURES	(265,928)	1,516,680	(5,671,385)	(2,478)	(1,115,532)	252,636
OTHER FINANCING SOURCES (USES):						
Transfers out	-	-	(53,009,534)	-	-	-
Total other financing sources (uses)	-	-	(48,234,350)	-	-	-
NET CHANGES IN FUND BALANCES	(265,928)	1,516,680	(53,905,735)	(2,478)	(1,115,532)	252,636
FUND BALANCES (DEFICIT):						
Beginning of year, as previously reported	-	-	-	2,478	5,297,876	100,155
Change with financial reporting entity (major and non-major fund classification)	-	5,474,412	57,170,695	-	-	-
Beginning of year, as restated (Note 22)	-	5,474,412	57,170,695	2,478	5,297,876	100,155
End of year	<u>\$ (265,928)</u>	<u>\$ 6,991,092</u>	<u>\$ 3,264,960</u>	<u>\$ -</u>	<u>\$ 4,182,344</u>	<u>\$ 352,791</u>

(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, 2025

	Capital Projects					
	Redevelopment Obligations	Tracy Gateway Area	Residential Specific Plan Projects	Ellis Area	CORE Capital Projects	Regional Transportation Impact
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment income	56,378	103,826	207,121	556,548	2,702,480	917,479
Intergovernmental	-	-	-	-	-	-
Charges for current services	-	-	-	766,936	691,286	2,190,696
Special assessments	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	56,378	103,826	207,121	1,323,484	3,393,766	3,108,175
EXPENDITURES:						
Current:						
General government						
Economic development	-	-	57,753	-	-	-
General government	-	-	-	-	-	-
Finance	-	-	-	-	-	-
Non-departmental	-	-	-	-	-	-
Public safety						
Police	-	-	-	-	-	-
Public ways and facilities						
Development and engineering	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community development						
Parks and community services	-	-	-	-	-	-
Capital outlay	14,012	-	-	307,682	592,869	1,327,853
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	14,012	-	57,753	307,682	592,869	1,327,853
REVENUES OVER (UNDER) EXPENDITURES	42,366	103,826	149,368	1,015,802	2,800,897	1,780,322
OTHER FINANCING SOURCES (USES):						
Transfers out	-	-	-	(2,506,799)	(3,139,135)	-
Total other financing sources (uses)	-	-	-	(2,506,799)	(3,139,135)	-
NET CHANGES IN FUND BALANCES	42,366	103,826	149,368	(1,490,997)	(338,238)	1,780,322
FUND BALANCES (DEFICIT):						
Beginning of year, as previously reported	1,119,856	2,064,850	2,970,542	11,345,569	49,535,962	17,610,615
Change with financial reporting entity (major and non-major fund classification)	-	-	-	-	-	-
Beginning of year, as restated (Note 22)	1,119,856	2,064,850	2,970,542	11,345,569	49,535,962	17,610,615
End of year	<u>\$ 1,162,222</u>	<u>\$ 2,168,676</u>	<u>\$ 3,119,910</u>	<u>\$ 9,854,572</u>	<u>\$ 49,197,724</u>	<u>\$ 19,390,937</u>

(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, 2025

	<u>Capital Projects</u>	
	<u>JPA Fee</u>	<u>Total Non-Major Funds</u>
REVENUES:		
Taxes	\$ -	\$ 8,153,526
Licenses, permits and fees	-	13,583,580
Fines and penalties	-	8,952
Investment income	101,479	8,321,573
Intergovernmental	-	21,631,348
Charges for current services	-	4,948,201
Special assessments	-	5,520,863
Other revenue	-	2,962,822
Total revenues	<u>101,479</u>	<u>65,130,865</u>
EXPENDITURES:		
Current:		
General government		
Economic development	-	815,942
General government	-	31,105
Finance	-	265,661
Non-departmental	-	3,027,463
Public safety		
Police	-	213,450
Public ways and facilities		
Development and engineering	-	9,718,809
Public works	-	8,935,091
Community development		
Parks and community services	-	5,493,880
Capital outlay	-	25,582,851
Debt service:		
Principal	-	1,550,000
Interest and fiscal charges	-	3,525,612
Total expenditures	<u>-</u>	<u>59,159,864</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>101,479</u>	<u>5,971,001</u>
OTHER FINANCING SOURCES (USES):		
Transfers out	-	(58,655,468)
Total other financing sources (uses)	<u>-</u>	<u>(53,880,284)</u>
NET CHANGES IN FUND BALANCES	101,479	(47,909,283)
FUND BALANCES (DEFICIT):		
Beginning of year, as previously reported	2,017,680	130,746,374
Change with financial reporting entity (major and non-major fund classification)	-	62,645,107
Beginning of year, as restated (Note 22)	2,017,680	193,391,481
End of year	<u>\$ 2,119,159</u>	<u>\$ 145,482,198</u>

(Concluded)

City of Tracy
Budgetary Comparison Schedule
General Capital Projects Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ 1,729,729	\$ 1,729,729	\$ -
Intergovernmental	-	-	1,000,000	1,000,000
Contributions	-	-	596,689	596,689
Other revenue	6,597,437	2,657	948,009	945,352
Total revenues	<u>6,597,437</u>	<u>1,732,386</u>	<u>4,274,427</u>	<u>2,542,041</u>
EXPENDITURES:				
Capital outlay	64,901,204	171,977,633	34,165,845	137,811,788
Total expenditures	<u>64,901,204</u>	<u>171,977,633</u>	<u>34,165,845</u>	<u>137,811,788</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(58,303,767)</u>	<u>(170,245,247)</u>	<u>(29,891,418)</u>	<u>140,353,829</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,927,000	22,234,121	86,532,524	64,298,403
Total other financing sources (uses)	<u>5,927,000</u>	<u>22,234,121</u>	<u>86,532,524</u>	<u>64,298,403</u>
Net change in fund balance	<u>\$ (52,376,767)</u>	<u>\$ (148,011,126)</u>	56,641,106	<u>\$ 204,652,232</u>
FUND BALANCE:				
Beginning of year			138,751,296	
End of year			<u>\$ 195,392,402</u>	

City of Tracy
Budgetary Comparison Schedule
Tracy Infrastructure Master Plans Capital Projects Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ 6,615,464	\$ 6,626,312	\$ 10,848
Charges for current services	-	17,259,429	17,259,428	(1)
Contributions	-	329,632	329,632	-
Other revenue	-	-	1,552,881	1,552,881
Total revenues	-	24,204,525	25,768,253	1,563,728
EXPENDITURES:				
Capital outlay	13,401,780	46,492,927	7,400,352	39,092,575
Total expenditures	13,401,780	46,492,927	7,400,352	39,092,575
REVENUES OVER (UNDER) EXPENDITURES	(13,401,780)	(22,288,402)	18,367,901	40,656,303
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(5,264,362)	(5,264,362)
Total other financing sources (uses)	-	-	(5,264,362)	(5,264,362)
Net change in fund balance	<u>\$ (13,401,780)</u>	<u>\$ (22,288,402)</u>	13,103,539	<u>\$ 35,391,941</u>
FUND BALANCE:				
Beginning of year			126,163,390	
End of year			<u>\$ 139,266,929</u>	

City of Tracy
Budgetary Comparison Schedule
TEA Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Intergovernmental	\$ -	\$ 9,509,218	\$ 6,746,020	\$ (2,763,198)
Total revenues	-	9,509,218	6,746,020	(2,763,198)
EXPENDITURES:				
Capital outlay	-	40,904,765	6,746,040	34,158,725
Total expenditures	-	40,904,765	6,746,040	34,158,725
Net change in fund balance	<u>\$ -</u>	<u>\$ (31,395,547)</u>	(20)	<u>\$ 31,395,527</u>
FUND BALANCE:				
Beginning of year			427,283	
End of year			<u>\$ 427,263</u>	

City of Tracy
Budgetary Comparison Schedule
Business Improvement District Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ -	\$ 4	\$ 4
Special assessments	156,176	156,738	156,738	-
Total revenues	156,176	156,738	156,742	4
EXPENDITURES:				
Current:				
General government				
Economic development	156,176	156,924	156,924	-
Total expenditures	156,176	156,924	156,924	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (186)</u>	(182)	<u>\$ 4</u>
FUND BALANCE:				
Beginning of year			1,125	
End of year			<u>\$ 943</u>	

City of Tracy
Budgetary Comparison Schedule
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/ (Unfavorable)
REVENUES:				
Fines and penalties	\$ 140,000	\$ 8,952	\$ 8,952	\$ -
Investment income	-	8,482	8,482	-
Total revenues	<u>140,000</u>	<u>17,434</u>	<u>17,434</u>	<u>-</u>
EXPENDITURES:				
Current:				
Public safety				
Police	185,636	41,916	41,914	2
Capital outlay	-	131,196	131,402	(206)
Total expenditures	<u>185,636</u>	<u>173,112</u>	<u>173,316</u>	<u>(204)</u>
Net change in fund balance	<u>\$ (45,636)</u>	<u>\$ (155,678)</u>	(155,882)	<u>\$ (204)</u>
FUND BALANCE:				
Beginning of year			<u>226,400</u>	
End of year			<u>\$ 70,518</u>	

City of Tracy
Budgetary Comparison Schedule
Transportation Development Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/ (Unfavorable)
REVENUES:				
Taxes	\$ -	\$ 5,659,736	\$ 5,659,736	\$ -
Investment income	-	30,931	30,931	-
Total revenues	-	5,690,667	5,690,667	-
EXPENDITURES:				
Capital outlay	2,000,000	7,945,353	2,533,422	5,411,931
Total expenditures	2,000,000	7,945,353	2,533,422	5,411,931
Net change in fund balance	<u>\$ (2,000,000)</u>	<u>\$ (2,254,686)</u>	3,157,245	<u>\$ 5,411,931</u>
FUND BALANCE (DEFICIT):				
Beginning of year			3,120,736	
End of year			<u>\$ 6,277,981</u>	

City of Tracy
Budgetary Comparison Schedule
Proposition K Transportation Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Taxes	\$ 2,300,000	\$ 2,493,790	\$ 2,493,790	\$ -
Investment income	-	543,173	543,173	-
Intergovernmental	-	399,060	399,051	(9)
Total revenues	<u>2,300,000</u>	<u>3,436,023</u>	<u>3,436,014</u>	<u>(9)</u>
EXPENDITURES:				
Capital outlay	<u>683,000</u>	<u>10,260,440</u>	<u>952,852</u>	<u>9,307,588</u>
Total expenditures	<u>683,000</u>	<u>10,260,440</u>	<u>952,852</u>	<u>9,307,588</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,617,000</u>	<u>(6,824,417)</u>	<u>2,483,162</u>	<u>9,307,579</u>
Net change in fund balance	<u><u>\$ 1,617,000</u></u>	<u><u>\$ (6,824,417)</u></u>	<u>2,483,162</u>	<u><u>\$ 9,307,579</u></u>
FUND BALANCE:				
Beginning of year			<u>10,590,090</u>	
End of year			<u><u>\$ 13,073,252</u></u>	

City of Tracy
Budgetary Comparison Schedule
State Gas Tax Street Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ 436,707	\$ 436,707	\$ -
Intergovernmental	5,059,736	5,312,821	5,312,821	-
Total revenues	<u>5,059,736</u>	<u>5,749,528</u>	<u>5,749,528</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government				
Finance	127,120	127,120	127,120	-
Public ways and facilities				
Public works	2,231,801	1,959,669	1,959,570	99
Capital outlay	3,387,013	11,968,860	3,944,938	8,023,922
Total expenditures	<u>5,745,934</u>	<u>14,055,649</u>	<u>6,031,628</u>	<u>8,024,021</u>
Net change in fund balance	<u>\$ (686,198)</u>	<u>\$ (8,306,121)</u>	(282,100)	<u>\$ 8,024,021</u>
FUND BALANCE:				
Beginning of year			<u>9,657,761</u>	
End of year			<u>\$ 9,375,661</u>	

City of Tracy
Budgetary Comparison Schedule
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Intergovernmental	\$ 506,211	\$ 398,755	\$ 561,925	\$ 163,170
Total revenues	<u>506,211</u>	<u>398,755</u>	<u>561,925</u>	<u>163,170</u>
EXPENDITURES:				
Current:				
General government				
Economic development	121,244	469,140	469,143	(3)
Capital outlay	<u>150,000</u>	<u>660,091</u>	<u>2,345</u>	<u>657,746</u>
Total expenditures	<u>271,244</u>	<u>1,129,231</u>	<u>471,488</u>	<u>657,743</u>
Net change in fund balance	<u>\$ 234,967</u>	<u>\$ (730,476)</u>	90,437	<u>\$ 820,913</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(9,842)	
End of year			<u>\$ 80,595</u>	

City of Tracy
Budgetary Comparison Schedule
Landscaping District Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ 277,819	\$ 277,819	\$ -
Special assessments	3,766,457	3,730,058	3,730,058	-
Total revenues	<u>3,766,457</u>	<u>4,007,877</u>	<u>4,007,877</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government				
Non-departmental	266,838	266,838	266,838	-
Public ways and facilities				
Public works	123,197	135,506	135,539	(33)
Community development				
Parks and community services	4,406,551	3,572,426	3,572,660	(234)
Capital outlay	-	475,000	-	475,000
Total expenditures	<u>4,796,586</u>	<u>4,449,770</u>	<u>3,975,037</u>	<u>474,733</u>
Net change in fund balance	<u>\$ (1,030,129)</u>	<u>\$ (441,893)</u>	32,840	<u>\$ 474,733</u>
FUND BALANCE:				
Beginning of year			5,770,445	
End of year			<u>\$ 5,803,285</u>	

City of Tracy
Budgetary Comparison Schedule
Residential and Commercial Rehabilitation Loan Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ -	\$ 1	\$ 1
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
EXPENDITURES:				
Current:				
General government				
Non-departmental	-	2,657	2,657	-
Total expenditures	<u>-</u>	<u>2,657</u>	<u>2,657</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,657)</u>	(2,656)	<u>\$ 1</u>
FUND BALANCE:				
Beginning of year			2,656	
End of year			<u>\$ -</u>	

City of Tracy
Budgetary Comparison Schedule
Community Access CTV Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/ (Unfavorable)
REVENUES:				
Licenses, permits and fees	\$ -	\$ 126,114	\$ 126,114	\$ -
Investment income	-	42,370	42,370	-
Total revenues	-	168,484	168,484	-
EXPENDITURES:				
Current:				
General government				
General government	-	31,089	31,089	-
Capital outlay	500,000	500,000	-	500,000
Total expenditures	500,000	531,089	31,089	500,000
Net change in fund balance	<u>\$ (500,000)</u>	<u>\$ (362,605)</u>	137,395	<u>\$ 500,000</u>
FUND BALANCE:				
Beginning of year			841,928	
End of year			<u>\$ 979,323</u>	

City of Tracy
Budgetary Comparison Schedule
COPS Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ 19,133	\$ 19,133	\$ -
Intergovernmental	276,571	289,920	289,920	-
Total revenues	<u>276,571</u>	<u>309,053</u>	<u>309,053</u>	<u>-</u>
EXPENDITURES:				
Current:				
Public safety				
Police	100,000	60,650	60,649	1
Total expenditures	<u>100,000</u>	<u>60,650</u>	<u>60,649</u>	<u>1</u>
Net change in fund balance	<u>\$ 176,571</u>	<u>\$ 248,403</u>	248,404	<u>\$ 1</u>
FUND BALANCE:				
Beginning of year			<u>281,893</u>	
End of year			<u>\$ 530,297</u>	

City of Tracy
Budgetary Comparison Schedule
CFD Services 2016-2 Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ 135,409	\$ 135,409	\$ -
Special assessments	715,000	1,292,987	747,851	(545,136)
Total revenues	<u>715,000</u>	<u>1,428,396</u>	<u>883,260</u>	<u>(545,136)</u>
EXPENDITURES:				
Current:				
General government				
Non-departmental	53,358	53,358	53,359	(1)
Public ways and facilities				
Public works	27,077	30,192	30,207	(15)
Community development				
Parks and community services	900,085	739,541	739,261	280
Capital outlay	91,300	96,318	96,318	-
Total expenditures	<u>1,071,820</u>	<u>919,409</u>	<u>919,145</u>	<u>264</u>
Net change in fund balance	<u>\$ (356,820)</u>	<u>\$ 508,987</u>	<u>(35,885)</u>	<u>\$ (544,872)</u>
FUND BALANCE:				
Beginning of year			268,391	
End of year			<u>\$ 232,506</u>	

City of Tracy
Budgetary Comparison Schedule
CFD Services 2018-1 Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ 53,062	\$ 53,062	\$ -
Special assessments	500,000	886,215	886,216	1
Total revenues	<u>500,000</u>	<u>939,277</u>	<u>939,278</u>	<u>1</u>
EXPENDITURES:				
Current:				
General government				
Non-departmental	52,288	270,901	270,899	2
Community development				
Parks and community services	923,628	867,875	867,859	16
Capital outlay	90,300	79,146	79,146	-
Total expenditures	<u>1,066,216</u>	<u>1,217,922</u>	<u>1,217,904</u>	<u>18</u>
Net change in fund balance	<u>\$ (566,216)</u>	<u>\$ (278,645)</u>	(278,626)	<u>\$ 19</u>
FUND BALANCE:				
Beginning of year			<u>976,717</u>	
End of year			<u>\$ 698,091</u>	

City of Tracy
Budgetary Comparison Schedule
North East Industrial Plan Area Storm Drain Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ 135,366	\$ 135,366	\$ -
Charges for current services	-	214,944	214,944	-
Total revenues	-	350,310	350,310	-
EXPENDITURES:				
Capital outlay	-	2,467,711	-	2,467,711
Total expenditures	-	2,467,711	-	2,467,711
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,117,401)</u>	350,310	<u>\$ 2,467,711</u>
FUND BALANCE:				
Beginning of year			2,668,368	
End of year			<u>\$ 3,018,678</u>	

City of Tracy
Budgetary Comparison Schedule
National Opioid Settlement Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ 17,964	\$ 17,964	\$ -
Other revenue	-	159,729	159,729	-
Total revenues	-	177,693	177,693	-
EXPENDITURES:				
Current:				
Public safety				
Police	-	110,000	110,887	(887)
Capital outlay	-	49,729	49,729	-
Total expenditures	-	159,729	160,616	(887)
Net change in fund balance	<u>\$ -</u>	<u>\$ 17,964</u>	17,077	<u>\$ (887)</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 17,077</u>	

City of Tracy
Budgetary Comparison Schedule
ARPA Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ 259,481	\$ 259,481	\$ -
Intergovernmental	-	1,524,972	2,861,181	1,336,209
Total revenues	-	1,784,453	3,120,662	1,336,209
EXPENDITURES:				
Current:				
General government				
Economic development	-	132,122	132,122	-
Community development				
Parks and community services	-	314,100	314,100	-
Capital outlay	-	4,853,814	3,173,011	1,680,803
Total expenditures	-	5,300,036	3,619,233	1,680,803
Net change in fund balance	<u>\$ -</u>	<u>\$ (3,515,583)</u>	(498,571)	<u>\$ 3,017,012</u>
FUND BALANCE:				
Beginning of year			2,853,983	
End of year			<u>\$ 2,355,412</u>	

City of Tracy
Budgetary Comparison Schedule
State and Local Grants Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Intergovernmental	\$ -	\$ 18,980,139	\$ 5,236,940	\$ (13,743,199)
Total revenues	-	28,470,036	5,236,940	(23,233,096)
EXPENDITURES:				
Capital outlay	-	28,130,036	5,502,868	22,627,168
Total expenditures	-	28,130,036	5,502,868	22,627,168
Net change in fund balance	<u>\$ -</u>	<u>\$ 340,000</u>	(265,928)	<u>\$ (605,928)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			-	
End of year			<u>\$ (265,928)</u>	

City of Tracy
Budgetary Comparison Schedule
Community Development Fees Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Licenses, permits and fees	\$ 9,773,400	\$ 15,492,997	\$ 13,457,466	\$ (2,035,531)
Investment income	-	1,046,523	1,046,523	-
Intergovernmental	-	223,490	223,490	-
Charges for current services	120,000	236,181	157,696	(78,485)
Other revenue	2,500,000	2,513,522	2,513,522	-
Total revenues	12,393,400	19,512,713	17,398,697	(2,114,016)
EXPENDITURES:				
Current:				
Public ways and facilities				
Development and engineering	10,528,725	9,718,723	9,718,809	(86)
Public works	7,799,616	6,122,642	6,122,453	189
Community development				
Capital outlay	-	40,755	40,755	-
Total expenditures	18,328,341	15,882,120	15,882,017	103
REVENUES OVER (UNDER) EXPENDITURES	(5,934,941)	3,630,593	1,516,680	(2,113,913)
Net change in fund balance	\$ (5,934,941)	\$ 3,630,593	1,516,680	\$ (2,113,913)
FUND BALANCE:				
Beginning of year			5,474,412	
End of year			<u>\$ 6,991,092</u>	

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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, 2025

	Municipal Airport Fund	Municipal Transit Fund	Total
ASSETS			
Current assets:			
Cash and investments	\$ -	\$ 8,855,716	\$ 8,855,716
Accounts receivable, net	155,465	-	155,465
Intergovernmental receivable	10,502	7,106,148	7,116,650
Interest receivable	198	12,265	12,463
Lease receivable - due within one year	81,895	-	81,895
Total current assets	248,060	15,974,129	16,222,189
Noncurrent assets:			
Lease receivable - due in more than one year	1,701,437	-	1,701,437
Capital assets:			
Non-depreciable\amortizable	15,826	2,649,533	2,665,359
Depreciable\amortizable, net	11,221,742	12,720,694	23,942,436
Total capital assets, net	11,237,568	15,370,227	26,607,795
Total noncurrent assets	12,939,005	15,370,227	28,309,232
Total assets	13,187,065	31,344,356	44,531,421
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	8,043	18,699	26,742
Related to pensions	76,913	181,928	258,841
Total deferred outflows of resources	84,956	200,627	285,583
LIABILITIES			
Current liabilities:			
Accounts payable	58,925	625,695	684,620
Accrued payroll	1,393	3,553	4,946
Due to other funds	141,282	-	141,282
Deposits payable	78,118	-	78,118
Unearned revenue	-	44,185	44,185
Total OPEB liability - due within one year	1,168	2,716	3,884
Compensated absences - due within one year	29,535	131,875	161,410
Total current liabilities	310,421	808,024	1,118,445
Noncurrent liabilities:			
Total OPEB liability - due in more than one year	25,626	59,580	85,206
Net pension liability	274,317	648,865	923,182
Compensated absences - due in more than one year	28,160	42,902	71,062
Total noncurrent liabilities	328,103	751,347	1,079,450
Total liabilities	638,524	1,559,371	2,197,895
DEFERRED INFLOWS OF RESOURCES			
Related to leases	1,718,831	-	1,718,831
Related to OPEB	13,530	31,456	44,986
Total deferred inflows of resources	1,732,361	31,456	1,763,817
NET POSITION			
Net investment in capital assets	11,237,568	15,370,227	26,607,795
Unrestricted (deficit)	(336,432)	14,583,929	14,247,497
Total net position	\$ 10,901,136	\$ 29,954,156	\$ 40,855,292

City of Tracy
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2025

	Municipal Airport Fund	Municipal Transit Fund	Total
OPERATING REVENUES:			
Sales and charges for services	\$ 1,197,445	\$ 1,269,734	\$ 2,467,179
Other operating revenue	2,785	1,213,050	1,215,835
Total operating revenues	<u>1,200,230</u>	<u>2,482,784</u>	<u>3,683,014</u>
OPERATING EXPENSES:			
Maintenance and operation	1,351,363	4,805,514	6,156,877
Administration	2,142	1,730,441	1,732,583
Insurance costs and claims	7,748	-	7,748
Depreciation and amortization	1,107,347	1,206,172	2,313,519
Total operating expenses	<u>2,468,600</u>	<u>7,742,127</u>	<u>10,210,727</u>
OPERATING INCOME (LOSS)	<u>(1,268,370)</u>	<u>(5,259,343)</u>	<u>(6,527,713)</u>
NONOPERATING REVENUES (EXPENSES):			
Operating grants	20,000	4,746,658	4,766,658
Investment income	12,824	512,306	525,130
Total nonoperating revenues (expenses)	<u>32,824</u>	<u>5,258,964</u>	<u>5,291,788</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(1,235,546)</u>	<u>(379)</u>	<u>(1,235,925)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contributions	357,468	3,817,471	4,174,939
Total transfers	<u>357,468</u>	<u>3,817,471</u>	<u>4,174,939</u>
Changes in net position	(878,078)	3,817,092	2,939,014
NET POSITION:			
Beginning of year, as restated (Note 22)	11,779,214	26,137,064	37,916,278
End of year	<u>\$ 10,901,136</u>	<u>\$ 29,954,156</u>	<u>\$ 40,855,292</u>

City of Tracy
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2025

	Municipal Airport Fund	Municipal Transit Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/grantors	\$ 1,124,581	\$ 1,273,593	\$ 2,398,174
Cash payments to suppliers for goods and services/other funds	(1,372,780)	(6,610,115)	(7,982,895)
Cash payments to employees for services	(754)	112,295	111,541
Receipts from other operating revenues	2,785	1,213,050	1,215,835
Net cash provided by (used in) operating activities	<u>(246,168)</u>	<u>(4,011,177)</u>	<u>(4,257,345)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	45,812	4,030,682	4,076,494
Repayment to other funds	(169,738)	-	(169,738)
Net cash provided by (used in) noncapital financing activities	<u>(123,926)</u>	<u>4,030,682</u>	<u>3,906,756</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions from developers and others	357,468	3,817,471	4,174,939
Acquisition of capital assets	-	(4,835,084)	(4,835,084)
Net cash provided by (used in) capital and related financing activities	<u>357,468</u>	<u>(1,017,613)</u>	<u>(660,145)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	12,626	524,288	536,914
Net cash provided by investing activities	<u>12,626</u>	<u>524,288</u>	<u>536,914</u>
Net change in cash and cash equivalents	-	(473,820)	(473,820)
CASH AND CASH EQUIVALENTS:			
Beginning of year	-	9,329,536	9,329,536
End of year	<u>\$ -</u>	<u>\$ 8,855,716</u>	<u>\$ 8,855,716</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ -	\$ 8,855,716	\$ 8,855,716
Total cash and cash equivalents	<u>\$ -</u>	<u>\$ 8,855,716</u>	<u>\$ 8,855,716</u>

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
For the Year Ended June 30, 2025

	Municipal Airport Fund	Municipal Transit Fund	Total
RECONCILIATION OF OPERATING (LOSS) TO			
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,268,370)	\$ (5,259,343)	\$ (6,527,713)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,107,347	1,206,172	2,313,519
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	(79,472)	-	(79,472)
Lease receivable	80,362	-	80,362
Deferred outflows - OPEB related	(1,428)	(6,239)	(7,667)
Deferred outflows - pension related	42,188	41,900	84,088
Accounts payable	(11,527)	(74,160)	(85,687)
Accrued payroll	1,393	3,553	4,946
Deposits payable	19,082	-	19,082
Unearned revenue	-	3,859	3,859
Compensated absences	8,069	17,749	25,818
Total OPEB liability	(4,318)	3,689	(629)
Net pension liability	(50,050)	39,278	(10,772)
Deferred inflows - lease related	(92,836)	-	(92,836)
Deferred inflows - OPEB related	4,481	14,411	18,892
Deferred inflows - pension related	(1,089)	(2,046)	(3,135)
Total adjustments	1,022,202	1,248,166	2,270,368
Net cash provided by (used in) operating activities	\$ (246,168)	\$ (4,011,177)	\$ (4,257,345)

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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
Internal Service Funds
June 30, 2025

	Central Garage	Central Services	Equipment Acquisition
ASSETS			
Current assets:			
Cash and investments	\$ 1,509,310	\$ 1,700,940	\$ 10,764,739
Accounts receivable, net	39,089	-	-
Interest receivable	2,096	2,360	14,930
Due from other funds	-	-	-
Prepaid items	-	57,100	128,112
Inventories	-	-	-
Total current assets	1,550,495	1,760,400	10,907,781
Noncurrent assets:			
Cash and investments with fiscal agents	-	-	-
Advances from other funds	-	-	-
Capital assets:			
Non-depreciable	-	-	-
Depreciable/amortizable, net	5,364	338,331	11,084,196
Total capital assets, net	5,364	338,331	11,084,196
Total noncurrent assets	5,364	338,331	11,084,196
Total assets	1,555,859	2,098,731	21,991,977
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	19,906	57,907	-
Related to pensions	192,282	563,533	-
Total deferred outflows of resources	212,188	621,440	-
LIABILITIES			
Current liabilities:			
Accounts payable	128,054	84,632	467,598
Accrued payroll	4,694	12,040	-
Due to other funds	-	-	-
Interest payable	-	11,445	-
Deposits payable	-	-	-
Unearned revenue	-	-	-
Total OPEB liability - due within one year	2,891	8,411	-
Compensated absences - due within one year	59,854	177,585	-
Long-term debt, due within one year	-	301,504	-
Total current liabilities	195,493	595,617	467,598
Noncurrent liabilities:			
Advances from other funds	-	-	-
Total OPEB liability - due in more than one year	63,424	184,504	-
Net pension liability	685,793	2,009,900	-
Compensated absences - due in more than one year	19,565	141,189	-
Long term debt - due in more than one year	-	7,263	-
Total noncurrent liabilities	768,782	2,342,856	-
Total liabilities	964,275	2,938,473	467,598
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	33,486	97,413	-
Related to pensions	-	-	-
Total deferred inflows of resources	33,486	97,413	-
NET POSITION			
Investment in capital assets	5,364	29,564	11,084,196
Restricted	-	-	-
Unrestricted (deficit)	764,922	(345,279)	10,440,183
Total net position	\$ 770,286	\$ (315,715)	\$ 21,524,379

(Continued)

City of Tracy
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2025

	Building Maintenance	Insurance	Total
ASSETS			
Current assets:			
Cash and investments	\$ 4,259,450	\$ 1,337,703	\$ 19,572,142
Accounts receivable, net	-	-	39,089
Interest receivable	5,906	1,861	27,153
Due from other funds	-	-	-
Prepaid items	-	-	185,212
Inventories	-	-	-
Total current assets	4,265,356	1,339,564	19,823,596
Noncurrent assets:			
Cash and investments with fiscal agents	-	-	-
Advances from other funds	-	-	-
Capital assets:			
Non-depreciable	-	-	-
Depreciable/amortizable, net	2,547	-	11,430,438
Total capital assets, net	2,547	-	11,430,438
Total noncurrent assets	2,547	-	11,430,438
Total assets	4,267,903	1,339,564	31,254,034
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	23,123	18,096	119,032
Related to pensions	223,343	176,012	1,155,170
Total deferred outflows of resources	246,466	194,108	1,274,202
LIABILITIES			
Current liabilities:			
Accounts payable	209,591	48,497	938,372
Accrued payroll	5,956	4,993	27,683
Due to other funds	-	-	-
Interest payable	-	-	11,445
Deposits payable	6,758	-	6,758
Unearned revenue	-	-	-
Total OPEB liability - due within one year	3,359	2,629	17,290
Compensated absences - due within one year	84,484	75,881	397,804
Long-term debt, due within one year	-	-	301,504
Total current liabilities	310,148	132,000	1,700,856
Noncurrent liabilities:			
Advances from other funds	-	-	-
Total OPEB liability - due in more than one year	73,673	57,657	379,258
Net pension liability	796,575	627,764	4,120,032
Compensated absences - due in more than one year	54,600	65,367	280,721
Long term debt - due in more than one year	-	-	7,263
Total noncurrent liabilities	924,848	750,788	4,787,274
Total liabilities	1,234,996	882,788	6,488,130
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	38,897	30,441	200,237
Related to pensions	-	-	-
Total deferred inflows of resources	38,897	30,441	200,237
NET POSITION			
Investment in capital assets	2,547	-	11,121,671
Restricted	-	-	-
Unrestricted (deficit)	3,237,929	620,443	14,718,198
Total net position	\$ 3,240,476	\$ 620,443	\$ 25,839,869

(Concluded)

City of Tracy
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	Central Garage	Central Services	Equipment Acquisition
OPERATING REVENUES:			
Sales and charges for services	\$ 4,184,915	\$ 5,635,878	\$ 2,272,944
Other operating revenue	-	-	60,592
Total operating revenues	<u>4,184,915</u>	<u>5,635,878</u>	<u>2,333,536</u>
OPERATING EXPENSES:			
Maintenance and operation	2,998,753	17,199	980,639
Administration	141,408	5,151,672	-
Insurance costs and claims	44,259	-	-
Depreciation and amortization	499	302,449	1,932,902
Total operating expenses	<u>3,184,919</u>	<u>5,471,320</u>	<u>2,913,541</u>
OPERATING INCOME (LOSS)	<u>999,996</u>	<u>164,558</u>	<u>(580,005)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	25,091	60,963	470,488
Interest expense	-	(26,300)	-
Gain (loss) on sale of capital assets	-	(575)	(18,092)
Total nonoperating revenues (expenses)	<u>25,091</u>	<u>34,088</u>	<u>452,396</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>1,025,087</u>	<u>198,646</u>	<u>(127,609)</u>
CONTRIBUTIONS:			
Capital contributions	-	-	653,320
Total contributions	<u>-</u>	<u>-</u>	<u>653,320</u>
Changes in net position	1,025,087	198,646	525,711
NET POSITION (DEFICIT):			
Beginning of year, as restated (Note 22)	(254,801)	(514,361)	20,998,668
End of year	<u>\$ 770,286</u>	<u>\$ (315,715)</u>	<u>\$ 21,524,379</u>

(Continued)

City of Tracy
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2025

	Building Maintenance	Insurance	Total
OPERATING REVENUES:			
Sales and charges for services	\$ 2,939,096	\$ 10,191,120	\$ 25,223,953
Other operating revenue	187	648,616	709,395
Total operating revenues	<u>2,939,283</u>	<u>10,839,736</u>	<u>25,933,348</u>
OPERATING EXPENSES:			
Maintenance and operation	2,327,380	65,738	6,389,709
Administration	252,559	1,884,009	7,429,648
Insurance costs and claims	-	9,264,967	9,309,226
Depreciation and amortization	261	-	2,236,111
Total operating expenses	<u>2,580,200</u>	<u>11,214,714</u>	<u>25,364,694</u>
OPERATING INCOME (LOSS)	<u>359,083</u>	<u>(374,978)</u>	<u>568,654</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	183,412	27,574	767,528
Interest expense	-	-	(26,300)
Gain (loss) on sale of capital assets	-	-	(18,667)
Total nonoperating revenues (expenses)	<u>183,412</u>	<u>27,574</u>	<u>722,561</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>542,495</u>	<u>(347,404)</u>	<u>1,291,215</u>
CONTRIBUTIONS:			
Capital contributions	-	-	653,320
Total contributions	<u>-</u>	<u>-</u>	<u>653,320</u>
Changes in net position	542,495	(347,404)	1,944,535
NET POSITION (DEFICIT):			
Beginning of year, as restated (Note 22)	2,697,981	967,847	23,895,334
End of year	<u>\$ 3,240,476</u>	<u>\$ 620,443</u>	<u>\$ 25,839,869</u>

(Concluded)

City of Tracy
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Central Garage	Central Services	Equipment Acquisition
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 4,146,151	\$ 5,635,878	\$ 2,272,944
Cash payments to suppliers for goods and services/other funds	(2,048,928)	(2,510,446)	(879,421)
Cash payments to employees for services	(1,028,069)	(2,499,352)	(18,749)
Receipts from other operating activities	-	-	60,592
Net cash provided by (used in) operating activities	<u>1,069,154</u>	<u>626,080</u>	<u>1,435,366</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions from developers and others	-	-	653,320
Acquisition of capital assets	-	-	(1,117,366)
Principal payment of long-term debt	-	(312,656)	-
Interest paid on debt	-	(14,855)	-
Net cash (used in) capital and related financing activities	<u>-</u>	<u>(327,511)</u>	<u>(464,046)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	<u>24,079</u>	<u>62,286</u>	<u>479,763</u>
Net cash provided by (used in) investing activities	<u>24,079</u>	<u>62,286</u>	<u>479,763</u>
Net change in cash and cash equivalents	1,093,233	360,855	1,451,083
CASH AND CASH EQUIVALENTS:			
Beginning of year	<u>416,077</u>	<u>1,340,085</u>	<u>9,313,656</u>
End of year	<u><u>\$ 1,509,310</u></u>	<u><u>\$ 1,700,940</u></u>	<u><u>\$ 10,764,739</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	<u>\$ 1,509,310</u>	<u>\$ 1,700,940</u>	<u>\$ 10,764,739</u>
Total cash and cash equivalents	<u><u>\$ 1,509,310</u></u>	<u><u>\$ 1,700,940</u></u>	<u><u>\$ 10,764,739</u></u>

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2025

	Central Garage	Central Services	Equipment Acquisition
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 999,996	\$ 164,558	\$ (580,005)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	499	302,449	1,932,902
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	(38,764)	-	-
Prepaid items	-	(57,100)	37,203
Deferred outflows - OPEB related	(6,369)	(16,066)	-
Deferred outflows - pension related	52,081	190,089	-
Accounts payable	10,197	(29,377)	45,266
Accrued payroll	4,694	12,040	-
Compensated absences	11,162	72,653	-
Total OPEB liability	2,643	(3,888)	-
Net pension liability	20,281	(42,563)	-
Deferred inflows - OPEB related	14,968	40,175	-
Deferred inflows - pension related	(2,234)	(6,890)	-
Total adjustments	69,158	461,522	2,015,371
Net cash provided by (used in) operating activities	\$ 1,069,154	\$ 626,080	\$ 1,435,366
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2025

	Building Maintenance	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 2,939,096	\$ 10,191,120	\$ 25,185,189
Cash payments to suppliers for goods and services/other funds	(1,403,258)	(10,007,601)	(16,849,654)
Cash payments to employees for services	(1,107,658)	(1,245,557)	(5,899,385)
Receipts from other operating activities	187	648,616	709,395
Net cash provided by (used in) operating activities	<u>428,367</u>	<u>(413,422)</u>	<u>3,145,545</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions from developers and others	-	-	653,320
Acquisition of capital assets	-	-	(1,117,366)
Principal payment of long-term debt	-	-	(312,656)
Interest paid on debt	-	-	(14,855)
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(791,557)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	186,978	30,186	783,292
Net cash provided by (used in) investing activities	<u>186,978</u>	<u>30,186</u>	<u>783,292</u>
Net change in cash and cash equivalents	615,345	(383,236)	3,137,280
CASH AND CASH EQUIVALENTS:			
Beginning of year	3,644,105	1,720,939	16,434,862
End of year	<u>\$ 4,259,450</u>	<u>\$ 1,337,703</u>	<u>\$ 19,572,142</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ 4,259,450	\$ 1,337,703	\$ 19,572,142
Total cash and cash equivalents	<u>\$ 4,259,450</u>	<u>\$ 1,337,703</u>	<u>\$ 19,572,142</u>

(Continued)

City of Tracy
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2025

	Building Maintenance	Insurance	Total
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 359,083	\$ (374,978)	\$ 568,654
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	261	-	2,236,111
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	-	-	(38,764)
Prepaid items	-	-	(19,897)
Deferred outflows - OPEB related	(5,279)	(2,406)	(30,120)
Deferred outflows - pension related	96,998	107,366	446,534
Accounts payable	64,197	22,991	113,274
Accrued payroll	5,956	4,993	27,683
Compensated absences	(21,647)	(20,252)	41,916
Total OPEB liability	(6,899)	(13,515)	(21,659)
Net pension liability	(75,861)	(144,007)	(242,150)
Deferred inflows - OPEB related	14,487	8,977	78,607
Deferred inflows - pension related	(2,929)	(2,591)	(14,644)
Total adjustments	69,284	(38,444)	2,576,891
Net cash provided by (used in) operating activities	\$ 428,367	\$ (413,422)	\$ 3,145,545
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			

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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, 2025

	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	\$ 475,598	\$ 4,053,355	\$ 122,935	\$ 42,125	\$ 208,491
Cash and investments with fiscal agent	738,734	-	605,306	6,072,497	804,783	-
Total assets	1,076,569	475,598	4,658,661	6,195,432	846,908	208,491
LIABILITIES						
Accounts payable	-	-	3,663	3,706	3,331	6,040
Deposits payable	-	-	-	-	-	-
Total liabilities	-	-	3,663	3,706	3,331	6,040
NET POSITION						
Held for:						
Individuals, organizations, and other governments	1,076,569	475,598	4,654,998	6,191,726	843,577	202,451
Total Net Position	\$ 1,076,569	\$ 475,598	\$ 4,654,998	\$ 6,191,726	\$ 843,577	\$ 202,451

(Continued)

City of Tracy
Combining Statement of Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
June 30, 2025

	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	\$ 186,760	\$ 1,226,467	\$ 2,329,421	\$ 324,733	\$ 23,447	\$ 76,257
Cash and investments with fiscal agent	1,234,965	1,433,532	-	157,211	3,585,754	-
Total assets	<u>1,421,725</u>	<u>2,659,999</u>	<u>2,329,421</u>	<u>481,944</u>	<u>3,609,201</u>	<u>76,257</u>
LIABILITIES						
Accounts payable	3,225	4,734	-	-	2,046	-
Deposits payable	-	-	-	322,814	-	-
Total liabilities	<u>3,225</u>	<u>4,734</u>	<u>-</u>	<u>322,814</u>	<u>2,046</u>	<u>-</u>
NET POSITION						
Held for:						
Individuals, organizations, and other governments	<u>1,418,500</u>	<u>2,655,265</u>	<u>2,329,421</u>	<u>159,130</u>	<u>3,607,155</u>	<u>76,257</u>
Total Net Position	<u>\$ 1,418,500</u>	<u>\$ 2,655,265</u>	<u>\$ 2,329,421</u>	<u>\$ 159,130</u>	<u>\$ 3,607,155</u>	<u>\$ 76,257</u>

(Continued)

City of Tracy
Combining Statement of Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
June 30, 2025

	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
ASSETS					
Cash and investments	\$ 745,949	\$ 77,548	\$ 67,755	\$ 831,036	\$ 11,129,712
Cash and investments with fiscal agent	3,355,571	13,988,268	1,228,381	-	33,205,002
Total assets	4,101,520	14,065,816	1,296,136	831,036	44,334,714
LIABILITIES					
Accounts payable	12,633	11,311	3,056	-	53,745
Deposits payable	-	-	-	-	322,814
Total liabilities	12,633	11,311	3,056	-	376,559
NET POSITION					
Held for:					
Individuals, organizations, and other governments	4,088,887	14,054,505	1,293,080	831,036	43,958,155
Total Net Position	\$ 4,088,887	\$ 14,054,505	\$ 1,293,080	\$ 831,036	\$ 43,958,155

(Concluded)

City of Tracy
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2025

	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	-	-	285,268	5,196,256	62,945	-
Investment income (loss)	29,378	9,921	22,020	134,099	34,658	9,888
Total additions	<u>29,378</u>	<u>9,921</u>	<u>307,288</u>	<u>5,330,355</u>	<u>97,603</u>	<u>9,888</u>
DEDUCTIONS:						
Administration	-	-	19,769	16,994	17,025	7,289
Payments on conduit bonds - principal	-	-	145,000	4,185,000	10,000	630,000
Payments on conduit bonds - interest	-	-	102,385	712,463	8,750	10,238
Project payments	-	-	-	-	-	-
Payments to other governments	-	-	-	14,500	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>267,154</u>	<u>4,928,957</u>	<u>35,775</u>	<u>647,527</u>
Changes in net position	29,378	9,921	40,134	401,398	61,828	(637,639)
NET POSITION:						
Beginning of year	1,047,191	465,677	4,614,864	5,790,328	781,749	840,090
End of year	<u>\$ 1,076,569</u>	<u>\$ 475,598</u>	<u>\$ 4,654,998</u>	<u>\$ 6,191,726</u>	<u>\$ 843,577</u>	<u>\$ 202,451</u>

(Continued)

City of Tracy
Combining Statement of Changes in Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2025

	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
ADDITIONS:						
Fee collections for other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments for other governments	1,225,532	721,543	-	84,424	1,235,426	-
Investment income (loss)	30,187	57	32,077	5,410	134,955	-
Total additions	<u>1,255,719</u>	<u>721,600</u>	<u>32,077</u>	<u>89,834</u>	<u>1,370,381</u>	<u>-</u>
DEDUCTIONS:						
Administration	17,191	16,140	2,035	12,246	23,694	-
Payments on conduit bonds - principal	810,000	335,000	-	55,000	1,050,000	-
Payments on conduit bonds - interest	335,525	344,600	-	14,569	160,706	-
Project payments	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
Total deductions	<u>1,162,716</u>	<u>695,740</u>	<u>2,035</u>	<u>81,815</u>	<u>1,234,400</u>	<u>-</u>
Changes in net position	93,003	25,860	30,042	8,019	135,981	-
NET POSITION:						
Beginning of year	1,325,497	2,629,405	2,299,379	151,111	3,471,174	76,257
End of year	<u>\$ 1,418,500</u>	<u>\$ 2,655,265</u>	<u>\$ 2,329,421</u>	<u>\$ 159,130</u>	<u>\$ 3,607,155</u>	<u>\$ 76,257</u>

(Continued)

City of Tracy
Combining Statement of Changes in Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2025

	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	\$ -	\$ -	\$ -	\$ 97,193	\$ 97,193
Special assessments for other governments	2,746,054	6,238,182	446,515	-	18,242,145
Investment income (loss)	147	396,848	55	-	839,700
Total additions	<u>2,746,201</u>	<u>6,635,030</u>	<u>446,570</u>	<u>97,193</u>	<u>19,179,038</u>
DEDUCTIONS:					
Administration	101,630	57,982	-	-	291,995
Payments on conduit bonds - principal	210,000	885,000	20,000	-	8,335,000
Payments on conduit bonds - interest	1,246,100	4,929,106	338,450	-	8,202,892
Project payments	1,636,138	7,684,657	-	-	9,320,795
Payments to other governments	-	-	55,770	236,826	307,096
Total deductions	<u>3,193,868</u>	<u>13,556,745</u>	<u>414,220</u>	<u>236,826</u>	<u>26,457,778</u>
Changes in net position	(447,667)	(6,921,715)	32,350	(139,633)	(7,278,740)
NET POSITION:					
Beginning of year	4,536,554	20,976,220	1,260,730	970,669	51,236,895
End of year	<u>\$ 4,088,887</u>	<u>\$ 14,054,505</u>	<u>\$ 1,293,080</u>	<u>\$ 831,036</u>	<u>\$ 43,958,155</u>

(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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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				
	2025	2024	2023	2022	2021
Governmental activities					
Net investment in capital assets	\$ 721,626	\$ 619,339	\$ 658,562	\$ 640,818	\$ 653,646
Restricted	175,437	348,186	244,307	237,567	217,130
Unrestricted	283,496	119,666	96,917	70,533	1,254
Total governmental activities net assets	1,180,559	1,087,191	999,786	948,918	872,030
Business-type activities:					
Net investment in capital assets	\$ 461,958	\$ 434,709	\$ 435,567	\$ 421,052	\$ 412,464
Restricted	1	1	2	-	-
Unrestricted	65,155	54,027	49,685	66,078	51,960
Total business-type activities	\$ 527,114	\$ 488,737	\$ 485,254	\$ 487,130	\$ 464,424
Primary government:					
Net investment in capital assets	\$ 1,183,584	\$ 1,054,048	\$ 1,094,129	\$ 1,061,870	\$ 1,066,110
Restricted	175,438	348,187	244,309	237,567	217,130
Unrestricted	348,651	173,693	146,602	136,611	53,214
Total primary government	\$ 1,707,673	\$ 1,575,928	\$ 1,485,040	\$ 1,436,048	\$ 1,336,454

Source: City of Tracy, Finance Department

City of Tracy
Net Position by Component (Continued)
Last Ten Fiscal Years
(amounts in thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental activities					
Net investment in capital assets	\$ 638,464	\$ 626,220	\$ 609,080	\$ 581,394	\$ 553,914
Restricted	201,440	199,212	183,594	155,947	145,381
Unrestricted	(36,566)	(22,474)	(10,576)	(1,272)	(5,343)
Total governmental activities net assets	803,338	802,958	782,098	736,069	693,952
Business-type activities:					
Net investment in capital assets	\$ 397,487	\$ 370,880	\$ 359,213	\$ 357,628	\$ 302,888
Restricted	518	1	-	350	348
Unrestricted	62,495	48,068	48,616	41,657	39,357
Total business-type activities	\$ 460,500	\$ 418,949	\$ 407,829	\$ 399,635	\$ 342,593
Primary government:					
Net investment in capital assets	\$ 1,035,951	\$ 997,100	\$ 968,293	\$ 939,022	\$ 856,802
Restricted	201,958	199,213	183,594	156,297	145,729
Unrestricted	25,929	26,594	38,040	40,385	34,014
Total primary government	\$ 1,263,838	\$ 1,222,907	\$ 1,189,927	\$ 1,135,704	\$ 1,036,545

Source: City of Tracy, Finance Department

City of Tracy
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2025	2024	2023	2022	2021
Expenses:					
Governmental activities:					
General Government	\$ 46,486	\$ 47,147	\$ 25,434	\$ 26,685	\$ 22,135
Public safety	79,128	68,519	79,271	55,696	56,194
Public works	10,238	6,005	10,638	34,402	32,034
Culture and leisure	24,876	25,624	17,987	4,800	3,848
Interest on long-term debt	23,746	20,229	10,632	990	675
Unallocated depreciation	3,624	1,436	935	-	-
Total Governmental Activities Expenses	188,098	168,960	144,897	122,573	114,886
Business-type Activities:					
Water	\$ 27,793	\$ 23,603	\$ 26,068	\$ 24,886	\$ 21,177
Wastewater	25,089	25,874	23,258	23,435	21,238
Solid waste	39,489	36,571	33,375	28,418	25,986
Drainage operations	2,539	2,133	2,336	2,114	2,195
Municipal airport	2,469	2,168	2,381	2,228	1,144
Municipal transit	7,742	7,351	7,320	6,080	5,352
Total Business-Type Activities	105,121	97,700	94,738	87,161	77,092
Total Primary Governmental Expenses	\$ 293,219	\$ 266,660	\$ 239,635	\$ 209,734	\$ 191,978

Source: City of Tracy, Finance Department

City of Tracy
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2025	2024	2023	2022	2021
Program revenues:					
Governmental activities:					
Charges for Services:					
Development fees	\$ 13,478	\$ 9,078	\$ 11,572	\$ 17,279	\$ 11,151
Other public works	2,887	2,803	2,721	2,721	2,721
Parks and community services	1,232	946	1,425	884	222
Other activities	33,508	26,042	9,604	9,159	8,728
Operating grants and contributions	17,286	17,369	17,282	13,576	8,330
Capital grants and contributions	30,700	20,450	33,225	63,193	52,673
Total Governmental Activities Program Revenues	99,091	76,688	75,829	106,812	83,825
Business-type Activities:					
Charges for Services:					
Water	\$ 25,073	\$ 21,967	\$ 22,457	\$ 22,407	\$ 23,406
Wastewater	26,939	21,146	15,649	14,973	15,051
Solid waste	42,199	34,659	31,478	25,758	24,309
Drainage operations	868	828	848	731	750
Municipal airport	1,197	856	732	582	854
Municipal transit	1,270	15	9,580	7,571	62
Operating grants and contributions	4,767	3,891	31	1,688	6,988
Capital grants and contributions	23,399	5,743	10,195	12,703	5,801
Total Business-Types Activities Program Revenues	125,712	89,105	90,970	86,413	77,221
Total Primary Government Program Revenues	\$ 224,803	\$ 165,793	\$ 166,799	\$ 193,225	\$ 161,046
Net (expense)/revenue					
Governmental activities	\$ (89,007)	\$ (92,272)	\$ (69,068)	\$ (15,761)	\$ (31,061)
Business-type activities	20,591	(8,595)	(3,768)	(748)	129
Total primary government net (expense) revenue	\$ (68,416)	\$ (100,867)	\$ (72,836)	\$ (16,509)	\$ (30,932)

Source: City of Tracy, Finance Department

City of Tracy
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2025	2024	2023	2022	2021
General revenues and other changes in net assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 33,721	\$ 32,051	\$ 30,093	\$ 27,241	\$ 25,736
Sales and use taxes	94,810	97,107	73,724	75,112	56,649
Franchise taxes	6,324	5,555	5,127	4,265	4,258
Other taxes	8,234	12,738	4,704	5,615	4,802
Motor vehicle in lieu, unrestricted	300	118	97	114	70
Investment income (loss)	25,952	15,118	4,418	(8,949)	242
Miscellaneous	18,930	18,603	1,841	14,204	1,388
Transfers	-	(1,613)	(178)	(24,954)	(3,609)
Special item - Transfer of assets	-	-	-	-	-
Total governmental activities	188,271	179,677	119,826	92,648	89,536
Business-type activities:					
Interest earnings	2,980	1,908	1,306	(1,819)	145
Miscellaneous	1,592	8,556	407	320	40
Transfers	-	1,613	178	24,954	3,609
Total business-type activities	4,572	12,077	1,891	23,455	3,794
Total primary government	\$ 192,843	\$ 191,754	\$ 121,717	\$ 116,103	\$ 93,330
Change in net position					
Governmental activities	\$ 99,264	\$ 87,405	\$ 50,758	\$ 76,887	\$ 58,475
Business-type activities	25,163	3,482	(1,877)	22,707	3,923
Total primary government	\$ 124,427	\$ 90,887	\$ 48,881	\$ 99,594	\$ 62,398

Source: City of Tracy, Finance Department

City of Tracy
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2020	2019	2018	2017	2016
Expenses:					
Governmental activities:					
General Government	\$ 14,661	\$ 14,455	\$ 13,480	\$ 12,412	\$ 13,629
Public safety	60,125	54,075	52,785	41,326	37,858
Public works	34,151	42,693	34,183	26,330	31,874
Culture and leisure	4,044	3,920	3,395	2,830	3,134
Interest on long-term debt	1,338	1,271	1,288	1,304	1,345
Unallocated depreciation	-	-	-	-	-
Total Governmental Activities Expenses	<u>114,319</u>	<u>116,414</u>	<u>105,131</u>	<u>84,202</u>	<u>87,840</u>
Business-type Activities:					
Water	\$ 21,458	\$ 19,941	\$ 19,087	\$ 18,980	\$ 22,659
Wastewater	18,991	18,961	18,601	15,079	16,522
Solid waste	25,275	22,289	20,958	20,541	20,899
Drainage	2,610	2,558	2,791	3,027	3,485
Airport	1,363	1,123	1,475	901	775
Transit	5,485	5,017	5,571	3,953	3,169
Total Business-Type Activities	<u>75,182</u>	<u>69,889</u>	<u>68,483</u>	<u>62,481</u>	<u>67,509</u>
Total Primary Governmental Expenses	<u>\$ 189,501</u>	<u>\$ 186,303</u>	<u>\$ 173,614</u>	<u>\$ 146,683</u>	<u>\$ 155,349</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				
	2020	2019	2018	2017	2016
Program revenues:					
Governmental activities:					
Charges for Services:					
Development fees	\$ 7,731	\$ 10,068	\$ 8,784	\$ 8,769	\$ 6,816
Other public works	2,721	2,831	2,722	2,721	3,093
Parks and community services	522	666	762	701	1,047
Other activities	8,165	7,227	7,252	1,805	1,864
Operating grants and contributions	14,969	15,142	14,191	12,680	12,811
Capital grants and contributions	39,662	36,408	68,535	39,966	37,084
Total Governmental Activities Program Revenues	<u>73,770</u>	<u>72,342</u>	<u>102,246</u>	<u>\$ 66,642</u>	<u>\$ 62,715</u>
Business-type Activities:					
Charges for Services:					
Water	\$ 20,328	\$ 16,497	\$ 16,307	\$ 14,935	\$ 13,101
Wastewater	14,552	14,168	14,836	14,034	13,616
Solid waste	23,072	21,550	20,973	23,333	25,156
Drainage	737	686	691	644	609
Airport	662	658	732	478	403
Transit	103	117	117	116	96
Operating grants and contributions	4,263	3,733	6,397	1,516	2,041
Capital grants and contributions	22,818	20,936	9,181	4,268	3,302
Total Business-Types Activities Program Revenues	<u>86,535</u>	<u>78,345</u>	<u>69,234</u>	<u>\$ 59,324</u>	<u>\$ 58,324</u>
Total Primary Government Program Revenues	<u>\$ 160,305</u>	<u>\$ 150,687</u>	<u>\$ 171,480</u>	<u>\$ 125,966</u>	<u>\$ 121,039</u>
Net (expense)/revenue					
Governmental activities	\$ (40,549)	\$ (44,072)	\$ (2,885)	\$ (17,560)	\$ (25,125)
Business-type activities	<u>11,353</u>	<u>8,456</u>	<u>751</u>	<u>(3,157)</u>	<u>(9,185)</u>
Total primary government net (expense) revenue	<u>\$ (29,196)</u>	<u>\$ (35,616)</u>	<u>\$ (2,134)</u>	<u>\$ (20,717)</u>	<u>\$ (34,310)</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				
	2020	2019	2018	2017	2016
General revenues and other changes in net assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 24,082	\$ 22,723	\$ 20,857	\$ 20,393	\$ 19,638
Sales and use taxes	37,039	37,083	30,761	23,291	24,371
Franchise taxes	3,864	3,545	3,558	2,829	2,776
Other taxes	3,692	3,703	3,756	2,719	2,562
Motor vehicle in lieu, unrestricted	73	44	48	40	34
Investment income (loss)	1,543	1,395	545	435	1,000
Miscellaneous	87	407	1,926	2,022	3,497
Transfers	(27,355)	(2,016)	(8,692)	(4,968)	(5,141)
Special item - Transfer of assets	(2,098)	-	(3,347)	-	3,162
Total governmental activities	40,927	66,884	49,412	46,761	51,899
Business-type activities:					
Interest earnings	1,835	1,576	531	626	551
Miscellaneous	9	66	84	24	25
Transfers	27,355	2,016	8,692	4,968	5,141
Total business-type activities	29,199	3,658	9,307	5,618	5,717
Total primary government	\$ 70,126	\$ 70,542	\$ 58,719	\$ 52,379	\$ 57,616
Change in net position					
Governmental activities	\$ 380	\$ 22,812	\$ 46,527	\$ 29,201	\$ 26,774
Business-type activities	40,552	12,114	10,059	2,461	(3,468)
Total primary government	\$ 40,932	\$ 34,926	\$ 56,586	\$ 31,662	\$ 23,306

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				
	2025	2024	2023	2022	2021
Governmental activities:					
General Government	\$ 34,157	\$ 33,756	\$ 22,320	\$ 13,565	\$ 9,898
Police	3,703	3,259	3,661	2,464	1,922
Fire	-	-	360	32	-
Development and engineering	13,478	9,078	11,572	17,279	11,171
Public works	41,037	28,121	36,492	72,546	60,072
Parks and community services	1,761	2,475	1,424	927	762
Subtotal governmental activities	94,136	76,689	75,829	106,813	83,825
Business-type activities:					
Water	\$ 33,248	\$ 24,433	\$ 29,921	\$ 29,403	\$ 25,029
Wastewater	29,966	23,817	15,892	20,282	16,905
Solid waste	42,357	35,122	31,664	26,386	24,329
Drainage operations	8,733	1,563	3,106	1,537	1,843
Municipal airport	1,575	914	755	704	989
Municipal transit	9,834	3,256	9,632	8,101	8,127
Subtotal business-type activities	125,713	89,105	90,970	86,413	77,222
Total primary government	\$ 219,849	\$ 165,794	\$ 166,799	\$ 193,226	\$ 161,047

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				
	2020	2019	2018	2017	2016
Governmental activities:					
General Government	\$ 9,126	\$ 8,988	\$ 11,204	\$ 2,700	\$ 3,099
Police	2,134	2,277	3,085	1,972	2,052
Fire	10,339	6,445	7,172	6,556	6,539
Development and engineering	7,751	10,585	9,363	9,213	7,209
Public works	43,031	43,510	70,310	45,234	42,437
Parks and community services	1,390	1,000	1,112	967	1,380
Subtotal governmental activities	<u>73,771</u>	<u>72,805</u>	<u>102,246</u>	<u>66,642</u>	<u>62,716</u>
Business-type activities:					
Water	\$ 31,134	\$ 20,307	\$ 21,397	\$ 15,220	\$ 13,801
Wastewater	22,584	29,337	16,610	14,805	13,849
Solid waste	23,134	21,553	20,973	23,354	25,156
Drainage operations	760	1,509	808	644	686
Municipal airport	2,382	1,725	2,906	1,514	2,622
Municipal transit	6,543	3,914	6,540	3,787	2,210
Subtotal business-type activities	<u>86,537</u>	<u>78,345</u>	<u>69,234</u>	<u>59,324</u>	<u>58,324</u>
Total primary government	<u>\$ 160,308</u>	<u>\$ 151,150</u>	<u>\$ 171,480</u>	<u>\$ 125,966</u>	<u>\$ 121,040</u>

Source: City of Tracy, Finance Department

City of Tracy
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(amounts in thousands)

	Fiscal Year				
	2025	2024	2023	2022	2021
General Fund:					
Nonspendable	\$ 13,064	\$ 5,989	\$ 5,535	\$ -	\$ 40
Restricted	10,465	9,433	3,596	3,175	2,348
Committed	21,189	19,919	16,489	16,401	16,401
Assigned	26,389	15,897	12,952	11,277	11,277
Unassigned	4,961	4,017	1,857	6,024	3,964
Total General Fund	<u>\$ 76,068</u>	<u>\$ 55,255</u>	<u>\$ 40,429</u>	<u>\$ 36,877</u>	<u>\$ 34,030</u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	146,813	320,166	240,712	234,392	195,384
Committed	4,000	4,000	4,000	-	-
Assigned	334,659	138,751	101,782	79,742	38,508
Unassigned (deficit)	-	-	-	-	-
Special revenue funds	(266)	(10)	(145)	(147)	-
Capital projects funds	-	-	(55)	(102)	(2,176)
Total all other governmental funds	<u>\$ 485,206</u>	<u>\$ 462,907</u>	<u>\$ 346,294</u>	<u>\$ 313,885</u>	<u>\$ 231,716</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				
	2020	2019	2018	2017	2016
General Fund:					
Nonspendable	\$ 40	\$ 470	\$ 1,525	\$ 5,117	\$ 5,873
Restricted	-	-	-	-	-
Committed	14,479	14,883	14,961	11,716	-
Assigned	6,112	15,213	20,997	11,455	358
Unassigned	-	-	842	12,483	34,425
Total General Fund	<u>\$ 20,631</u>	<u>\$ 30,566</u>	<u>\$ 38,325</u>	<u>\$ 40,771</u>	<u>\$ 40,656</u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	155,058	164,057	153,595	124,932	-
Committed	-	-	-	-	110,191
Assigned	26,193	12,192	5,909	4,438	-
Unassigned (deficit)	-	-	-	-	5,588
Special revenue funds	(3,131)	(6,609)	(8,192)	(517)	-
Capital projects funds	(2,174)	(2,382)	-	-	(4,431)
Total all other governmental funds	<u>\$ 175,946</u>	<u>\$ 167,258</u>	<u>\$ 151,312</u>	<u>\$ 128,853</u>	<u>\$ 111,348</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				
	2025	2024	2023	2022	2021
Revenues:					
Taxes	\$ 145,928	\$ 147,955	\$ 110,247	\$ 110,165	\$ 88,626
Licenses, permits and fees	19,925	14,704	16,585	14,084	10,015
Fines and forfeits	258	330	342	255	1,098
Use of money and property	25,346	14,762	4,019	(8,081)	483
Intergovernmental	26,489	16,910	18,918	11,462	8,221
Charges of services	36,872	28,928	33,945	69,914	50,130
Special assessments	5,521	4,838	5,570	5,116	4,305
Contributions from assessment districts	1,170	4,155	-	-	156
Other	18,224	17,775	2,280	11,122	1,353
Total revenues	<u>279,733</u>	<u>250,357</u>	<u>191,906</u>	<u>214,037</u>	<u>164,387</u>
Expenditures:					
Current:					
General government	38,880	36,006	25,884	19,063	17,658
Police	56,531	49,420	47,132	40,094	35,935
Fire	18,569	16,999	15,909	16,448	15,933
Development and engineering	9,722	8,719	13,136	12,413	12,413
Public works	16,506	15,972	11,794	13,345	11,997
Parks and community services	22,094	21,447	11,046	4,042	3,038
Capital outlay	70,304	20,465	27,823	15,937	9,108
Debt service:					
Principal	2,684	2,563	2,292	765	555
Interest and fiscal charges	3,619	1,613	1,532	1,040	720
Total expenditures	<u>238,909</u>	<u>173,204</u>	<u>156,548</u>	<u>123,147</u>	<u>107,357</u>
Excess of revenues over (under) expenditures	40,824	77,153	35,358	90,890	57,030
Other financing sources (uses):					
Issuance of debt (including premium)	2,285	55,901	781	20,327	-
Contributions	-	-	-	-	-
Transfers in	91,308	39,941	34,187	118,206	20,489
Transfers out	(91,308)	(41,554)	(34,365)	(144,408)	(24,562)
Proceeds from sale of property	-	-	-	-	-
Total other financing sources (uses):	<u>2,285</u>	<u>54,288</u>	<u>603</u>	<u>(5,875)</u>	<u>(4,073)</u>
Net change in fund balances	<u>\$ 43,109</u>	<u>\$ 131,441</u>	<u>\$ 35,961</u>	<u>\$ 85,015</u>	<u>\$ 52,957</u>
Debt service as a percentage of non-capital expenditures ¹	3.72%	2.81%	3.06%	1.68%	1.31%

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.

Source: City of Tracy, Finance Department

City of Tracy
Changes in Fund Balances, Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2020	2019	2018	2017	2016
Revenues:					
Taxes	\$ 65,927	\$ 65,931	\$ 59,838	\$ 47,540	\$ 49,118
Licenses, permits and fees	7,418	8,161	7,792	7,191	5,236
Fines and forfeits	630	880	1,559	510	673
Use of money and property	5,604	6,003	1,462	1,356	2,936
Intergovernmental	12,770	16,733	21,127	27,127	20,413
Charges of services	41,841	34,752	54,269	9,472	9,997
Special assessments	4,060	4,646	3,597	24,886	14,977
Contributions from assessment districts	3,434	1,697	5,121	3,372	3,574
Other	58	147	1,589	3,460	3,501
Total revenues	- 141,742	138,950	156,354	124,914	110,425
Expenditures:					
Current:					
General government	15,136	14,544	13,579	13,763	14,900
Police	33,708	30,575	27,078	24,690	23,717
Fire	21,909	21,404	22,251	18,483	16,692
Development and engineering	11,258	11,327	13,549	8,828	9,042
Public works	11,547	13,391	10,156	9,292	9,372
Parks and community services	3,181	3,245	2,683	2,287	3,110
Capital outlay	29,699	28,802	38,631	28,645	41,456
Debt service:					
Principal	21,315	405	434	398	368
Interest and fiscal charges	1,565	1,276	1,292	1,308	1,322
Total expenditures	- 149,318	124,969	129,653	107,694	119,979
Excess of revenues over (under) expenditures	- (7,576)	13,981	26,701	17,220	(9,554)
Other financing sources (uses):					
Issuance of debt (including premium)	21,737	-	-	-	-
Contributions	3,930	-	-	-	-
Transfers in	27,601	36,154	13,040	5,226	6,009
Transfers out	(46,971)	(40,004)	(16,731)	(5,226)	(8,750)
Proceeds from sale of property	33	8	350	5	829
Total other financing sources (uses):	- 6,330	(3,842)	(3,341)	5	(1,912)
Net change in fund balances	\$ (1,246)	\$ 10,139	\$ 23,360	\$ 17,225	\$ (11,466)
Debt service as a percentage of non-capital expenditures ¹	17.41%	1.56%	1.70%	1.97%	1.94%

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.

Source: City of Tracy, Finance Department

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City of Tracy
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property Taxes	Sales and Use Taxes	Franchise Taxes	Transient Taxes	Business License Taxes	Transfer Taxes	Total
2025	\$ 33,720,635	\$ 94,810,084	\$ 6,323,974	\$ 2,020,485	\$ 4,142,193	\$ 2,071,583	\$ 143,088,954
2024	32,051,399	97,106,958	5,554,956	1,931,016	8,807,059	2,000,158	147,451,546
2023	30,093,248	73,724,308	5,127,129	2,185,441	738,856	1,779,260	113,648,242
2022	26,728,529	75,112,096	3,866,095	2,130,821	1,038,011	2,249,015	111,124,567
2021	25,735,540	56,648,873	4,257,868	1,702,313	1,016,050	2,084,113	91,444,757
2020	24,082,470	37,038,773	3,864,335	1,447,897	850,991	1,392,908	68,677,373
2019	22,259,306	37,082,569	3,545,578	1,638,102	934,793	1,130,147	66,590,495
2018	20,848,493	30,760,699	3,508,816	1,597,341	847,027	1,311,406	58,873,782
2017	20,392,536	23,290,667	2,829,424	1,507,518	838,037	372,636	49,230,817
2016	19,638,061	24,371,002	2,775,984	1,378,802	814,210	368,922	49,346,981
2015	17,709,090	24,279,575	2,727,886	1,123,087	818,656	362,107	47,020,401

Source: City of Tracy Finance Department

City of Tracy
Assessed Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Years				
	2025	2024	2023	2022	2021
Category					
Residential	\$ 12,720,622,946	\$ 11,854,701,977	\$ 10,872,703,960	\$ 9,760,318,294	\$ 9,143,911,871
Commercial	1,164,927,798	1,141,025,441	1,083,958,507	1,063,194,692	1,030,981,316
Industrial	2,857,399,229	2,410,495,429	2,058,957,773	1,725,889,800	1,497,816,029
Agricultural	7,018,722	6,989,921	10,060,103	15,740,791	9,954,085
Govt. Owned	64,854	63,583	402,603	394,710	390,665
Institutional	14,103,698	14,759,125	13,819,306	13,241,969	17,778,493
Miscellaneous	412,677	491,597	1,188,739	1,181,722	1,059,690
Recreational	14,911,339	14,618,970	14,332,332	14,051,314	13,907,241
Vacant	661,887,518	665,782,514	795,102,051	542,638,869	450,516,491
SBE Nonunitary	16,583,677	13,423,381	13,423,381	13,423,381	13,423,381
Cross Reference	15,047,066	12,403,840	11,232,816	8,944,462	7,908,510
Unsecured	1,237,743,333	1,124,160,716	738,816,903	586,803,473	608,053,111
Exempt	-	-	-	-	-
Unknown	-	321,535	315,231	309,051	305,883
Totals	<u>\$ 18,710,722,857</u>	<u>\$ 17,259,238,029</u>	<u>\$ 15,614,313,705</u>	<u>\$ 13,746,132,528</u>	<u>\$ 12,796,006,766</u>
Total Direct Rate	11.93%	12.70%	13.34%	13.70%	13.87%

Source: The HdL Company

City of Tracy
Assessed Value of Taxable Property (Continued)
Last Ten Fiscal Years

Category	Fiscal Years				
	2020	2019	2018	2017	2016
Residential	\$ 8,555,296,590	\$ 8,039,865,942	\$ 7,507,417,694	\$ 7,068,856,191	\$ 6,659,567,812
Commercial	955,735,852	947,333,003	929,006,663	885,051,665	813,724,348
Industrial	1,317,064,070	1,174,162,150	1,096,123,367	985,768,269	729,448,654
Agricultural	13,112,309	14,680,140	16,512,544	16,157,722	64,987,156
Govt. Owned	383,006	58,141	57,001	55,884	1,096,359
Institutional	14,022,064	13,108,380	14,530,172	5,720,691	9,515,260
Miscellaneous	1,040,944	1,020,538	1,000,531	904,446	32,517,596
Recreational	13,655,823	13,397,875	13,135,180	12,877,684	16,769,125
Vacant	390,395,541	224,337,103	237,333,513	245,602,494	298,360,191
SBE Nonunitary	11,939,960	11,939,960	11,939,960	11,939,960	12,164,031
Cross Reference	6,625,995	6,538,593	6,436,773	6,326,367	6,166,763
Unsecured	558,315,419	537,094,969	577,931,679	514,650,372	385,687,795
Exempt	-	-	(14,741,007)	(14,691,821)	(13,653,324)
Unknown	336,600	692,500	-	-	-
Totals	<u>\$ 11,837,924,173</u>	<u>\$ 10,984,229,294</u>	<u>\$ 10,396,684,070</u>	<u>\$ 9,739,219,924</u>	<u>\$ 9,016,351,766</u>
Total Direct Rate	14.29%	14.39%	14.56%	14.90%	15.03%

City of Tracy
Direct and Overlapping Property Tax Rates
(Rate Per \$100 of Taxable Value)
Last Ten Fiscal Years

Agency	Fiscal Year				
	2025	2024	2023	2022	2021
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Banta Elementary	0.00000	0.00000	0.00000	0.00040	0.00150
Banta Unified	0.00920	0.01030	0.01120	0.00000	0.00000
Jefferson Elementary	0.02400	0.02390	0.02410	0.02500	0.02610
Lammersville Joint Usd 2016A	0.04090	0.04410	0.04670	0.03880	0.03950
San Joaquin Delta College District	0.01220	0.01350	0.01440	0.01630	0.01830
Tracy Sfid3 2008 Bond	0.02100	0.02180	0.02040	0.00000	0.00000
Tracy Sfid3 2014 Bond	0.03640	0.03770	0.03660	0.00000	0.00000
Tracy Unified School District	0.00920	0.01030	0.01120	0.06130	0.06320
Tracy-Lammersville School District	0.00000	0.00000	0.00000	0.00000	0.01390
Tracy-Lammersville Usd	0.00000	0.00000	0.00000	0.01370	0.00000
Total Direct & Overlapping² Tax Rates	1.15290	1.16160	1.16460	1.15550	1.16250
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 Rate ⁵	0.11927	0.12185	0.12704	0.13342	0.13701

*Table updated as of FY24-25

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 purposed of this report, residual revenue is assumes 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				
	2020	2019	2018	2017	2016
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Banta Elementary	0.00210	0.00270	0.00350	0.00510	0.00700
Banta Unified	0.00000	0.00000	0.00000	0.00000	0.00000
Jefferson Elementary	0.02590	0.02730	0.02640	0.02690	0.02710
Lammersville Joint Usd 2016A	0.04870	0.05500	0.05340	0.00000	0.00000
San Joaquin Delta College District	0.01990	0.02250	0.01800	0.01800	0.01980
Tracy Sfid3 2008 Bond	0.00000	0.00000	0.00000	0.00000	0.00000
Tracy Sfid3 2014 Bond	0.00000	0.00000	0.00000	0.00000	0.00000
Tracy Unified School District	0.06470	0.06420	0.03320	0.06690	0.07010
Tracy-Lammersville School District	0.01510	0.01620	0.01720	0.01850	0.02010
Tracy-Lammersville School District	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct & Overlapping² Tax Rates	1.17640	1.18790	1.15170	1.13540	1.14410
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	0.13869	0.14291	0.14394	0.14564	0.14895

*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 purposed of this report, residual revenue is assumes 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	2024-2025			2015-2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Prologis	\$ 878,075,250	1	4.69%	\$ -		0.00%
Amazon Com Services Inc	501,257,730	2	2.68%	-		0.00%
1500 Grant Line Road Project LLC	261,681,687	3	1.40%	-		0.00%
USLP Tracy IV LP	191,994,600	4	1.03%	-		0.00%
Lennar Homes of California Inc	164,258,519	5	0.88%	-		0.00%
Fedex Ground Package System Inc	118,480,574	6	0.63%	-		0.00%
MRE Propco LP	114,444,000	7	0.61%	-		0.00%
Leprino Foods Company Corporation	109,871,996	8	0.59%	89,967,359	2	1.00%
LIT Industrial LP	108,711,021	9	0.58%	-		0.00%
OLLIX LLC	100,158,778	10	0.54%	-		0.00%
Tracy Mall Partners LP	-		0.00%	100,507,773	1	1.11%
Prologis Logistics Services Inc	-		0.00%	89,214,307	3	0.99%
Golden State FC LLC	-		0.00%	74,328,923	4	0.82%
Prologis Amazon Tracy LLC	-		0.00%	65,955,334	5	0.73%
PAC Corporate Center Tracy	-		0.00%	54,978,950	6	0.61%
Central Valley LLC	-		0.00%	54,600,392	7	0.60%
DCT Tracy Logistics Center LLC	-		0.00%	48,960,000	8	0.54%
Tracy Hills Project Owner LLC	-		0.00%	44,341,917	9	0.49%
Duke Realty LP	-		0.00%	43,900,495	10	0.49%
Top Ten Total	\$ 2,548,934,155		13.62%	\$ 666,755,450		7.38%
Total Taxable Assessed Value	\$18,710,772,857		100%	\$ 9,030,005,090		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
2016	\$ 12,406,318	\$ 12,406,318	100.00%	\$ -	\$ 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
2025	21,880,105	21,880,105	100.00%	0.00	21,880,105	100.00%	18,710,772,857

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
2016	1%	0.50%		0.50%	0.25%	1%	5.25%	8.50%
2017	1%		0.50%	(b)	0.50%	1%	5.00%	8.25%
2018	1%		0.50%		0.25%	1%	5.00%	8.25%
2019	1%		0.50%		0.25%	1%	5.00%	8.25%
2020	1%		0.50%		0.25%	1%	5.00%	8.25%
2021	1%		0.50%		0.25%	1%	5.00%	8.25%
2022	1%		0.50%		0.25%	1%	5.00%	8.25%
2023	1%		0.50%		0.25%	1%	5.00%	8.25%
2024	1%		0.50%		0.25%	1%	5.00%	8.25%
2025	1%		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				
	2024	2023	2022	2021	2020
Apparel Stores	\$ 43,830	\$ 43,678	\$ 42,566	\$ 43,894	\$ 29,585
General Merchandise	241,205	245,944	239,308	241,016	211,098
Food Stores	53,852	52,333	53,741	52,618	51,414
Eating and Drinking Places	233,699	225,367	218,783	202,177	158,950
Building Materials	322,912	346,393	279,859	233,419	202,710
AutoDealers and Supplies	382,724	416,856	405,075	443,208	370,331
Service Stations	222,670	214,444	251,600	194,018	139,326
Other Retail Stores	154,068	163,259	181,774	182,660	153,035
All Other Outlets	7,287,244	5,913,636	5,336,018	4,306,000	2,261,351
Total	<u>\$ 8,942,204</u>	<u>\$ 7,621,910</u>	<u>\$ 7,008,724</u>	<u>\$ 5,899,010</u>	<u>\$ 3,577,800</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				
	2019	2018	2017	2016	2015
Apparel Stores	\$ 45,996	\$ 48,375	\$ 45,092	\$ 42,757	\$ 37,505
General Merchandise	215,778	213,141	211,023	205,287	194,285
Food Stores	44,261	41,464	39,602	40,058	38,770
Eating and Drinking Places	178,351	170,823	166,207	156,364	144,165
Building Materials	189,871	184,662	159,793	143,846	133,261
AutoDealers and Supplies	350,576	370,195	378,150	346,023	322,460
Service Stations	182,184	183,816	160,010	145,865	160,612
Other Retail Stores	157,597	164,930	155,905	155,745	152,952
All Other Outlets	1,345,065	941,402	760,321	335,371	291,643
Total	<u>\$ 2,709,679</u>	<u>\$ 2,318,808</u>	<u>\$ 2,076,103</u>	<u>\$ 1,571,316</u>	<u>\$ 1,475,653</u>
City Direct sales tax rate	1%	1%	1%	1%	1%
City Measure E sales tax rate (a)	-	-	0.5%	0.5%	0.5%
City Measure V sales tax (b)	0.5%	0	-	-	-

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

2024		2015	
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 Distribution	Food Service Equip/Supplies	Arco AM PM	Service Stations
Chevron	Service Stations	Arco AM PM	Service Stations
Chevron	Service Stations	Barbosa Cabinets	Contractors
Costco	Discount Dept Stores	Best Buy	Electronics/Appliance Stores
Crate & Barrel	Fulfillment Centers	Chevron	Service Stations
Fisher Scientific	Medical/Biotech	Costco	Discount Dept Stores
Home Depot	Building Materials	Country Nissan	New Motor Vehicle Dealers
Independent Electric Supply	Plumbing/Electrical Supplies	Crate & Barrel	Fulfillment Centers
Irby Utilities	Plumbing/Electrical Supplies	Home Depot	Building Materials
Medline Industries	Medical/Biotech	Independent Electric Supply	Plumbing/Electrical Supplies
Nixon Egli Equipment	Warehse/Farm/Const. Equip.	Macys	Department Stores
Platinum Hyundai	New Motor Vehicle Dealers	Nixon Egli Equipment	Warehse/Farm/Const. Equip.
Safeway Fuel	Service Stations	Premier Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers
Target	Discount Dept Stores	Safeway Fuel	Service Stations
Tracy Chevrolet	New Motor Vehicle Dealers	Target	Discount Dept Stores
Tracy Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers	Tracy Chevrolet	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 Nissan	New Motor Vehicle Dealers	Tracy Mazda	New Motor Vehicle Dealers
Tracy Toyota	New Motor Vehicle Dealers	Tracy Toyota	New Motor Vehicle Dealers
Tracy Volkswagon	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	
2013	\$ 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	
2025	30.90	1.00	53.34	

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
Least 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
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
2025	88,605,557	-	1,887,800	2,069,228	92,562,585

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)
Least 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			
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
2025	3,037,360	17,255,000	-	20,292,360	112,854,945	1,149	98,215

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

Fiscal Year	Outstanding General Bond Debt			Percent of	Per Capita
	Lease Revenue	Net Position	Net Bonded Debt		
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	\$ 65,817,469	24,759,717	0.52%	938
2025	88,605,557	7,298,776	81,306,781	0.43%	828

Source: Finance Department, City of Tracy

City of Tracy
Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

2024-2025 Assessed Valuation: \$ 18,710,722,857

	Total Debt 6/30/2025	% Applicable (a)	City's Share of Debt 06/30/2025
OVERLAPPING TAX AND ASSESSMENT DEBT:			
San Joaquin Delta Community College District	\$ 148,656,000	14.88%	\$ 22,116,872
Lammersville Joint Unified School District	55,350,000	13.93%	7,710,255
Tracy Unified School District	23,065,000	86.43%	19,934,618
Tracy Unified School District School Facilities Improvement District No. 3	155,314,900	92.05%	142,959,600
Banta School District	205,000	11.24%	23,040
Jefferson School District	43,654,503	81.18%	35,438,726
City of Tracy Community Facilities District No. 93-1	1,565,000	100%	1,565,000
City of Tracy Community Facilities District No. 98-1	13,570,000	100%	13,570,000
City of Tracy Community Facilities District No. 98-3	170,000	100%	170,000
City of Tracy Community Facilities District No. 99-2	2,530,000	100%	2,530,000
City of Tracy Community Facilities District No. 2000-1	6,480,000	100%	6,480,000
City of Tracy Community Facilities District No. 2006-1	6,830,000	100%	6,830,000
City of Tracy Community Facilities District No. 2016-1 I.A No. 1	63,955,000	100%	63,955,000
City of Tracy Community Facilities District No. 2016-1 I.A No. 2	33,605,000	100%	33,605,000
City of Tracy Community Facilities District No. 2016-2 I.A No. 1	14,860,000	100%	14,860,000
City of Tracy Community Facilities District No. 2016-2 I.A No. 2	12,870,000	100%	12,870,000
City of Tracy Community Facilities District No. 2021-1	6,795,000	100%	6,795,000
City of Tracy 1915 Act Bonds	310,000	100%	310,000
California Statewide Community Development Authority 1915 Act Bonds	7,560,952	100%	7,560,952
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 399,284,063
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Joaquin County Certificates of Participation	43,190,000	16.067%	\$ 6,939,337
Lammersville Joint Unified School District General Fund Obligations	13,930,000	13.930%	1,940,449
City of Tracy Governmental Activities Obligations	92,562,585	100%	92,562,585
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:			\$ 101,442,371
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 20,850,000	100%	\$ 20,850,000
TOTAL DIRECT DEBT			\$ 92,562,585
TOTAL OVERLAPPING DEBT:			\$ 429,013,849
COMBINED TOTAL DEBT			\$ 521,576,434 (b)

(a) The percentage of overlapping a 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 2024-25 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.13%
Total Direct Debt (\$35,658,983).....	0.43%
Combined Total Debt.....	2.73%

Ratios to Redevelopment Incremental Valuation (\$1,655,523,089)

Total Overlapping Tax Increment Debt.....	1.26%
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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				
	2025	2024	2023	2022	2021
Assessed Value	\$ 18,710	\$ 17,259	\$ 15,614	\$ 13,746	\$ 12,796
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	4,678	4,315	3,904	3,437	3,199
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	702	647	586	515	480
Total net debt applicable to limit	105	116	65	62	49
Legal debt margin	\$ 597	\$ 542	\$ 528	\$ 453	\$ 431

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				
	2020	2019	2018	2017	2016
Assessed Value	\$ 11,837	\$ 10,984	\$ 10,336	\$ 10,495	\$ 8,941
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,959	2,746	2,584	2,624	2,235
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	444	412	388	394	335
Total net debt applicable to limit	51	54	56	58	60
Legal debt margin	\$ 393	\$ 358	\$ 332	\$ 336	\$ 275

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				
	2025	2024	2023	2022	2021
Water revenue bonds/State Loan					
Water revenue	\$ 26,059,418	\$ 22,473,469	\$ 22,773,326	\$ 29,403,252	\$ 23,910,369
Less: Operating Expenses	(22,444,229)	(18,539,475)	(21,155,835)	(18,752,844)	(16,388,854)
Net available revenue	3,615,189	3,933,994	1,617,491	10,650,408	3,763,479
Debt service:					
Principal	1,166,336	1,139,516	1,113,312	1,062,698	1,038,261
Interest	91,583	118,404	144,608	195,222	219,659
Total Debt Service	1,257,920	1,257,920	1,257,920	1,257,920	1,257,920
Coverage	2.87	3.13	1.29	8.47	2.99
Wastewater revenue bonds:					
Wastewater revenue	\$ 28,238,186	\$ 22,232,268	\$ 16,408,713	\$ 20,282,263	16,904,623
Less: Operating expenses	(17,629,954)	(18,676,496)	(16,379,280)	(15,337,137)	(14,485,122)
Net available revenue	10,608,232	3,555,772	29,433	4,945,126	11,229,923
Debt service:					
Principal	1,050,000	1,000,000	955,000	915,000	875,000
Interest	840,750	889,701	932,865	975,418	1,014,818
Total Debt Service	1,890,750	1,889,701	1,887,865	1,890,418	1,891,480
Coverage	5.61	1.88	0.02	2.62	5.94

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				
	2020	2019	2018	2017	2016
Water revenue bonds/State Loan					
Water revenue	\$ 20,475,348	\$ 16,702,467	\$ 16,352,909	\$ 15,433,348	\$ 15,438,772
Less: Operating Expenses	(16,711,869)	(15,110,318)	(14,246,407)	(13,671,219)	(13,380,117)
Net available revenue	1,592,149	2,106,502	1,762,129	2,058,655	3,699,423
Debt service:					
Principal	1,014,385	991,059	968,269	946,003	924,249
Interest	243,535	266,861	289,651	311,917	33,671
Total Debt Service	1,257,922	1,257,920	1,257,920	1,132,923	1,390,419
Coverage	1.27	1.67	1.40	1.82	2.66
Wastewater revenue bonds:					
Wastewater revenue	23,835,116	24,825,340	15,196,599	14,434,402	14,092,302
Less: Operating expenses	(12,605,193)	(12,340,258)	(12,467,159)	(8,003,091)	(7,449,704)
Net available revenue	12,485,082	2,729,440	6,431,311	6,642,598	6,735,223
Debt service:					
Principal	840,000	805,000	775,000	745,000	720,000
Interest	1,051,480	1,086,235	1,119,028	1,153,480	1,182,670
Total Debt Service	1,891,235	1,894,028	1,898,480	1,902,670	1,903,468
Coverage	6.60	1.44	3.39	3.49	3.54

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	City of Tracy				
	Population (4)	Labor Force (1)	Employment (1)	Unemployment	
				Rate (1)	Number (1)
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
2025	98,215	50,400	47,600	5.6%	2,800

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		Employment	Unemployment	
	Population (4)	Force (1)		Rate (1)	Number (1)
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
2025	816,108	376,800	351,400	6.80%	25,400

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	2025			2016		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Amazon - Multiple Sites	6,444	1	12.81%	4,437	1	14.71%
FedEX Ground Package System	2,165	2	4.30%	416	4	1.38%
Tracy Unified School District	1,237	3	2.46%			
Medline Industries	804	4	1.60%			
Taylor Farms Pacific Inc.	820	5	1.63%	691	2	2.29%
City of Tracy	516	6	1.03%			
Sutter Tracy Community Hospital	463	7	0.92%	486	3	1.61%
Walmart Supercenter *	389	8	0.77%	293	10	0.97%
Leprino Foods	327	9	0.65%	305	8	1.01%
Costco Wholesale #658	285	10	0.57%			
Restoration Hardware				413	5	1.37%
Barbosa Cabinets Inc.				382	6	1.27%
The Home Depot (#5641)*				329	7	1.09%
Orchard Supply Hardware				302	9	1.00%
Total Top 10 Employers	13,450		26.74%	8,054		26.70%
Total City Labor Force	50,300					

Source: MuniServices, LLC / Avenu Insights & Analytics

Results based on direct correspondence with local businesses within City limits.

* Employer has not responded to Muni's inquiries, 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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City Attorney	4	4	4	4	4	4	3	4	4	4
City Council	5	5	5	5	5	5	5	5	5	5
City Manager's Office	11.5	9.5	18	15		31.5	-	-	-	-
City Clerk Office	2	2	2	2	12	0	-	-	-	-
Cultural Arts Division	20	14.5	25	16	13.5	0	-	-	-	-
Economic Development Division	6	4	3	2	2	0	2	3	3	3
Community Engagement and Public Information Division	1	1	1.00	1.00	-	-	-	-	-	-
Information Technology	14	14	9	9	8	0	-	-	-	-
Development Services	70.5	52	63	63	35	55.5	66	61	61	39
Finance	26	24	25	22	22	25	30	34	32	26
City Treasurer	1	1	1	1	1	1	1	1	1	1
South County Fire Authority	113	96.5	100	100	97	83	89	82	81	80
Human Resources	20.5	11	11	12	10	10	9	10	9	6
Parks and Recreation			0	0	39.5	15	48 ^a	14	13	23
Administration	9.5	6	11.00	6.00	-	-	-	-	-	-
Maintenance	39.5	31	42.00	22.00	-	-	-	-	-	-
Recreation	41	35	53.00	60.00	-	-	-	-	-	-
Community Facilities	14.5	13	20	19	10.5	0	-	-	-	-
Transit	4.5	4.5	4	4	3	0	3	3	3	3
Airport	3	3	2	2	2	0	2	2	2	2
Police	191	174	176	160	151.5	157	144	143	139	133
Public Works			-	-	-	96.00	92	85	84	61
Administrative Services	20.5	18	19	14	14	0	9	8	8	7
Solid Waste and Recycling			7	4	4	0	4	1	1	1
Internal	23	20	20	11	12	0	-	-	-	-
Aquatics			-	-	-	-	-	-	-	-
Utilities Maintenance	44	41	20	21	19	0	-	-	-	-
Water	11	7	9	8	18	0	31	31	30	35
Wastewater	13	12	11	11	7	0	43	25	25	26
Street, Community Preservation, Concrete and Traffic Maintenance	28	36	53	51	71	0	5	3	3	3
Total	737	639	714	645	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				
	2025	2024	2023	2022	2021
General Government					
Building Permits Issued	3,033	2,572	3,791	3,930	3,552
Building Inspections requested	31,687	27,987	29,089	35,160	38,937
Police:					
Arrests	1,966	1,954	1,774	1,642	1,156
Parking citations issued	1,631	885	1,009	773	427
Traffic violations	6,131	5,485	3,413	3,094	1,968
Fire:					
Number of emergency calls	10,429	10,662	5,552	10,644	9,029
Inspections	1,656	2,160	1,989	2,868	2,187
Water:					
Water Mains (miles)	565	515	485	480	472
New connections	406	359	307	882	653
Maximum Daily Capacity (gallons) (millions of gallons)	57	57	57	57	57
Average daily consumptions (gallons) (millions of gallons)	14	17	17	17	18
Sewer:					
Sanitary Sewer (miles)	560	510	480	475	465
New connections	400	359	286	858	644
Average daily treatment (gallons) (millions of gallons)	8	11	11	10	10
Airport:					
Hangar rentals	74	72	76	94	79
Solid waste:					
Refuse collected (tons per day)	292	295	290	328	301
Recyclables collected (tons per day)	91	93	90	84	89
Transit:					
Average daily passengers	457	415	326	273	174
Total fixed route miles	337,407	307,996	277,529	264,472	265,926

Source: City of Tracy Departments

City of Tracy
Operating Indicators by Function/Program (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2020	2019	2018	2017	2016
General Government					
Building Permits Issued	3,184	3,050	2,988	2,904	2,736
Building Inspections requested	22,337	20,384	18,028	16,260	17,025
Police:					
Arrests	1,859	2,705	2,768	2,894	2,732
Parking citations issued	618	1,291	1,022	1,335	1,685
Traffic violations	2,524	4,063	3,320	4,630	6,341
Fire:					
Number of emergency calls	9,014	9,031	8,811	7,351	6,924
Inspections	2,005	3,002	3,374	3,785	5,164
Water:					
Water Mains (miles)	465	452	440	431	426
New connections	383	295	256	1,173	228
Maximum Daily Capacity (gallons) (millions of gallons)	57	57	57	57	57
Average daily consumptions (gallons) (millions of gallons)	18	15	17	16	13
Sewer:					
Sanitary Sewer (miles)	460	450	440	426	421
New connections	373	285	256	650	227
Average daily treatment (gallons) (millions of gallons)	9.52	9	8.9	9.8	10.0
Airport:					
Hangar rentals	69	68	76	76	62
Solid waste:					
Refuse collected (tons per day)	285	278	266	264	252
Recyclables collected (tons per day)	86	86	81	86	76
Transit:					
Average daily passengers	432	552	546	585	505
Total fixed route miles	272,622	344,724	341,126	302,039	358,405

Source: City of Tracy Departments

City of Tracy
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year				
	2025	2024	2023	2022	2021
Police:					
Number of stations	1	1	1	1	1
Fire:					
Number of stations	7	7	7	7	6
Public works:					
Number of street lights	6,979	6,979	6,979	6,929	6,928
Number of traffic signals	87	77	77	77	77
Parks and recreation:					
Number of parks	87	85	81	77	77
Number of community centers	3	3	3	3	3
Water:					
Water mains (miles)	565	515	485	480	472
Wastewater:					
Sanitary sewers (miles)	560	510	480	475	465
Airport:					
Number of hangars	95	95	94	94	79
Transit:					
Number of vehicles	14	17	17	17	15

Source: City of Tracy Departments

City of Tracy
Capital Asset Statistics by Function/Program (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2020	2019	2018	2017	2016
Police:					
Number of stations	1	1	1	1	1
Fire:					
Number of stations	6	6	6	6	6
Public works:					
Number of street lights	6,142	6,141	6,141	6,110	6,110
Number of traffic signals	76	75	75	85	85
Parks and recreation:					
Number of parks	77	77	77	77	77
Number of community centers	3	3	3	3	3
Water:					
Water mains (miles)	472	450	440	431	426
Wastewater:					
Sanitary sewers (miles)	465	452	440	426	421
Airport:					
Number of hangars	79	68	76	76	62
Transit:					
Number of vehicles	15	15	15	15	15

Source: City of Tracy Departments

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