

City of Lathrop

California

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015



Lathrop Community Complex- Generation Center Building



City of Lathrop
390 Towne Centre Drive
Lathrop, CA 95330

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CITY OF
LATHROP, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015**

Prepared
By
The Finance Department

Cari James
Director of Finance

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CITY OF LATHROP, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of LATHROP

Department of Finance
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Lathrop, California 95330
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December 8, 2015

To the Honorable Mayor and Members of the City Council and to the Citizens of the City of Lathrop, California:

The Comprehensive Annual Financial Report of the City of Lathrop for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Lathrop. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City of Lathrop. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as set forth in pronouncements by the National Council of Governmental Accounting (NCGA), the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB) and includes the report of the City's, independent certified public accountants, Maze and Associates. Based on the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion which state that the City's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) is required supplementary information and provides information and analysis that users need to interpret the basic financial statements. This transmittal letter is designed to complement the MD&A, and, therefore, should be read with it. The City's MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE GOVERNMENT

Lathrop is located seventy (70) miles due east of San Francisco in San Joaquin County. It is located at the interchange of three major freeways: Interstate 5 (I-5), Interstate 205 (I-205), and the 120 Freeway. The City of Lathrop is located in the center of the Northern California metro market, close to the San Francisco Bay Area and Greater Sacramento regions.

GOVERNMENT STRUCTURE AND TYPES OF SERVICES

The City of Lathrop is a general-law city incorporated under California law July 1, 1989. The City operates under the City Council / Manager form of government. Beginning with the municipal election in November 1996, the position of the Mayor is elected for a two-year term. Four Council Members are elected at-large and serve alternating four-year terms. Every two years in December, the Mayor and Council Members select a Council Member to serve as Vice-Mayor. The City Manager also serves as City Treasurer and the City Clerk is appointed by the City Manager. All municipal elections are non-partisan.

The City of Lathrop provides a wide range of municipal services, including police (provided under contract by the San Joaquin County Sheriff's Department), water and sewer utilities, street maintenance, public transportation, parks and recreation, planning, building, code enforcement, and other general government services.

Fire services such as fire suppression and prevention are provided for the City by Lathrop-Manteca Fire Protection District and are funded separately by the Fire District. The Fire District provides specialized

equipment and trained personnel 24 hours a day for emergency assistance to all residents. The Fire District and the City work together for the mutual benefit of both agencies and the citizens they serve.

GOVERNMENT STRUCTURE AND TYPES OF SERVICES (continued)

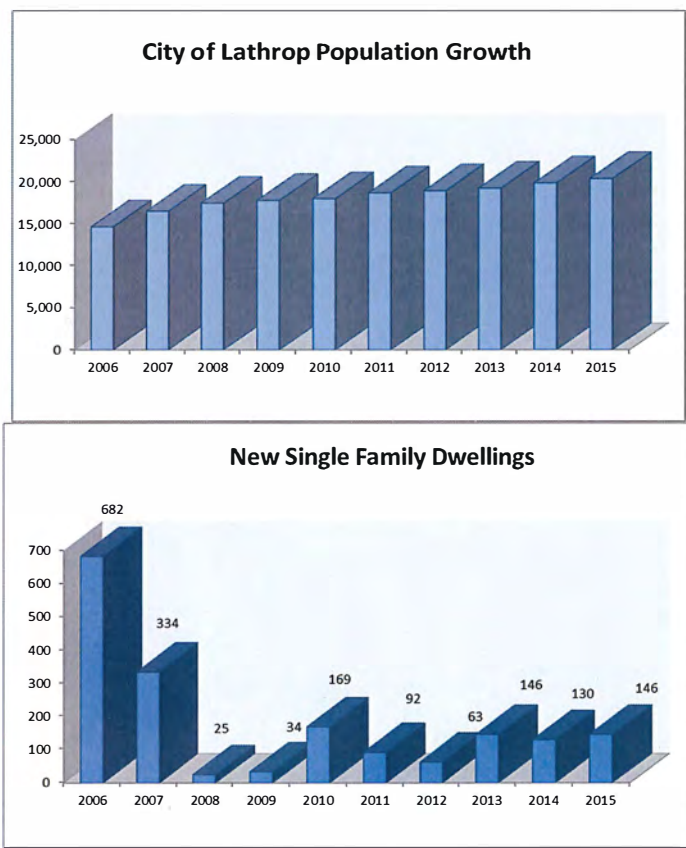
This report includes all funds of the City of Lathrop. It reports all activities considered to be a part of, controlled by, and dependent on the City.

The accounts of the City are organized on the basis of funds with each fund considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

ECONOMIC CONDITIONS AND OUTLOOK

The June 30, 2015 financial report indicates that the City of Lathrop concluded the year having consistently provided quality services to citizens, while actively managing recent tax revenue challenges through budget reductions to meet its obligation. Lathrop maintains adequate fund balances for emergencies in a majority of its governmental operations funds and proprietary funds. On October 4, 2010 the City Council adopted a formal Fund Balance Reserve Policy. The policy allows Council to approve any fund balance between 10% and 50% of adjusted appropriations as part of the Annual Budget resolution, provided that the level of the Contingency Reserve is not reduced below 10%. At fiscal year-end 2015, the General Fund unreserved available fund balance was 61.6% of total expenditures.

Illustrated in the chart below, the City experienced significant residential growth during fiscal year 2005/06 thru fiscal year 2006/07, followed by declines in recent years. Lathrop, along with many cities in California, experienced an economic slowdown in the latter half of 2008 that subsequently deepened into an economic recession in 2009. The City's population increased 2.6% over the prior year, the unemployment rate in the region increased from 10.5% in 2014, to 10.7% for 2015. The City is anticipating an increase in residential building over the next fiscal year.



The City has an area of 22 square miles of level terrain and a population of 20,353. The community is located in the Northern San Joaquin Valley. Historically, Lathrop has been an agricultural-based community, however, the continuing dynamic outward growth of the San Francisco Bay Area has pushed industrial, warehousing, and logistics growth into the Northern San Joaquin Valley, which is benefiting Lathrop due to its strategic location at the intersection of three major freeways. From 2005 to 2007, Lathrop experienced a strong surge in residential construction to accommodate continuing job growth in the Northern San Joaquin Valley and in the neighboring Tri Valley Area of the East Bay.

The Lathrop economy, therefore, is influenced by that of a more diverse Bay area economy where many Lathrop residents are employed. Property tax revenue to the City has increased by about 12% in the past four years. As a result, the City has implemented long term range budget and financial planning measures to ensure a sound financial position is kept during the next several years.

LONG TERM FINANCIAL PLANNING

Management encourages its departments to project their resource needs for a period longer than the traditional annual budget. In May 2009, the City Council adopted a 5-Year Survival Plan that stabilizes the City's finances by cutting departmental costs and utilizing the General Fund reserve over a period of 5 years. With only modest growth projected for revenues, in May 2010, the City changed the 5-Year Survival Plan to a 5-Year Stabilization Plan and in 2013 the City created a 10-year Financial Plan which begins to address the structural deficit and minimizes the use of reserves. On November 6, 2012, the Citizens of Lathrop approved Measure C by 77%. Measure C is a general purpose 1% additional sales tax Measure to be used for the purpose of maintaining and enhancing essential City services, such as police and fire protection and youth and senior services within the City.

MAJOR PROJECTS FOR THE YEAR AND FOR THE FUTURE

In its broadest sense, the vision of the City is to provide a high quality of life for all who live, work, shop, and play within the City of Lathrop. To carry out this vision, there are major projects that are planned or are in the process of being completed. These projects are identified as follows:

Industrial

Lathrop has a substantial amount of land zoned for industrial development. Lathrop's major industrial employers include: Super Store Industries (a product distribution facility for Save Mart and Raley's/Bel Air Grocery Stores); Carpenter Company (a polyurethane foam manufacturing plant); Utility Trailer Sales of California (for the repair and sales of large truck trailers); Panattoni Distribution Center (a warehousing, distribution and manufacturing facility, with four existing buildings); CBC Steel Buildings (a metal building manufacturer); California Natural Products (a manufacturing facility of natural and organic food ingredients); Gordon Trucking (trucking facility with office, maintenance and fueling station), the Home Depot, Del Monte and JC Penney distribution/warehouses and Lathrop Industrial Park which consists of four buildings.

The interest in industrial warehouse/distribution development in the City of Lathrop remains strong. Tesla has occupied the former Daimler/Chrysler warehouse located in the Crossroads Industrial Park and currently working towards finalizing their Phase 1 expansion. The I-5 Logistics warehouse consisting of approximately 750,000 square foot building is currently under construction, while Super Store Industries recently received approval from the Planning Commission to construct an 18,000 square foot addition to the refrigerated warehouse portion of their building.

Staff is also currently processing two industrial warehouse projects: LBA Realty (LBA South) and Crossroads Logistics Center. LBA South has submitted their application for a Development Plan review to construct an approximately 500,000 square foot warehouse building. The Crossroads Logistics Center project consists of three industrial buildings located in two separate parcels totaling approximately 560,000 square feet. The project is located within the Crossroads Industrial Park on the corner of Nestle Way and Christopher Way. In addition, staff expects to receive an application for a proposed 627,000 square foot warehouse and distribution building on Louise Avenue directly across from TEC Equipment, while

representatives of the former Pilkington site continue to actively market the site for a potential occupant to reuse the existing building and/or the option to construct additional buildings on site.

Commercial

Lathrop has a great deal of land zoned for commercial development. Lathrop's major commercial developments include: USA Motors, Harley Davidson, Ghirardelli Chocolate, Target, Walgreens, Joes Travel Plaza, Days Inn, Comfort Inn, Holiday Inn Express, Quality Inn, and Hampton Inn, which primarily serve business travelers. The Save Mart Shopping Center has multiple tenants including restaurants, banks, and service and commercial businesses. Louise Plaza continues to fill tenant spaces including a financial center, restaurants, and specialty commercial businesses.

Commercial development is very active throughout the City. USA Motors officially opened for business on their expanded site which includes the construction of a 1,700 square foot permanent Sales Office. JH Motorsports Phase II project which includes the construction of a 4,000 square foot service building is complete, and the Lathrop Road Garden Center is working on the necessary improvements towards the grand opening of their site. TEC Equipment, Inc. (a company that specializes in truck sales and truck parts) is in the final stages of finalizing the improvements to their site including the remodeled 40,000 square foot service and parts facility. McDonald's has also voiced their interest to construct a new 3,974 restaurant incorporating a double drive-thru lane in the spring of 2016. The City also processed an application for a proposed fitness center located on the third floor of the High 5 Plaza building. Staff is currently processing an application for a 2,866 square foot Burger King restaurant adjacent to the O'Reilly Auto Parts store, as well as an application for a Pilot Flying J facility consisting of a 13,000 square foot building which includes a store, restaurant, driver's lounge, laundry, shower and restroom facility. The project will include 9 diesel fueling lanes, 12 gas lanes, 64 vehicle spaces and 116 truck parking spaces.

Specific Plans

In 1997, the City approved the West Lathrop Specific Plan, which incorporated an area of approximately 5,794 acres into the City. The West Lathrop Specific Plan (WLSP) includes the Mossdale Village area (containing approximately 1,611 acres) and the Stewart Tract, which includes River Islands and Southeast Stewart Tract (containing approximately 4,183 acres). The West Lathrop Specific Plan designates land uses and design standards for these areas.

River Islands – River Islands is located west of Interstate 5 and north of Interstate 205. Encompassing nearly 5,000 acres, this master planned community will consist of approximately 350,000 square feet of office and retail uses at the Town Center generating roughly 1,400 jobs; up to 3.7 million square feet of Employment Center with support services such as retail, restaurants and hotels with roughly 15,000 employees; up to 11,000 housing; schools; fire stations and approximately 400 acres of internal lakes and water system.

There are currently four builders in River Islands: Brookfield Homes, DeNova Homes, Van Daele Homes and Tim Lewis Communities. All four builders have opened their respective model and sales office and River Islands also completed the construction of the Welcome Center. Staff processed a Vesting Tentative Map for Tract 3694 (Phase 1) of River Islands to address current market demands and better meet changing storm drainage and water quality standards, as well as improved circulation and increase in open space. Staff also processed the Conditional Use Permit applications for the River Islands Technology Academy new interim site as well as the Sunset Point private recreational facility. As of September of 2015, the City has issued and/or currently processing approximately 350 single family building permits for construction of new homes.

Central Lathrop Specific Plan – This master planned community is comprised of approximately 1,520 acres located west of the I-5 freeway, north of the West Lathrop Specific Plan area, and east of the San Joaquin River. The plan area is just north of the Interstate 5/Interstate 205/State Route 120 interchange. The Central Lathrop Specific plan envisions a vibrant and livable community that offers a balanced mix of residential neighborhoods; retail, office, service-related and other employment generating land uses; and public/semi-public uses such as schools, parks, and other civic oriented facilities. Approximately 6,800 dwelling units and 5 million square feet of office and retail uses are planned for the area. The Central

Lathrop Specific Plan contains Lathrop's first ever high school. Staff continues to meet and work with the Saybrook development team to facilitate the reimplementation and ultimate construction and development in CLSP.

Lathrop Gateway Specific Plan – The Lathrop Gateway project encompasses approximately 384 acres bordered by Vierra Court and West Yosemite Avenue to the north, State Route 120 to the south, and the Union Pacific Railroad tracks to the east and to the west. The proposed project envisions development of a combination of new commercial office, limited industrial and service commercial uses. The Land Use Plan proposes approximately 57 acres of commercial office uses, 168 acres of limited industrial uses, 83 acres of service commercial uses.

Staff continues to work with the project developer and potential users interested in the first phase of development. The City recently approved a "large lot" subdivision map which will serve as the basis for design and construction of the backbone improvements and subdivide the property. Phase 1 consists of 6 large developable lots ranging in size from 13 to 44 +/- acres and 7 lots for public utilities and right of way.

South Lathrop Specific Plan – The project site is located south of State Route 120, north and west of the Union Pacific Railroad, and east of the San Joaquin River. The project is 315 acres in size and proposes approximately 10 acres of commercial office uses, 222 acres of limited industrial uses and the remaining 83 acres reserved for open space, roads and public facilities. The area has a potential of approximately 4 million square feet of employment-generating development.

The City recently approved the South Lathrop Specific Plan which consists of the following entitlements: Specific Plan, General Plan Amendment, Zoning Map and Text Amendment, Development Agreement, Annexation and Certification of the Environmental Impact Report. The proposed projects consists of a 315-acre specific plan, with approximately 10 acres of commercial office uses, 246 acres of limited industrial uses, 31 acres of open space area comprised of river levees and the remaining 27 acres in roads and public/quasi-public facility sites. Staff is currently working with the applicant to submit the necessary documentation to LAFCo for annexation of the project into the City of Lathrop.

Mosssdale Landing – This project incorporates nearly 1,700 new residential units and commercial development sites. Already completed are: Mosssdale Landing - 1010 single-family homes, Mosssdale Landing East - 221 single-family homes, and Mosssdale Landing South - 130 single-family homes. Commercial development that has been completed or approved in the Mosssdale Landing project includes: the Village Commercial/Bank/Office project of 8,128 square feet at the corner of Towne Centre Drive and Golden Valley Parkway, Mosssdale Business Park – three buildings, 24,104 square feet – two of which is already leased, 15,370 square feet of retail for Nationwide Fleet, a 7,475 square foot veterinary center, and a 42,655 square foot retail/commercial complex at the northwest corner of Towne Centre Drive and Golden Valley Parkway. The master developer is currently marketing the remaining retail spaces at the Lathrop Market Place for future tenants.

MAJOR INITIATIVES

The City continues to focus priority efforts on projects that promote high quality new development and is seeking to continue to promote balanced development, which will include industrial, commercial, and residential projects in Historic Lathrop and in the Specific Plan areas. Major initiatives include implementing the development process of the River Islands, Central Lathrop, various Mosssdale Landing projects, and Lathrop Gateway Business Park.

DEPARTMENT FOCUS

Community Development

- The Department is working on the implementation of the following projects: River Islands at Lathrop, Central Lathrop Specific Plan, Lathrop Gateway Specific Plan, South Lathrop Specific Plan, Mossdale Landing, Mossdale Landing East, and Mossdale Landing South.
- The Department recently began processing the South Lathrop Specific Plan proposal, consisting of 315 acres for industrial and commercial development.
- The Department continues to focus on promoting development of the Crossroads Commerce Center, and other infill projects east of the freeway.
- Assist in SB 5 implementation including coordination in support of the City's requirements to achieve a Finding of Adequate Progress and analyzing land use implications.

Police

The Police Services Division is responsible for the protection of lives and property of the citizens of Lathrop. The main objective is to provide a safe and healthy community environment, by reducing crime and the fear of crime. This is accomplished through enforcement of local and state laws to apprehend violators, using effective law enforcement procedures, strategies, techniques, and education with proactive community programs. Police programs during the fiscal year 2014-2015 included: • Neighborhood Watch and National Night Out • Community Crime Prevention Training (specifically Stranger Dangers for Children) • Business Watch • K-9 Patrol • Police Motorcycle Traffic Enforcement • participation in the AVOID the 10 Campaign • Sobriety Checkpoints • Drug Abuse Resistance Education (D.A.R.E) • 2 sessions of the Youth Junior Police Academy • Citizen's Academy • Bicycle Rodeo and Helmet Drive • Child Safety ID Program • "Every 15 Minutes" Program • South County Crime Stoppers • S.T.A.R.S. • Holiday Toy Drives • File of Life • Community Policing Through Environmental Design (CPTED) • Identity Theft Awareness • San Joaquin County Juvenile Probation Department Partnership • Red Ribbon Week • Participation in local businesses' Health and Safety Fairs • Child Safety Seat Installations and Inspections • National Prescription Drug Take-Back Initiative • Community Clothing and Food Drives • Teen Choices and Consequences Program • Lathrop High School Career Day • Elementary School's Back to School Nights • ROP (Regional Occupational Program) Administration of Justice.

Lathrop Police Services is committed to maintaining and expanding police programs at our schools and within the community, proactively working with citizens to form partnerships necessary to jointly solve the public safety concerns of the citizens of Lathrop.

OTHER INFORMATION

Internal Controls

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived from the control, and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above stated framework. We believe our internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

Budgetary Controls

In addition to internal controls, the City also maintains budgetary controls. Budgets for the General, Special Revenue, and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles accepted in the United States of America. The budget for the General and Special Revenue Funds are the only legally adopted budgets.

Budgets for the Debt Service and Capital Project Funds are used for management and control purposes only.

Expenditures may not legally exceed budgeted amounts at the department level. If the expenditures exceed appropriations, the City Manager is authorized to transfer budgeted amounts between line items within any department or between divisions within a department.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Under this system, governmental funds are encumbered when purchase orders, contracts, or other commitments are signed or approved. Encumbered amounts may be carried over to the following fiscal year with the City Manager's approval.

Cash Management Policies and Practices

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments". California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in California Government Code Section 53600, Chapter 4 – Financial Affairs.

The City is allowed a broad spectrum of investment opportunities, so long as the investment is deemed prudent and allowable under current legislation of the State of California and the Code of Ordinances of the City of Lathrop. A list of the types of investments can be found in Note 2 in the Notes to General-Purpose Financial Statements. The criteria for selecting investments and the order of priority are: (1) safety, (2) liquidity, and (3) yield.

Risk Management

The City of Lathrop is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a 54-city self-insurance pool. CSJVRMA provides liability coverage up to \$1,000,000 per occurrence. CSJVRMA is a member of the California Affiliated Risk Management Authorities (CARMA), which provides liability coverage above \$1 million up to \$29 million. The City has a self-insured retention (SIR) of \$25,000, however, the CSJVRMA pays claims from first dollar up and allocates the amount of the claim the city is liable for, their SIR, back to the city through a retrospective adjustment process that takes place five years after the program year ends.

Workers' compensation coverage is provided on a pooled basis up to \$500,000 with excess coverage provided through the Local Agency Workers' Compensation Excess JPA up to Statutory Limits. The City has a self-insured retention for workers' compensation of \$25,000, and claims for this program are paid out and allocated back in the same manner as the Pooled Liability Program

Property damage coverage of city-owned property is also provided through CSJVRMA. The City has a \$1,000 deductible for property damage coverage. The layer of coverage above the city's \$1,000 deductible and up to \$25,000 is covered through the Pooled Property Program. Coverage above \$25,000 is group purchased with limits of \$1 billion through the Public Entity Property Insurance Program (PEPIP). Auto Physical Damage coverage is provided for city vehicles valued over \$25,000. The coverage afforded is for the repair or replacement of vehicles. The City has a \$500 deductible, and the layer of coverage above the City's deductible up to \$10,000 is covered through the Pooled Auto Physical Damage Program. Coverage above \$10,000 is group purchased with limits of \$1 billion. The group purchased coverage is also through PEPIP.

As a member of the CSJVRMA's Low Value Vehicle Coverage Program, the city also has coverage for vehicles valued under \$25,000. This pooled program provides for the repair or actual cash value of vehicles up to a limit of \$25,000. The City has a \$500 deductible.

The City is also a member of ERMA (Employment Risk Management Authority) which covers wrongful employment practices. The City has a \$25,000 SIR and the total limit of coverage is \$2,000,000. Coverage above the City's SIR up to

\$1,000,000 per occurrence is provided through ERMA's pooled layer and excess coverage is purchased above \$1,000,000 with a limit of \$1,000,000 million per occurrence.

The City has Business Travel Accident coverage which is a group purchased policy that provides life and accidental death and dismemberment for business related travel. The coverage limits are based on the number of days an individual travels each year and range from \$100,000 to \$500,000.

The City also participates in the CSJVRMA's Difference in Conditions Program for earthquake and flood coverage with limits of \$20,794,916 per occurrence. The city's deductible for earthquake coverage is 5% per occurrence applied by line of coverage and the deductible for flood coverage is 5% applied by line of coverage, subject to a minimum deductible of \$50,000 per occurrence.

As a participant in the Crime Shield Program, the city has a government crime insurance policy that reimburses the public entity for loss of money, securities or other property resulting from the dishonest acts of an "employee" or failure of a covered "employee" to perform duties as prescribed by law up to the limit of the policy, which is \$1,000,000 with a \$2,500 deductible.

An Employee Assistance Program is available to City employees eligible for health benefits through the city. These benefits include clinical counseling and life management services. Employees and their family members are eligible for nine counseling sessions per year, per family member. Unlimited telephone consultations are also included for life management services such as financial consultation, pre-retirement counseling, child care consultations, legal counseling, and elder care consultations.

Risk management training is provided by the City and by CSJVRMA. The City's Injury and Illness Prevention Program also provides quarterly training for the employees. Quarterly training is provided through CSJVRMA on a range of topics.

Independent Audit Report

City municipal code requires an annual audit of all accounts of the City by a firm of Certified Public Accountants. The City of Lathrop selected the accounting firm Maze and Associates. This is the fourth year in which the firm has audited the accounts. The auditor's report on the basic and supplementary financial statements and schedules are included in the financial section of this report.

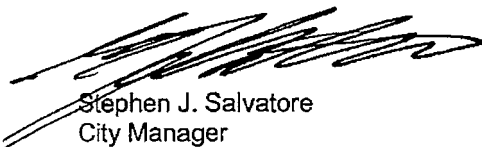
Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Lathrop, California for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. To receive this recognition, the City must publish an easily readable and efficiently organized report. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The award is valid for a period of one year only.


Acknowledgements

The preparation of the Comprehensive Annual Financial Report was made possible by the special efforts of the entire staff of the finance department, working in conjunction with the City's independent auditors and departmental staff. We would like to express our appreciation to all who assisted and contributed to the preparation of this report.

Sincerely,



Stephen J. Salvatore
City Manager



Cari James
Director of Finance

City of Lathrop Organizational Chart FY 2014-15



CITIZENS OF LATHROP



Steve Dresser
Councilmember



Martha Salcedo
Councilmember



Sonny Dhaliwal
Mayor



Omar Ornelas
Vice Mayor



Paul Akinjo
Councilmember

Commissions

City Manager

City Attorney

City Clerk

Administrative
Services

Finance
Department

City Engineer

Public Works

Community
Development

Parks &
Recreation

Police Services

DIRECTORY OF OFFICIALS AND ADVISORY BODIES

CITY COUNCIL

Sonny Dhaliwal, Mayor
Stephen Dresser, Vice Mayor
Martha Salcedo, Council Member
Omar Ornelas, Council Member
Paul Akinjo, Council Member

ADVISORY BODIES

Lathrop/Manteca Fire District
Measure C Oversight Committee
Parks and Recreation Commission
Planning Commission
Senior Advisory Commission
Youth Advisory Commission

APPOINTED OFFICIALS AND DEPARTMENT/DIVISION HEADS

City Manager/Treasurer
City Attorney
City Engineer
City Clerk
Director of Finance
Administrative Services Director
Parks & Recreation Director
Chief of Police
Director of Public Works
Director of Community Development

Stephen Salvatore
Salvador Navarrete
Glenn Gebhardt
Teresa Vargas
Cari James
Cecelia Nichols-Fritzler
Zach Jones
Danelle Hohe
Vacant
Rebecca Willis



Government Finance Officers Association

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

Presented to

**City of Lathrop
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lathrop, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 that required adjustments to the beginning net positions on the financial statements, as discussed in Note 1J to the financial statements.

- *Statement No. 68 Accounting and Financial Reporting for Pensions – an amendment for GASB Statement No. 27.*
- *Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68.*

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and other required supplementary information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 8, 2015

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City of Lathrop

Department of Finance
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Lathrop, California 95330
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December 8, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lathrop, we offer readers of the City of Lathrop's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. Please read the information presented in conjunction with additional information that we have furnished in our letter of transmittal, beginning on page v, and the financial statements and disclosure notes beginning on page 39.

FINANCIAL HIGHLIGHTS

- The assets of the City of Lathrop exceeded its liabilities at June 30, 2015 by \$309 million (net assets). Of this amount, \$59.6 million (unrestricted net assets) may be used to meet the City's ongoing obligations to residents and creditors.
- During the fiscal year, the City's governmental activities revenues exceeded expenses by \$4.0 million.
- The total revenue from all sources decreased \$14.5 million from the prior year due to the one-time revenue received in prior year for the Water Bonds Refunding.
- The General Fund reported excess expenditures over revenues (including transfers) of \$4.7 million, thereby decreasing the fund balance.
- Sales and use tax collections decreased by \$0.7 million, a 10.9 percent decrease from the prior year.
- At June 30, 2015, the City's governmental funds reported combined ending fund balances of \$48.2 million, an increase of \$7.8 million in comparison with June 30, 2014. Of this \$48.2 million total amount, \$11.1 million or 23 percent is unassigned fund balance.
- At June 30, 2015, the unassigned fund balance for the General Fund was \$11.1 million, compared to last year's unassigned actual fund balance of \$16.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis is intended to serve as an introduction to the financial statements of the City of Lathrop. This comprehensive annual financial report is comprised of five parts: (1) this management discussion and analysis (Pages 5 – 18), (2) the basic financial statements and notes to the financial statements (Pages 19 - 67), (3) statements of revenue, expenditures and changes in fund balance-budget to actual of major governmental funds (Pages 74 - 80), and postemployment benefits other than pensions trend information (Note 9, Pages 73), (4) other combining statements for non-major governmental funds and agency funds (Pages 83 - 117) and (5) the statistical section (Pages 119 - 152).

Due to Governmental Accounting Standards Board (GASB) Statement No. 34, the basic financial statements include two different views of the City's financial position. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status.

The City's government-wide basic financial statements are described below with information in the accompanying text:

- **Statement of Net Assets** – a statement that combines the financial position as of June 30, 2015 for all activities on a government-wide basis.
- **Statement of Activities** – a statement that combines the changes in financial position for the fiscal year ended June 30, 2015 on a government-wide basis.

- **Statements for Governmental Funds** – these present the major governmental funds such as the general fund, landscape maintenance special revenue fund, developers projects special revenue fund, streets and roads capital projects fund, and all other governmental funds.
- **Statements for Business-type Funds** – these present proprietary funds, such as the City's water and sewer utility enterprise funds.

Fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. The fund financial statements are described below with information in the accompanying text:

- **Governmental funds** statements tell how general government services, such as police and public works, were financed in the short-term, as well as what remains for future spending.
- **Proprietary funds** statements offer short and long-term financial information about the activities the City operates like businesses, such as the water and sewer utilities.
- **Fiduciary funds** statements 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 of Lathrop's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The financial statements also include notes that explain the information in the financial statements and provide more detailed data. In addition to the required elements, combining statements are presented that provide details about the City's non-major governmental funds and agency funds, each of which are presented in consolidated columns in the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Lathrop's finances using accounting methods similar to a private-sector business.

The **statement of net assets** presents information on all the City of Lathrop's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Lathrop is improving or deteriorating.

The **statement of activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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. uncollected taxes and earned but unused compensated absences).

Both of these government-wide financial statements distinguish functions of the City of Lathrop that are principally supported by taxes and intergovernmental revenues (governmental 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). The governmental activities of the City of Lathrop include general government, community development, public safety, public works, culture and leisure, and debt service. The business-type activities of the City of Lathrop include the City's water and sewer utility enterprise functions.

The government-wide financial statements include solely the operations of the City of Lathrop itself. There are no additional discrete or blended component units. The government-wide financial statements can be found on Pages 21 – 23 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives, or as required by legal enabling legislation. The City of Lathrop, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Lathrop can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The City of Lathrop maintained 77 individual governmental funds in 2015. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in funds balances for the general fund, landscape maintenance special revenue fund, developer projects special revenue fund, and streets and roads capital projects fund, all of which are designated as major funds. Data from the remaining 73 non-major governmental funds are shown as other supplementary information.

The City of Lathrop adopts an annual appropriated budget for all of its funds. A budgetary comparison compliance schedule is provided for each of the major funds and a like schedule is provided for the non-major governmental funds shown as other supplementary information.

The governmental fund financial statements are found on Pages 25 - 32 of this report.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide business-type activity financial statements, only in more detail, and are used to account for services for which customer fees are intended to finance the costs of operations. There are two types of proprietary funds – internal service funds and enterprise funds. Internal service funds account of services rendered between City departments. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has one internal service fund in its fund structure, which is used to quantify compensated absences activities between departments. The City of Lathrop uses enterprise funds to account for its water and sewer utility functions. These two major funds' financial statements are shown individually in the front of this report.

The basic proprietary fund financial statements can be found on Pages 33 – 36 of this report.

Fiduciary funds. Fiduciary or agency 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 of Lathrop's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has 53 fiduciary funds. The fiduciary fund financial statements can be found on Page 38 of this report.

Notes to the financial statements

The notes provide additional information that are essential to a full understanding of the data provided in the government-wide, governmental, proprietary, and fiduciary fund financial statements. The notes to the financial statements are found on Pages 39 - 67 of this report.

Required and other information

Additional information is included that provides both more detail, and complements the financial data provided in the previous financial statements. The combining statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements on the City's 73 non-major governmental funds and 53 fiduciary funds are not a required part of the basic financial statements and are presented as other supplementary information. Original and final adopted budgets compared to actual financial information for each fund is included in this section. Combining and individual fund statements and schedules can be found on Pages 62 - 105 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Assets

As noted earlier, net assets may serve as a useful indicator of a government's financial position since it represents the difference between the City's resources and its obligations. In the case of the City of Lathrop, assets exceeded liabilities by \$309 million at the close of Fiscal Year 2014/15.

Compared to the previous year, the City's total net position increased by 5.1 percent. This increase is primarily due to cost savings measures carried through the years.

By far the largest portion of this year's net assets reflects the City's investment in capital assets of \$238 million (e.g., utility system construction, utility plant improvements, water rights acquisition, land acquisition, building improvements, equipment, vehicles, roads and streets) less any related debt used to acquire those assets that is still outstanding. The City of Lathrop uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additional capital asset information can be found in the Capital Asset and Debt Administration section of this report.

A portion of the City of Lathrop's total net position represent resources that are subject to external and internal restrictions (municipal code and/or State mandates and reserves required by debt obligation covenants) on how they may be used. Restricted net assets amount to \$10.7 million or 3.5 percent of total net position. The remaining balance of \$59.6 million (19.3 percent of total net position) is unrestricted and may be used to meet the City's ongoing obligations to residents and creditors.

The table below shows the government-wide assets, liabilities and net assets for both fiscal years ended June 30, 2014 and 2015.

City of Lathrop Summary of Net Assets
For the Fiscal Years Ended June 30
(in Thousands)

	Governmental		Business-Type		Total Primary		Total Percent Change
	Activities		Activities		Government		
	2014	2015	2014	2015	2014	2015	
Assets:							
Capital assets	\$ 37,280	\$ 43,329	\$ 31,602	\$ 32,844	\$ 68,882	\$ 76,173	10.58%
Other assets	155,818	163,846	116,220	116,383	272,038	280,229	3.01%
Total Assets	193,098	207,175	147,822	149,227	340,920	356,402	4.54%
Deferred Outflows							
Deferred Outflows Related to Pension	0	308	0	39	0	347	-
Liabilities:							
Current liabilities	2,678	6,281	2,681	3,598	5,359	9,879	84.34%
Long-term liabilities	13,481	11,225	28,626	26,270	42,107	37,495	-10.95%
Total Liabilities	16,159	17,506	31,307	29,868	47,466	47,374	-0.19%
Deferred Inflows							
Deferred Inflows Related to Pension	0	958	0	108	0	1,066	-
Net Position:							
Invested in Capital Assets, Net of Related Debt	140,357	145,672	88,126	92,350	228,483	238,022	4.17%
Restricted	4,866	7,734	2,697	2,996	7,563	10,730	41.87%
Unrestricted	31,716	35,613	25,692	23,945	57,408	59,558	3.75%
Total Net Position	\$ 176,939	\$ 189,019	\$ 116,515	\$ 119,291	\$ 293,454	\$ 308,310	5.06%

At the end of the fiscal year, the City of Lathrop is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. Combined net position of the primary government increased by 5.1 percent this year, from \$293.4 million at June 30, 2014 to \$308.3 million at June 30, 2015.

Although the net position of the City's business-type activities are \$119.3 million, the City generally can only use these net assets to finance the continuing operations of the business-type activities.

Changes in net assets

The City's total program expenses of \$36.5 million are less than the revenues of \$55.6 million for an increase in net assets as of June 30, 2015 of \$19.1 million. The table on the next page shows the summarized revenues and expenses for both fiscal years 2013/14 and 2014/15.

The City's fiscal year 2014/15 change in net position was 32.6 percent lower than fiscal year 2013/14, due to a decrease of 20.7 percent in total revenues and a decrease of 12.6 percent in total expenditures in fiscal year 2014/15. The expenditure decrease is largely found in the Long Term Debt activity, which is a result of refunding of the 2003 Water Bonds.

Governmental program activities and general revenues of \$42.9 million and transfers out of \$84 thousand, supported expenses of \$27 million, for a total net increase in net position in tax-supported activities of \$15.9 million. The reason for the increase in the governmental net assets is due to an increase in capital grants and contributions and property taxes.

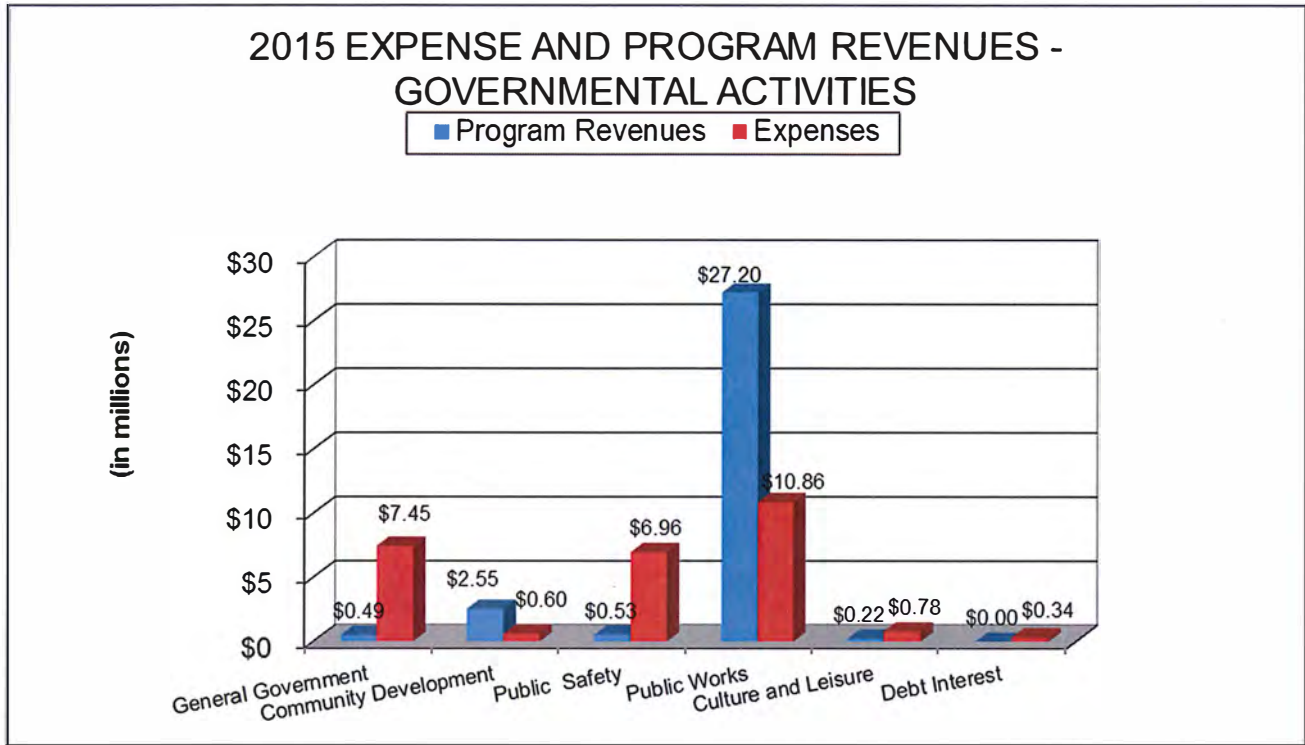
Business-type activities revenues of \$12.7 million supported expenses of \$9.5 million and transfers in of \$84 thousand, for a total change in net position in utility enterprise activities of \$3.2 million. The reason for the increase in the business-type net position is due to the continued growth of the City's customer base and the refunding of the Water Bonds. The increase to net position of \$3.2 million is available for future water and sewer improvement needs as required by projected City population increases and development needs.

**City of Lathrop Changes in Net Position
For the Fiscal Years Ended June 30
(in Thousands)**

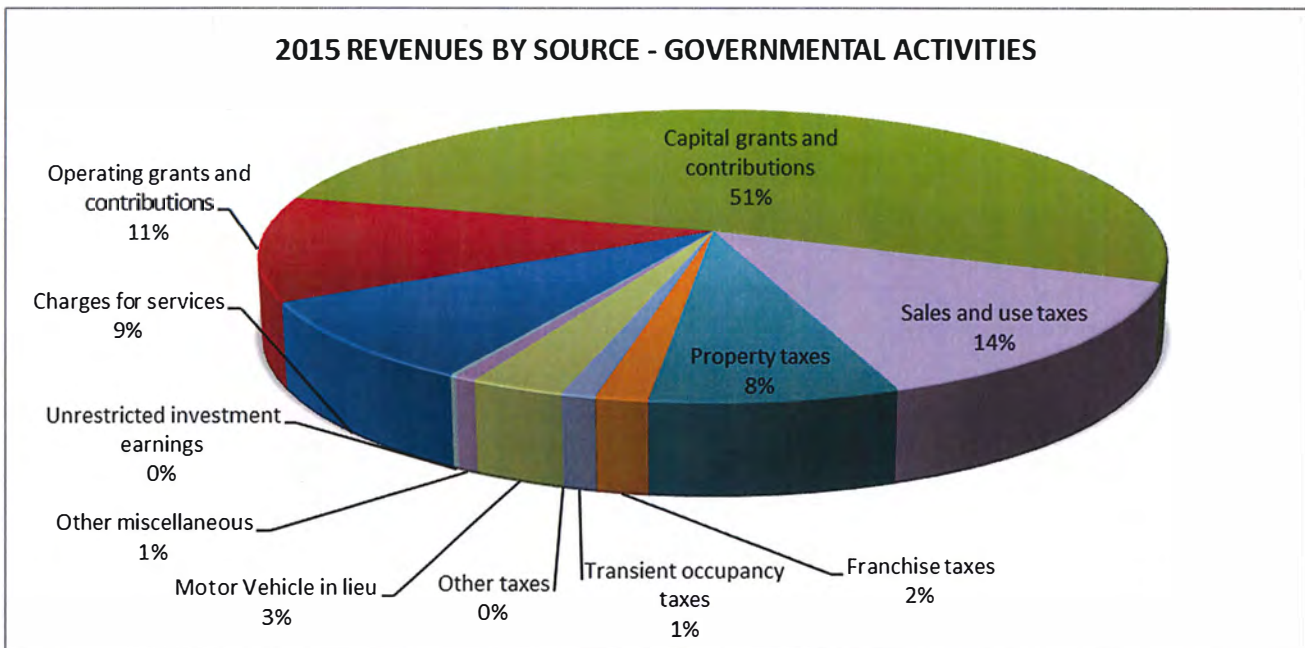
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percent Change
	2014	2015	2014	2015	2014	2015	
Revenues:							
<i>Program revenues:</i>							
Charges for services	\$ 3,749	\$ 3,869	\$ 12,379	\$ 11,773	\$ 16,128	\$ 15,642	-3.01%
Operating grants and contributions	4,947	4,970	12,003	-	16,950	4,970	-70.68%
Capital grants and contributions	23,116	22,155	160	160	23,276	22,315	-4.13%
<i>General revenues:</i>							
Sales and use taxes	6,677	5,948	-	-	6,677	5,948	-10.92%
Property taxes	2,946	3,273	-	-	2,946	3,273	11.10%
Franchise taxes	705	685	1,393	675	2,098	1,360	-35.18%
Transient occupancy taxes	419	450	-	-	419	450	7.40%
Other taxes	-	-	-	-	-	-	
Motor Vehicle in lieu	1,118	1,237	-	-	1,118	1,237	10.64%
Other miscellaneous	396	301	-	-	396	301	-23.99%
Unrestricted investment earnings	67	81	50	63	117	144	23.08%
Total Revenues	44,140	42,969	25,985	12,671	70,125	55,640	-20.66%
Expenses:							
<i>Governmental activities:</i>							
General government	4,680	7,449	-	-	4,680	7,449	59.17%
Community development	1,574	603	-	-	1,574	603	-61.69%
Public safety	5,940	6,962	-	-	5,940	6,962	17.21%
Public works	13,889	10,864	-	-	13,889	10,864	-21.78%
Culture and leisure	1,112	780	-	-	1,112	780	-29.86%
Interest on long-term debt	925	340	-	-	925	340	-63.24%
<i>Business-type activities:</i>							
Water enterprise	-	-	7,376	5,108	7,376	5,108	-30.75%
Sewer enterprise	-	-	6,289	4,434	6,289	4,434	-29.50%
Total expenses	28,120	26,998	13,665	9,542	41,785	36,540	-12.55%
Excess before transfers	16,020	15,971	12,320	3,129	28,340	19,100	-32.60%
Transfers	(5,626)	(84)	5,626	84	-	-	
Change in Net Position	10,394	15,887	17,946	3,213	28,340	19,100	-32.60%
Net Position - Beginning	166,545	176,939	98,570	116,516	265,115	293,455	10.69%
Prior Period Adjustment	-	(3,808)	-	(438)	-	(4,246)	-
Net Position, Beginning, Restated	166,545	173,131	98,570	116,078	265,115	289,209	9.09%
Net Position - Ending	\$ 176,939	\$ 189,018	\$ 116,516	\$ 119,291	\$ 293,455	\$ 308,309	5.06%

Governmental Activities

Following are illustrative summaries of governmental activities separating program revenues and expenses. The difference between the program revenue and expense bars by activity illustrates the amount the respective activity is supported by general revenues (e.g. taxes or investment earnings).



Normally, governmental funds' expenditures match or exceed program revenues. Under full accrual accounting, developer contributions are program revenues, yet their contributed assets are not shown as a corresponding expense on the City's financial statements. Program revenues for public works excluding infrastructure contributions result in revenues in excess of expenditures of \$16.3 million. General government services and public safety delivery costs exceeded program revenues by \$7 million and \$6.4 million, respectively.



Revenues and expenditures in the governmental funds continue to increase as the population of Lathrop has grown. Property tax revenue is a major revenue source for the General Fund. During fiscal year 2014/15, property tax revenues increased by \$327 thousand.

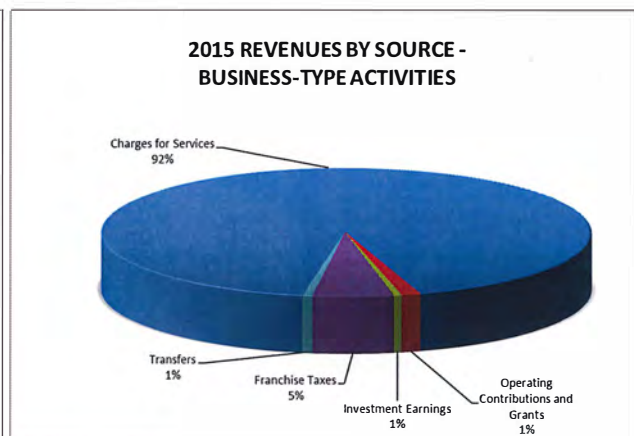
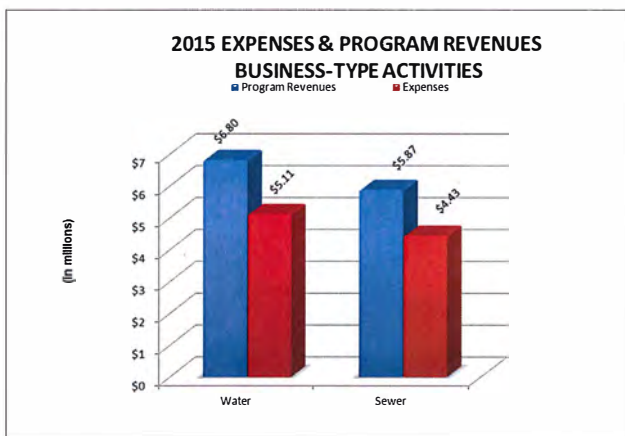
The following table shows the cost of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The cost of all governmental activities this year was \$27 million. The net cost of all services indicates that the overall cost of government is less than revenue generated to support it. This is a good indication that the City is managing its costs responsibly.

**City of Lathrop Net Cost of Governmental Activities
For the Fiscal Years Ended June 30
(in Thousands)**

	Total Cost of Services			Net (Expense) Revenue of Services		
	2014	2015	Percent Change	2014	2015	Percent Change
General government	\$ 4,680	\$ 7,449	59.17%	\$ (4,277)	\$ (6,958)	62.68%
Community development	1,574	603	-61.69%	616	1,949	216.40%
Public safety	5,940	6,962	17.21%	(5,028)	(6,435)	27.98%
Public works	13,889	10,864	-21.78%	14,171	16,335	15.27%
Culture and leisure	1,112	780	-29.86%	(866)	(555)	-35.91%
Other	925	340	-63.24%	(925)	(340)	-63.24%
Total	\$ 28,120	\$ 26,998	-3.99%	\$ 3,691	\$ 3,996	8.26%

Business-type Activities

Business-type activities increased the City's net position by \$3.2 million. The bar chart below illustrates how total program revenues and expenses compare and includes both current operating and capital categories combined. The pie chart shows the distribution of business-type revenues by category.



Water Fund

The Water Utility Enterprise treats and distributes clean drinking water to Lathrop's residential and commercial customers and performs repair and maintenance functions of existing water lines, as well as builds additional water distribution systems through its capital improvement master plan.

The bar chart on the previous page illustrates program revenues exceeding program expenses by \$1.7 million. In the Water Utility Enterprise Fund, a monthly service availability fee and usage rate is charged to residential and commercial customers to meet the Water Fund's operating expenses. Under full accrual accounting, developer contributions are program revenues, yet contributed assets are not shown as a corresponding expense. Program revenues excluding developer contributions and bond proceeds were \$6 million. This shows operating revenues exceeding operating expenditures by \$2.1 million. The City is currently in the process of updating a new Water Rate Study.

Sewer Fund

The Sewer Utility Enterprise collects and treats sewer for Lathrop's residential and commercial customers and performs repair and maintenance functions of existing sewer mains, as well as builds additional system capital improvements. In the Sewer Utility Enterprise Fund, a monthly service fee is charged to residential and commercial customers. The bar chart on the previous page illustrates program revenues exceeding program expenditures by \$1.4 million. Program revenues excluding developer contributions were \$5.7 million, showing that operating revenues exceed operating expenditures by \$1.3 million. This signifies that sewer operating income is not meeting standard operating and infrastructure renewal and replacement costs. The City is currently in the process of updating a new Sewer Rate Study.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Lathrop uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City of Lathrop's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the City of Lathrop's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2015, the City of Lathrop's governmental funds (general, special revenue, and capital project funds) reported combined ending fund balances of \$48.2 million, an increase of \$7.8 million in comparison with the prior fiscal year. Approximately 23 percent of this total amount (\$11.1 million) constitutes unassigned fund balance, which is available for spending, at the City's governing body's discretion. Of the remainder fund balance, \$6.9 million is nonspendable, \$6.8 million is restricted, \$22.5 million is committed and \$0.9 million is assigned and are not available for new spending.

The General Fund is the chief operating fund of the City of Lathrop. At the end of the 2015 fiscal year, fund balance of the general fund was \$18 million, of which \$11.1 million is unassigned fund balance. The decrease in fund balance of the General Fund for Fiscal Year 2014/15 was \$4.7 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Total unassigned fund balance represents 61.6 percent of total General Fund expenditures of \$18 million in 2015. This means the City's general governmental operations could continue for about 7 months without any additional revenue generation.

In Fiscal Year 2014/15, taxes are the General Fund's largest source of revenue at 58 percent, or \$7.3 million, of total revenues of \$12.6 million. Property taxes represent 31.6 percent, or \$3.3 million, of this total taxes amount in the General Fund.

The Landscape Maintenance fund ended the current year with a total fund balance of \$0.9 million, of which a large portion is committed and not available for new spending on landscape maintenance. Overall, fund balance remained stable in the fund as a result of cost saving measures implemented to assist in keeping rates down for property owners and maintaining a sufficient reserve within the fund.

The Developer Projects fund had an ending fund balance of \$1.1 million at June 30, 2015. The monies in this fund are collected from developers for specific projects. The committed fund balance can only be used to fund specific developer projects in future fiscal years.

The Capital Facilities Fees fund had an ending balance of \$12.3 million as of June 30, 2015. The monies in this fund are collected from developers for specific projects. The committed fund balance can only be used to fund specific developer projects in future fiscal years.

The Measure K fund had an ending balance of \$1.5 million as of June 30, 2015. Fund Balance increased \$0.9 million during the fiscal year. Measure K funds account for revenues generated from a 2-cent sales tax for local street repairs. These funds are restricted for maintenance and construction on street related projects.

The Streets and Roads Capital Projects fund ended fiscal year 2014/15 with a fund balance of \$1.7 million. Fund balance increased \$0.3 million in this fund due to ongoing projects: (Louise Ave/I-5 Improvements, Lathrop Rd/I-5 Improvements & River Islands Parkway/Bradshaw Bridge). The committed fund balance of \$1.7 million may only be used to fund specific future Streets and Roads Capital projects.

The Capital Projects fund had an ending fund balance of \$1.1 million as of June 30, 2015. Fund Balance increased \$1.4 million during the fiscal year primarily due to ongoing capital projects (i.e.: Generations Center). The committed fund balance can only be used for specific projects identified in this fund.

Proprietary funds

The City of Lathrop proprietary funds provide similar information to that which is found in the government-wide financial statements, but in more detail. Each funds' financial transactions, both near-term and historic, are provided in the statement of net assets and the statement of revenues, expenses, and changes in net assets. In addition, these proprietary funds also present a statement of cash flows.

In Fiscal Year 2014/15, the water utility enterprise fund increased its net position from \$52.2 million to \$53.2 million. Unrestricted net assets at the end of the fiscal year amounted to \$13.7 million, and are available for future capital water system improvements. \$36.5 million of the Water Fund's net assets are invested in capital assets, net of related debt and are not available for liquidation to support operations. The remaining \$3 million is restricted to satisfy debt service obligations and covenants.

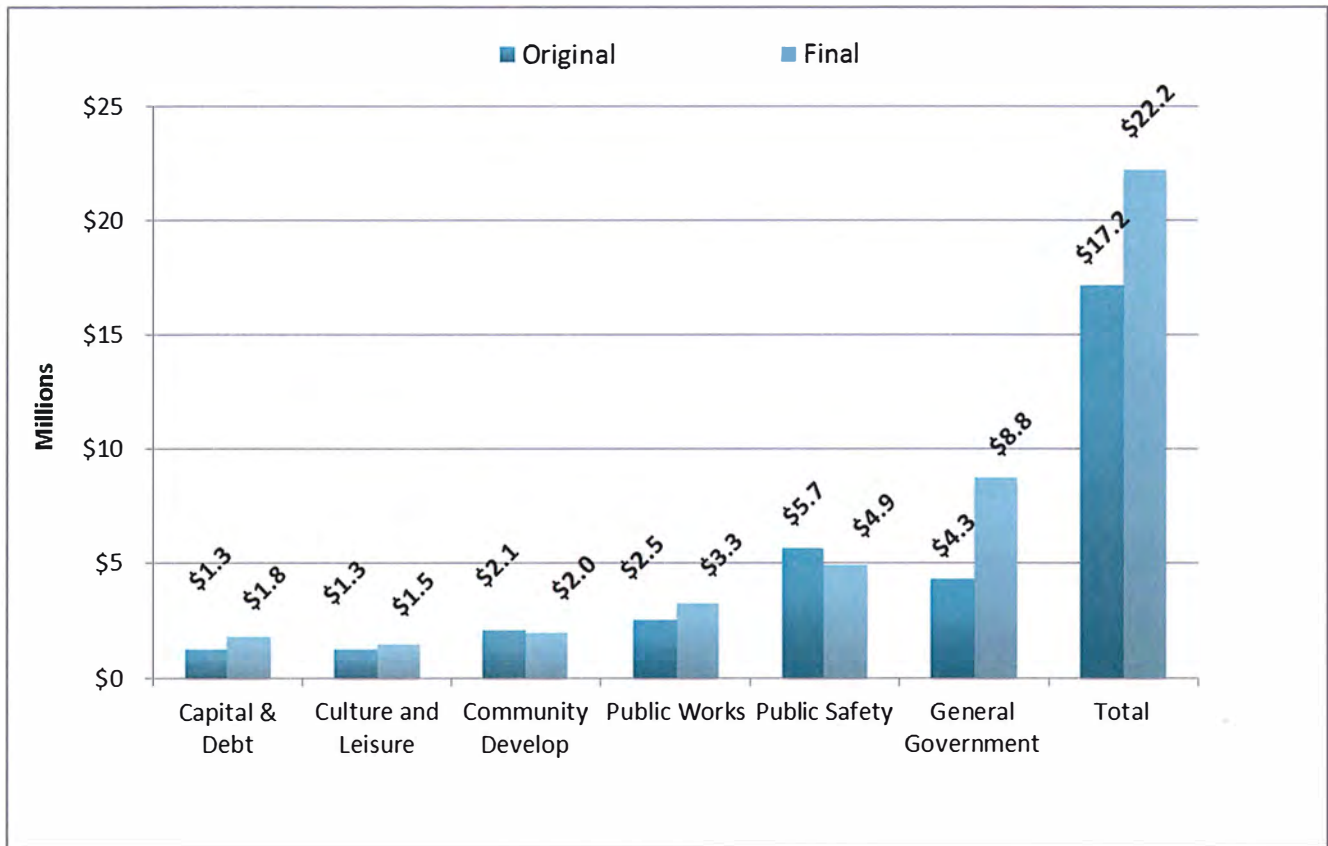
In Fiscal Year 2014/15, the sewer utility fund increased its net assets from \$63.5 million to \$66.1 million. Unrestricted net assets at the end of the fiscal year amounted to \$10.2 million and, are available for future capital sewer system improvements. Over \$55.9 million of the Sewer Fund's net assets are invested in capital assets, net of related debt and are not available for liquidation to support operations.

Other factors concerning the finances of these funds have already been reviewed in the discussion of the City of Lathrop's business-type activities. The capital assets section on the following pages will provide additional discussion and analysis of the business-type financial activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During Fiscal Year 2014/15, the General Fund's original budgeted expenditures of \$17.2 million increased to \$22.2 million at Final Amended Budget. Original adopted revenue estimates were \$14.3 million. The table on the next page illustrates the General Fund's original and final budget levels by function of government categories (e.g. Public Works, Community Development, Culture and Leisure) and the total budget levels for Fiscal Year 2014/15.

**GENERAL FUND FISCAL YEAR 2014/15 ORIGINAL AND FINAL BUDGETS
BY GOVERNMENTAL FUNCTION CATEGORY**



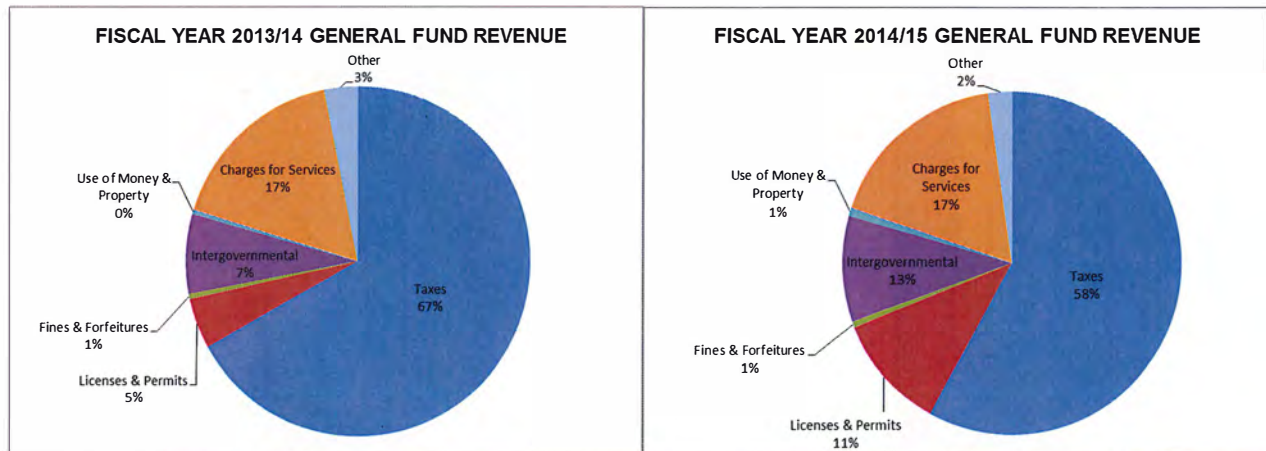
Over the course of the year, the City Council revised the City budget with adjustments that are comprised within the following two categories:

- Changes made in the mid-year report to adjust revenues, augment current year expenditure appropriations, and establish or increase designation of fund balance.
- Other revenue adjustments and expenditure appropriations approved after the original budget is adopted, and before or after the mid-year report is approved.

Amendments to the General Fund increased budgeted expenditures by \$5 million and are primarily a result of increased costs to carry out operations for public purposes and the purchase of a patrol vehicle. Budgeted General Fund revenues were decreased by \$2.1 million to reflect revenues collected through Measure C in a separate fund.

After taking these adjustments into account, actual expenditures came in 43.1 percent below the final budget, or at \$12.6 million. Capital Outlay expenditure savings contributed to this reduced spending level. Actual revenues in the General Fund were \$0.5 million higher than the final budget revenue estimate, or 3.8 percent over the final budgeted revenue estimate. The result of the increased revenues and decreased spending decreased the ending fund balance of the General Fund by \$4.7 million.

The City's General Fund revenue structure changed compared to Fiscal Year 2013/14. The two pie charts on the next page present total actual revenues for Fiscal Years 2013/14 and 2014/15 by revenue category. Total actual taxes comprised 67 percent of total General Fund revenues in Fiscal Year 2013/14 compared to 58 percent in Fiscal Year 2014/15.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of Fiscal Year 2014/15, the City had \$271.2 million (net of accumulated depreciation) invested in a broad range of capital assets, including equipment, vehicles, buildings, parks, streets, water and sewer transmission and distribution systems. This amount represents a net increase (including additions and deductions) of \$8.3 million, or a 3.1 percent, over Fiscal Year 2013/14.

The table below outlines net capital assets by asset-type classification and by governmental or business-type activity.

City of Lathrop Capital Assets For Fiscal Years Ended June 30 (net of depreciation) (in Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2015	2014	2015	2014	2015
Capital Assets Not Being Depreciated						
Land	\$ 9,630	\$ 9,630	\$ 3,565	\$ 3,565	\$ 13,195	\$ 13,195
Construction in progress	26,430	34,063	25,706	31,017	52,136	\$65,080
Depreciable Capital Assets						
Buildings	9,492	9,263	11	11	9,503	\$9,274
Improvements	28,223	26,834	86,110	84,007	114,333	\$110,841
Equipment and vehicles	614	841	327	357	941	\$1,198
Infrastructure	72,834	71,617	-	-	72,834	\$71,617
Total	\$ 147,223	\$ 152,248	\$ 115,719	\$ 118,957	\$ 262,942	\$ 271,205

This year's major capital additions included:

- Pavement Repair & Rehabilitation \$ 1,456,590
- Sidewalks \$ 669,979
- Vehicles \$ 453,384

More detailed information about the City's capital assets is presented in Note 4 to the financial statements on Pages 51 - 53.

Debt Administration

At the end of the current fiscal year, the City had a total of \$33.2 million in outstanding debt. The total outstanding at June 30, 2014 was \$34.5 million. Overall in Fiscal Year 2014/15, the City's outstanding debt was reduced by \$1.3 million.

City of Lathrop Outstanding Debt For Fiscal Years Ended June 30 (in Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2015	2014	2015	2014	2015
Revenue Bonds - Water	\$ -	\$ -	\$ 12,970	\$ 12,635	\$ 12,970	\$ 12,635
Certificates of Participation	-	-	-	-	-	-
State Revolving Fund Loan	-	-	8,956	8,563	8,956	8,563
Compass Bank Loan	-	-	5,667	5,374	5,667	5,374
Capital Lease - City Hall	6,865	6,599	-	-	6,865	6,599
Total	\$ 6,865	\$ 6,599	\$ 27,593	\$ 26,572	\$ 34,458	\$ 33,171

The City continues to maintain its credit ratings on all of its rated debt. Note 5 to the financial statements presents more detail about the debt position of the City on Pages 54 - 55.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City Council considered many factors when setting the Fiscal Year 2014/15 budget. One of those factors was the economy. The City's main revenues are: sales & use tax, property tax, utility service charges, and revenues related to new construction building permits. Nationally and in California, the economy has experienced a protracted and significant downturn accompanied by a lackluster recovery, which has decreased construction activity to a fraction of capacity and caused foreclosure rates to spike in recent years. Northern California unemployment figures have stabilized; however they remain nearly three times greater now than prior to the onset of the Great Recession in December 2007. Many Lathrop families saw their per capita personal income increase from \$33,024 in Fiscal Year 2012/13 to \$34,755 in Fiscal Year 2014/15 (See Demographic and Economic Statistics in the statistical section on Page 142)

While Lathrop's population grew from 19,831 in 2014 to 20,353 during 2015, the growth rate signaled a slower growth trend compared to prior years. Complementary to this trend, a total of 350 building permits were issued, which, also, illustrates a development growth rate that is a fraction of the pace set in the mid 2000's. (Refer to the transmittal letter for a further discussion of the Lathrop's economy).

Building permit issuance by the City for new residential and commercial development is the key driver used to estimate various revenue streams. These revenues are deposited into various funds. Examples of these revenues include: sales and use taxes on construction materials and equipment; capital facility fees charged to mitigate the impact of new development-driving a need for more parks and street capital investments; system development charges (investment/tap fees) assessed to finance future capital investment for water, sewer, and storm drainage systems.

As mentioned above, the level of single family dwelling unit building permits issued, measured at 350 in Fiscal Year 2014/15, is slightly higher than the 334 issued eight years earlier in Fiscal Year 2006/07. Continued slowing of developer permit applications has negatively affected the City's ability to finance capital infrastructure investments in the near-term.

These major economic indicators were all considered when adopting the General Fund budget for Fiscal Year 2015/16. Revenues in the General Fund budget are projected at \$17.3 million for Fiscal Year 2015/16; an increase of 42.5 percent over the Fiscal Year 2014/15 amended revenues of \$12.1 million.

General Fund budget operating expenditures are expected to decrease by 25.2 percent, to \$16.6 million from \$22.2 million in Fiscal Year 2014/15 amended expenditures. This decrease is primarily due the continuous implementation of cost saving strategies within the organization. The average employee salary increase for Fiscal Year 2015/16 is 2%; however, employees will contribute an additional 1% to the employee share of retirement. The Fiscal Year 2015/16 budget authorized 115.08 full-time equivalent employees. Additions of new employees were restricted to include only the most critical areas of need for additional staff.

Charges for water and sewer utility services in Fiscal Year 2015/16 are estimated to be at \$11.7 million. These revenues make up 87.1 percent of total utility enterprise estimated revenues in Fiscal Year 2015/16. In May 2011, the City Council, approved rate increases effective January 2012 and January 2013 to the water and sewer rate structure. The goal of the new rate structure is to recover normal on-going operating and maintenance costs of the two systems.

The City's fiscal year 2015/16 capital budget across all funds, while sizable, yet not as large as prior fiscal years, calls for spending \$46.8 million for capital projects, of which 66.5 percent or \$31.1 million are planned in the two enterprise funds, and the remaining 33.5 percent or \$15.7 million in the governmental funds.

CONTACTING THE CITY FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability and transparency for the money it receives. If you have questions about this report or need additional financial information, contact the City of Lathrop Finance Department, 390 Towne Centre Drive, Lathrop, California 95330, (209) 941-7320.

CITY OF LATHROP

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

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

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

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating interfund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities. The Statement of Activities reports increases and decreases in the City's Net Position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the modified accrual basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

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

Both these Statements include the financial activities of the City and the Lathrop Public Facilities Financing Corporation (Corporation). The Corporation is legally separate but is a component unit of the City because it is controlled by the City, which is financially accountable for the activities of these entities.

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CITY OF LATHROP
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments (Note 2)	\$ 43,328,857	\$ 29,847,555	\$ 73,176,412
Cash and investments, restricted, with fiscal agents (Note 2)		2,995,846	2,995,846
Accounts receivable	4,708,165	3,996,676	8,704,841
Interest receivable	17,819	14,884	32,703
Loans receivable	322,912		322,912
Internal balances (Note 3C)	6,550,129	(6,550,129)	
Capital assets, not being depreciated (Note 4)	43,692,563	34,576,121	78,268,684
Capital assets, being depreciated, net of accumulated depreciation (Note 4)	108,554,858	84,345,971	192,900,829
Total assets	207,175,303	149,226,924	356,402,227
Deferred Outflows			
Related to pension (Note 8)	307,622	39,264	346,886
LIABILITIES			
Accounts payable	3,081,657	1,575,458	4,657,115
Accrued payroll and benefits	152,106		152,106
Accrued interest		189,568	189,568
Due to others		298,787	298,787
Deposits payable	1,329,943	765,607	2,095,550
Unearned revenue	1,270,309	58,494	1,328,803
Net pension liabilities, due in more than one year (Note 8)	3,219,323	370,915	3,590,238
Net OPEB obligation, due in more than one year (Note 9)	927,210		927,210
Compensated absences (Note 1G):			
Due within one year	142,501	3,835	146,335
Due in more than 1 year	807,504	33,321	840,826
Long-term debt (Note 5):			
Due within one year	304,308	705,746	1,010,054
Due in more than one year	6,271,365	25,866,027	32,137,392
Total liabilities	17,506,226	29,867,758	47,373,984
Deferred Inflows			
Related to pension (Note 8)	958,434	107,756	1,066,190
NET POSITION (Note 7)			
Net investment in capital assets	145,671,748	92,350,319	238,022,067
Restricted for:			
Debt service		2,995,846	2,995,846
Parks	257,240		257,240
Public safety	81,225		81,225
Community development	2,433,545		2,433,545
Streets	4,961,814		4,961,814
Total restricted net positions	7,733,824	2,995,846	10,729,670
Unrestricted	35,612,693	23,944,509	59,557,202
Total net positions	\$ 189,018,265	\$ 119,290,674	\$ 308,308,939

See accompanying notes to financial statements

CITY OF LATHROP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 7,449,500	\$ 491,076	\$ 100	\$ -
Community development	602,719	2,551,889		
Public safety	6,962,351	356,989	170,265	
Public works	10,864,104	248,089	4,795,693	22,155,191
Culture and leisure	779,976	220,963	3,662	
Interest on long-term debt	340,120			
Total governmental activities	<u>26,998,770</u>	<u>3,869,006</u>	<u>4,969,720</u>	<u>22,155,191</u>
Business-type activities:				
Water	5,108,071	6,042,517		159,854
Sewer	4,433,501	5,730,148		
Total business-type activities	<u>9,541,572</u>	<u>11,772,665</u>		<u>159,854</u>
Total government	<u>\$ 36,540,342</u>	<u>\$ 15,641,671</u>	<u>\$ 4,969,720</u>	<u>\$ 22,315,045</u>

General Revenues
Property taxes
Sales and use taxes
Transient occupancy taxes
Franchise taxes
Motor vehicle in-lieu
Investment incomes
Miscellaneous revenues
Transfers

Total general revenues and transfers

Change in net position

Net Position, beginning, as adjusted (Note 1J)

Net Position, ending

See accompanying notes to financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Totals
\$ (6,958,324)	\$ -	\$ (6,958,324)
1,949,170		1,949,170
(6,435,097)		(6,435,097)
16,334,869		16,334,869
(555,351)		(555,351)
(340,120)		(340,120)
<u>3,995,147</u>		<u>3,995,147</u>
	1,094,300	1,094,300
	<u>1,296,647</u>	<u>1,296,647</u>
	2,390,947	2,390,947
<u>3,995,147</u>	<u>2,390,947</u>	<u>6,386,094</u>
3,273,006		3,273,006
5,947,812		5,947,812
449,950		449,950
685,140	675,204	1,360,344
1,237,606		1,237,606
80,844	63,492	144,336
301,192		301,192
(84,391)	84,391	
<u>11,891,159</u>	<u>823,087</u>	<u>12,714,246</u>
15,886,306	3,214,034	19,100,340
<u>173,131,959</u>	<u>116,076,640</u>	<u>289,208,599</u>
<u>\$ 189,018,265</u>	<u>\$ 119,290,674</u>	<u>\$ 308,308,939</u>

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FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal year 2015. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

This fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the City.

LANDSCAPE MAINTENANCE SPECIAL REVENUE FUND

This fund accounts for revenues received and expenditures spent associated with specific park maintenance and operations of the Horizon Landscape and Woodfield Landscape Districts.

DEVELOPERS PROJECTS SPECIAL REVENUE FUND

This fund accounts for revenues received and expenditures spent associated with various developer projects.

CAPITAL FACILITIES FEE SPECIAL REVENUE FUND

To account for the financial resources associated with the capital facility fees for Traffic Mitigation (includes Regional Traffic), Storm Drain, Culture and Leisure, City Service, and Administration.

MEASURE K SPECIAL REVENUE FUND

This funds accounts for revenues generated from a 2-cent sales tax for local street repairs. These funds are restricted for maintenance and construction on street-related projects.

STREETS AND ROADS CAPITAL PROJECTS FUND

This fund accounts for capital project expenditures related to streets and roads occurring over more than one fiscal year.

CAPITAL PROJECTS FUND

This fund accounts for the expenditure of funds for projects funded from the General Fund.

CITY OF LATHROP
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

	General	Landscape Maintenance	Developers Projects	Capital Facilities Fee
Assets				
Cash and investments (Note 2)	\$ 12,952,699	\$ 1,004,646	\$ 881,724	\$ 12,362,405
Receivables:				
Accounts	921,200		1,044,510	12,360
Interest	5,487	611	360	4,538
Due from other funds (Note 3D)				
Loans	302,562			
Advances to other funds (Note 3A)	6,550,129			
	<u>20,732,077</u>	<u>1,005,257</u>	<u>1,926,594</u>	<u>12,379,303</u>
Total Assets	\$ 20,732,077	\$ 1,005,257	\$ 1,926,594	\$ 12,379,303
Liabilities				
Accounts payable	\$ 865,509	\$ 124,874	\$ 3,822	\$ -
Accrued payroll and benefits	152,106			
Due to other funds (Note 3D)				
Deposits payable	519,749		797,328	
Unearned revenue	1,250,162			
	<u>2,787,526</u>	<u>124,874</u>	<u>801,150</u>	<u>-</u>
Total Liabilities	2,787,526	124,874	801,150	-
Fund Balances (Note 7)				
Nonspendable	6,852,691			
Restricted				
Committed			1,125,444	12,379,303
Assigned		880,383		
Unassigned	11,091,860			
	<u>17,944,551</u>	<u>880,383</u>	<u>1,125,444</u>	<u>12,379,303</u>
Total Fund Balances	17,944,551	880,383	1,125,444	12,379,303
Total Liabilities and Fund Balances	\$ 20,732,077	\$ 1,005,257	\$ 1,926,594	\$ 12,379,303

See accompanying notes to financial statements

Measure K	Streets and Roads	Capital Projects	Other Governmental Funds	Totals
\$ 592,200	\$ 3,102,331	\$ 1,058,398	\$ 10,463,715	\$ 42,418,118
950,674			1,779,421	4,708,165
503	1,431	484	4,405	17,819
			48,774	48,774
			20,350	322,912
				6,550,129
<u>\$ 1,543,377</u>	<u>\$ 3,103,762</u>	<u>\$ 1,058,882</u>	<u>\$ 12,316,665</u>	<u>\$ 54,065,917</u>
\$ -	\$ 1,435,396	\$ 2,485	\$ 649,571	\$ 3,081,657
				152,106
			48,774	48,774
			12,866	1,329,943
			20,147	1,270,309
<u>-</u>	<u>1,435,396</u>	<u>2,485</u>	<u>731,358</u>	<u>5,882,789</u>
1,543,377	1,668,366	1,056,397	5,280,301	6,852,691
			6,305,370	6,823,678
				22,534,880
				880,383
			(364)	11,091,496
<u>1,543,377</u>	<u>1,668,366</u>	<u>1,056,397</u>	<u>11,585,307</u>	<u>48,183,128</u>
<u>\$ 1,543,377</u>	<u>\$ 3,103,762</u>	<u>\$ 1,058,882</u>	<u>\$ 12,316,665</u>	<u>\$ 54,065,917</u>

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CITY OF LATHROP
 Reconciliation of the
 GOVERNMENTAL FUNDS - BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balance reported on the Governmental Funds Balance Sheet \$ 48,183,128

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:

Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet. 152,247,421

The liabilities below are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.

Capital lease payable	\$ (6,575,673)	
Compensated absences	(39,266)	
Net pension liability and related deferred outflows and inflows of resources	(3,870,135)	
Net OPEB Obligation	<u>(927,210)</u>	<u>(11,412,284)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 189,018,265

See accompanying notes to financial statements

CITY OF LATHROP
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General	Landscape Maintenance	Developers Projects	Capital Facilities Fee
Revenues				
Taxes and assessments	\$ 7,324,784	\$ 2,333,984	\$ -	\$ 5,662,123
Licenses and permits	1,373,909			
Fines, forfeitures, and penalties	71,346			
Intergovernmental	1,270,686			
Use of money and property	97,609	10,337	1,497	17,944
Charges for current services	2,207,080			
Developer contributions			1,094,140	
Other	291,034		3,833,704	
Total Revenues	<u>12,636,448</u>	<u>2,344,321</u>	<u>4,929,341</u>	<u>5,680,067</u>
Expenditures				
Current:				
General government	8,063,724			
Community development	1,254,836			
Public safety	4,593,045			
Public works	2,040,532	1,994,968	122,054	
Culture and leisure	1,048,531			
Capital outlay	377,289	66,522	976,175	
Debt service:				
Principal	289,709			
Interest	340,120			
Total Expenditures	<u>18,007,786</u>	<u>2,061,490</u>	<u>1,098,229</u>	
Excess (Deficiency) of Revenues over Expenditures	<u>(5,371,338)</u>	<u>282,831</u>	<u>3,831,112</u>	<u>5,680,067</u>
Other Financing Sources (Uses)				
Transfers in (Note 3B)	3,551,426	29,662		
Transfers out (Note 3B)	(2,850,082)	(365,871)	(2,875,694)	(1,413,008)
Total Other Financing Sources (Uses)	<u>701,344</u>	<u>(336,209)</u>	<u>(2,875,694)</u>	<u>(1,413,008)</u>
Net Changes in Fund Balances	(4,669,994)	(53,378)	955,418	4,267,059
Fund Balances	<u>22,614,545</u>	<u>933,761</u>	<u>170,026</u>	<u>8,112,244</u>
Fund Balances, End of the Year	<u>\$ 17,944,551</u>	<u>\$ 880,383</u>	<u>\$ 1,125,444</u>	<u>\$ 12,379,303</u>

See accompanying notes to financial statements

Measure K	Streets and Roads	Capital Projects	Other Governmental Funds	Totals
\$ -	\$ -	\$ -	\$ 5,947,958	\$ 21,268,849
				1,373,909
			1,415,542	1,486,888
4,492,480			5,413,983	11,177,149
2,048	8,265	1,625	19,937	159,262
				2,207,080
				1,094,140
			77,452	4,202,190
<u>4,494,528</u>	<u>8,265</u>	<u>1,625</u>	<u>12,874,872</u>	<u>42,969,467</u>
				8,063,724
				1,254,836
			2,437,579	7,030,624
	8,049,209		3,275,374	15,482,137
		184,544		1,048,531
				1,604,530
				289,709
				340,120
	<u>8,049,209</u>	<u>184,544</u>	<u>5,712,953</u>	<u>35,114,211</u>
<u>4,494,528</u>	<u>(8,040,944)</u>	<u>(182,919)</u>	<u>7,161,919</u>	<u>7,855,256</u>
	8,327,304	1,628,129	4,030,115	17,566,636
(3,617,201)	(5,004)	(53,000)	(6,471,167)	(17,651,027)
<u>(3,617,201)</u>	<u>8,322,300</u>	<u>1,575,129</u>	<u>(2,441,052)</u>	<u>(84,391)</u>
877,327	281,356	1,392,210	4,720,867	7,770,865
666,050	1,387,010	(335,813)	6,864,440	40,412,263
<u>\$ 1,543,377</u>	<u>\$ 1,668,366</u>	<u>\$ 1,056,397</u>	<u>\$ 11,585,307</u>	<u>\$ 48,183,128</u>

CITY OF LATHROP
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measure only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES \$ 7,770,865

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

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

Capital outlay expenditures are added back to fund balances	\$ 1,604,530	
Other capitalized expenditures are added back to fund balances	8,141,562	
Depreciation expense not reported in governmental funds	<u>(4,721,576)</u>	5,024,516

Repayment of long-term debt is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	289,709
---	---------

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

Compensated absences	(19,861)	
Net pension liability and related deferred outflows and inflows of resources	(62,614)	
Net OPEB obligation	<u>2,883,691</u>	

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 15,886,306</u></u>
---	-----------------------------

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

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

ENTERPRISE FUNDS:

Water Fund

This fund accounts for the revenues and expenses of the City's water operations.

Sewer Fund

This fund accounts for the revenues and expenses of the City's sewer operations.

INTERNAL SERVICES FUND:

Compensated Absences Fund

This fund accounts for compensated absences activities, which are provided to other departments on a cost-reimbursement basis.

CITY OF LATHROP
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015

	Business-type Activities-Enterprise Funds			Governmental Activities- Compensated Absences Internal Service Fund
	Water	Sewer	Totals	
Assets				
Current Assets:				
Cash and investments (Note 2)	\$ 13,388,455	\$ 16,459,100	\$ 29,847,555	\$ 910,739
Restricted cash and investments, with fiscal agents (Note 2)	2,995,846		2,995,846	
Receivables:				
Accounts	3,316,783	679,893	3,996,676	
Interest	6,277	8,607	14,884	
Total Current Assets	19,707,361	17,147,600	36,854,961	910,739
Noncurrent Assets:				
Capital assets, not being depreciated (Note 4)	15,638,373	18,937,748	34,576,121	
Capital assets, being depreciated, net of accumulated depreciation (Note 4)	47,423,761	36,922,210	84,345,971	
Total Noncurrent Assets	63,062,134	55,859,958	118,922,092	
Total Assets	82,769,495	73,007,558	155,777,053	910,739
Deferred Outflows				
Related to pension (Note 8)	19,935	19,329	39,264	
Liabilities				
Current Liabilities:				
Accounts payable	865,268	710,190	1,575,458	
Accrued payroll and benefits				
Accrued interest payable	189,568		189,568	
Due to others	298,787		298,787	
Unearned revenue	58,494		58,494	
Deposits payable	734,319	31,288	765,607	
Current portion of compensated absences (Note 1G)	1,826	2,009	3,835	144,715
Current portion of long-term liabilities (Note 5)	705,746		705,746	
Total Current Liabilities	2,854,008	743,487	3,597,495	144,715
Noncurrent Liabilities:				
Compensated absences (Note 1G)	18,278	15,043.20	33,321	766,024
Advances from other funds (Note 3A)	573,528	5,976,601	6,550,129	
State revolving fund loan (Note 5)	8,160,772		8,160,772	
Compass bank loan payable (Note 5)	5,070,256		5,070,256	
Revenue bonds payable (Note 5)	12,634,999		12,634,999	
Net pension liabilities (Note 8)	188,321	182,594	370,915	
Total Long-Term Liabilities	26,646,154	6,174,238	32,820,392	766,024
Total Liabilities	29,500,162	6,917,725	36,417,887	910,739
Deferred Inflows				
Related to pension (Note 8)	54,710	53,046	107,756	
Net Position (Note 7)				
Net investment in capital assets	36,490,361	55,859,958	92,350,319	
Restricted for debt service	2,995,846		2,995,846	
Unrestricted	13,748,351	10,196,158	23,944,509	
Total Net Position	\$ 53,234,558	\$ 66,056,116	\$ 119,290,674	\$ -

See accompanying notes to financial statements

CITY OF LATHROP
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Compensated Absences Internal Service Fund
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	<u>Fund</u>
Operating Revenues				
Service charges	\$ 5,957,705	\$ 5,614,245	\$ 11,571,950	\$ -
Other income	84,812	115,903	200,715	
Total Operating Revenues	<u>6,042,517</u>	<u>5,730,148</u>	<u>11,772,665</u>	
Operating Expenses				
General and administrative	484,176	534,461	1,018,637	
Maintenance and operations	2,006,810	2,806,757	4,813,567	
Depreciation	1,443,934	1,092,283	2,536,217	
Total Operating Expenses	<u>3,934,920</u>	<u>4,433,501</u>	<u>8,368,421</u>	
Operating Income	<u>2,107,597</u>	<u>1,296,647</u>	<u>3,404,244</u>	
Non-Operating Revenues (Expenses)				
Investment earnings	26,863	36,629	63,492	
Taxes and assessments	573,378	101,826	675,204	
Interest expense	(1,173,151)		(1,173,151)	
Total Non-Operating Revenues (Expenses)	<u>(572,910)</u>	<u>138,455</u>	<u>(434,455)</u>	
Income Before Contributions and Transfers	1,534,687	1,435,102	2,969,789	
Capital contributions	159,854		159,854	
Transfers:				
Transfers in (Note 3B)	3,187,639	3,614,848	6,802,487	
Transfers out (Note 3B)	(4,181,555)	(2,536,541)	(6,718,096)	
Changes in Net Position	700,625	2,513,409	3,214,034	
Net Position, Beginning of the Fiscal Year, as Adjusted (Note 1J)	<u>52,533,933</u>	<u>63,542,707</u>	<u>116,076,640</u>	
Net Position, End of the Fiscal Year	<u>\$ 53,234,558</u>	<u>\$ 66,056,116</u>	<u>\$ 119,290,674</u>	<u>\$ -</u>

See accompanying notes to financial statements

CITY OF LATHROP
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities-Enterprise Funds			Governmental Activities-
	Water	Sewer	Totals	Compensated Absences Internal Service Fund
Cash Flows from Operating Activities				
Receipts from customers	\$ 5,830,690	\$ 5,713,387	\$ 11,544,077	\$ -
Payments to suppliers and users	(2,599,493)	(3,312,891)	(5,912,384)	
Payments to employees and benefits	(475,768)	(530,340)	(1,006,108)	(54,025)
Net Cash Provided (Used) by Operating Activities	<u>2,755,429</u>	<u>1,870,156</u>	<u>4,625,585</u>	<u>(54,025)</u>
Cash Flows from Noncapital Financing Activities				
Taxes and assessments	573,378	101,826	675,204	
Interfund loans given	872,315		872,315	
Transfers in	3,187,639	3,614,848	6,802,487	
Transfers (out)	(4,181,555)	(2,536,541)	(6,718,096)	
Net Cash Provided (Used) by Noncapital Financing Activities	<u>451,777</u>	<u>1,180,133</u>	<u>1,631,910</u>	
Cash Flows from Capital and Related Financing Activities				
Principal repayments	(1,021,269)		(1,021,269)	
Interest paid	(1,173,151)		(1,173,151)	
Purchase of capital assets	(169,971)	(5,409,857)	(5,579,828)	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,364,391)</u>	<u>(5,409,857)</u>	<u>(7,774,248)</u>	
Cash Flows from Investing Activities				
Interest received	25,371	35,683	61,054	
Net Cash Provided by Investing Activities	<u>25,371</u>	<u>35,683</u>	<u>61,054</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	868,186	(2,323,885)	(1,455,699)	(54,025)
Cash and Cash Equivalents at the Beginning of the Year	<u>15,516,115</u>	<u>18,782,985</u>	<u>34,299,100</u>	<u>964,764</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 16,384,301</u>	<u>\$ 16,459,100</u>	<u>\$ 32,843,401</u>	<u>\$ 910,739</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets:				
Cash and investments	\$ 13,388,455	\$ 16,459,100	\$ 29,847,555	\$ 910,739
Restricted cash and investments	2,995,846		2,995,846	
Total Cash and Cash Equivalents	<u>\$ 16,384,301</u>	<u>\$ 16,459,100</u>	<u>\$ 32,843,401</u>	<u>\$ 910,739</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income	\$ 2,107,597	\$ 1,296,647	\$ 3,404,244	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,443,934	1,092,283	2,536,217	
(Increase) Decrease in Operating Assets:				
Accounts receivable	(211,827)	(16,761)	(228,588)	
Increase (Decrease) in Operating Liabilities:				
Accounts payable	(599,283)	(506,134)	(1,105,417)	
Accrued payroll and benefits				
Deposits payable	6,600		6,600	
Pension liability	475	461	936	
Compensated absences	7,933	3,660	11,593	(54,025)
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,755,429</u>	<u>\$ 1,870,156</u>	<u>\$ 4,625,585</u>	<u>\$ (54,025)</u>
Non-cash items:				
Contributed capital	<u>\$ 159,854</u>	<u>\$ -</u>	<u>\$ 159,854</u>	<u>\$ -</u>

See accompanying notes to financial statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

CITY OF LATHROP
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and investments (Note 2)	\$ 7,150,073
Cash and investments, restricted, with fiscal agents (Note 2)	6,777,048
Accounts receivable	1,127,916
Interest receivable	<u>3,377</u>
Total assets	<u><u>\$ 15,058,414</u></u>
LIABILITIES	
Accounts payable	\$ 726,730
Deposits payable	266,323
Due to developers	3,038,346
Due to bondholders	<u>11,027,015</u>
Total liabilities	<u><u>\$ 15,058,414</u></u>

See accompanying notes to financial statements

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

The City of Lathrop, California, (the City) was incorporated July 1, 1989, under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: general government, public safety, public ways and facilities/transportation, culture and leisure, and public utilities.

The financial statements of the primary government of the City of Lathrop include the activities of the City as well as the Lathrop Public Facilities Financing Corporation, which is controlled by and dependent on the City. While it is a separate legal entity, its financial activities are integral to those of the City. Its financial activities have been aggregated and merged (termed “blending”) with those of the primary government of the City in the accompanying financial statements.

On April 11, 2000, the City Council formed the Lathrop Public Facilities Financing Corporation (Corporation), a non-profit public benefit corporation. The Corporation was formed to assist the City in financing the acquisition, construction, and improvement of municipal facilities. The Corporation is also empowered to acquire property. The Corporation is governed by a Board of Directors consisting of the City Council members.

B. *Basis of Presentation*

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

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

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its component unit). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, the interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Major Funds

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

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

GENERAL FUND

This fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the City.

LANDSCAPE MAINTENANCE SPECIAL REVENUE FUND

This fund accounts for revenues benefit assessment received and expenditures associated with specific park maintenance and operations of the Horizon Landscape and Woodfield Landscape Districts.

DEVELOPERS PROJECTS SPECIAL REVENUE FUND

This fund accounts for developer paid fees restricted to/committed expenditures associated with various developer projects.

CAPITAL FACILITIES FEE SPECIAL REVENUE FUND

To account for the financial resources associated with the capital facility fees for Traffic Mitigation (includes Regional Traffic), Storm Drain, Culture and Leisure, City Service, and Administration.

MEASURE K SPECIAL REVENUE FUND

This funds accounts for revenues generated from a 2-cent sales tax for local street repairs. These funds are restricted for maintenance and construction on street-related projects.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STREETS AND ROADS CAPITAL PROJECTS FUND

This fund accounts for capital project expenditures related to streets and roads occurring over more than one fiscal year.

CAPITAL PROJECTS FUND

This fund accounts for the expenditure of funds for projects funded from the General Fund.

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

WATER FUND

This fund accounts for the revenues and expenses of the City's water operations.

SEWER FUND

This fund accounts for the revenues and expenses of the City's sewer operations.

INTERNAL SERVICE FUND

The fund accounts for compensated absences activities, which are provided to other departments on a cost-reimbursement basis.

FIDUCIARY FUNDS

Agency Funds are used to account for assets held by the City as an agent for certain special assessment districts and developers' deposits, and the TOT Trust Fund. The financial activities of these funds are excluded from the Entity-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

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

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

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

E. *Property Tax*

The City's property taxes are levied each July 1, on the assessed values as of the prior January 1 for all real and personal property located in the City. Property sold after the assessment date (January 1) is reassessed and the amount of property tax levied is prorated.

The City has elected to receive property taxes from the County of San Joaquin (County) under the Teeter Plan. Under this program, the City receives 100% of the levied property taxes in periodic payments with the County assuming responsibility for delinquencies. Secured property taxes are due in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after 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. The City accrues only taxes which are received from the County within 60 days after fiscal year end.

F. *Use of Estimates*

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

G. *Compensated Absences*

City employees accumulate earned but unused vacation which can be converted to cash at termination of employment. For governmental funds, a liability for these amounts is recorded only if they have matured, for example, as a result of employee resignations and retirements. The remaining amounts are reported as a liability in the Statement of Net Position. Proprietary funds' liability for compensated absences is recorded in each proprietary fund. The liability for compensated absences is determined annually.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in compensated absences for the year ended June 30, 2015, were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 984,169	\$ 25,563	\$ 1,009,732
Additions	62,099	15,325	77,424
Payments	(96,263)	(3,732)	(99,995)
Ending Balance	<u>\$ 950,005</u>	<u>\$ 37,156</u>	<u>\$ 987,161</u>
Current Portion	<u>\$ 142,501</u>	<u>\$ 3,835</u>	<u>\$ 146,336</u>

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

H. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

I. *New Funds*

The City established six new Special Revenue Funds in fiscal year 2014-15. The Measure C Essential City Services Fund to account for revenue and expenditures for the City's Measure C Essential City Services portion; the North Lathrop Transportation CFF Fund to account for capital facility fees, collected for North Lathrop area; the Stewart Economic Development 80% CFF Fund to account for capital facility fees collected to support development both on and off the Stewart Tract, that will provide to the City and its citizens; the Citywide Economic Development 20% CFF Fund to account for capital facility fees, collected to support development both on and off the Stewart Tract, that will provide to the City and its citizens; the River Islands CFD 2013-1 Fund to account for revenue and expenditures related to the maintenance of the River Island community; and the Lathrop Land Acquisitions Fund to account for revenue and expenditures associated with the CLSP Community Facilities District 2006-1.

J. *Implementation of Governmental Accounting Standards Board (GASB) Pronouncements*

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2015.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement had a material impact on the City’s financial statements.

GASB Statement No. 69 – In 2014, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operation*. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. This Statement did not have a material impact on the financial statements for the fiscal year 2015.

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. This Statement had a material impact on the City’s financial statements.

As a result of the implementation of GASB Statements 68 and 71, the City reduced the following beginning net positions:

<u>Entity-Wide</u>	
Governmental Activities	\$ 3,807,521
Business-Type Activities	438,471
<u>Fund-Level</u>	
Water Enterprise Fund	222,621
Sewer Enterprise Fund	215,850

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS

A. Policies

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

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

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

Investment income is allocated among funds on the basis of average monthly cash and investment balances in these funds. Interest income on certain investments is allocated based on the source of the investment and legal requirements which apply.

Cash and investments with an original maturity of three months or less are used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments. Cash and investments as of June 30, 2015, are as follows:

City cash and investments in primary government:	
Cash and investments	\$ 73,176,412
Cash and investments, restricted, with fiscal agents	<u>2,995,846</u>
Total City cash and investments in primary government	<u>76,172,258</u>
Cash and investments in Fiduciary Funds (separate statement):	
Cash and investments,	7,150,073
Cash and investments, restricted, with fiscal agents	<u>6,777,048</u>
Total Fiduciary Funds cash and investments	<u>13,927,121</u>
Total cash and investments	<u><u>\$ 90,099,379</u></u>

Cash and investments as of June 30, 2015, consist of the following:

Cash on hand	\$ 2,760
Cash with financial institutions	7,525,525
Investments	<u>82,571,094</u>
Total Cash and Investments	<u><u>\$ 90,099,379</u></u>

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

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

The City's investment policy states that all investments and deposits shall be made in accordance to the California Government Code Sections 16429.1, 53600-53609 and 53630-53686, except for that reserve funds from proceeds of debt issues may be invested in permitted investments specified in the indenture of the debt issue. The City has further restricted authorized investments to the following:

Authorized Investment Type	Maximum Maturity	Maximum Percentage/ Amount of Portfolio	Maximum Investment In One Issuer	Minimum Credit Ratings
Local Government Bonds	5 years	30%	None	A
State Bonds	5 years	30%	None	A
U.S. Treasury Obligations	5 years	None	None	N/A
U.S. Government Agency Issues	5 years	None	None	N/A
Banker's Acceptance	180 days	40%	30%	A
Commercial Paper, Prime Quality	270 days	25%	10%	Highest Ranking
Negotiable Certificates of Deposit	5 years	30%	None	N/A
Repurchase and Reverse Repurchase Agreements	30 days	None	None	N/A
Medium-Term Notes	5 years	30%	10%	A
Money Market Funds	N/A	20%	None	AAAm
Mutual Funds	5 years	20%	None	AAAm
Local Agency Investment Fund (State Pool)	N/A	None	None	N/A
Joint Power Authority Pool	N/A	None	None	N/A
Supranational Obligations	5 years	30%	None	AA

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City 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 fails to meet its 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 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. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Maximum Percentage/ Amount of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Mortgage-backed Securities	3 years	None	None
Banker's Acceptance (must be dollar denominated)	360 days	None	None
Certificates of Deposit	None	None	None
Commercial Paper	180 days	None	None
Money Market Funds	N/A	None	None
Local Government Bonds	None	None	None
County Pool	N/A	None	None
Local Agency Investment Fund (State Pool)	N/A	None	None

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

Investment Type	12 Months or less	Total
<i>Held by City:</i>		
Money Market Mutual Funds	\$ 3,143,549	\$ 3,143,549
California Local Agency Investment Fund	50,018,797	50,018,797
<i>Held by Trustees:</i>		
Investments in County Pool	277,154	277,154
Money Market Mutual Funds	7,972,287	7,972,287
California Local Agency Investment Fund	736,116	736,116
US Treasury Bonds	4,902,223	4,902,223
Federal Agency Bonds	15,031,888	15,031,888
Certificates of Deposit	489,080	489,080
Total Investments	<u>\$ 82,571,094</u>	82,571,094
<i>Cash in Banks and on hand</i>		<u>7,528,285</u>
Total City Cash and Investments		<u>\$ 90,099,379</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2015, these investments have an average maturity of 239 days.

Money market mutual funds are available for withdrawal on demand and at June 30, 2015, have an average maturity of 49 days.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. 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. The actual ratings as of June 30, 2015, as provided by Standard and Poor's, are as follows:

Investment Type	Total
<i>Held by City:</i>	
<i>Not Rated:</i>	
Money Market Mutual Funds	\$ 3,143,549
California Local Agency Investment Fund	50,018,797
Cash in bank and on hand	7,528,285
<i>Held by Trustees:</i>	
<i>Rated AAAM:</i>	
Money Market Mutual Funds	7,972,287
US Treasury Bonds	4,902,223
Federal Agency Bonds	15,031,888
<i>Not Rated:</i>	
Investments in County Pool	277,154
California Local Agency Investment Fund	736,116
Certificates of Deposit	489,080
Total City Cash and Investments	\$ 90,099,379

NOTE 3 - INTERFUND TRANSACTIONS

A. Long-Term Advances

As of June 30, 2015, the General Fund had advanced \$5,976,601 to the Sewer Fund, which was used to cover capital construction and other related costs. The advances will be repaid with future operating revenues, but not within the next fiscal year.

During Fiscal Year 2014-15, the General Fund made advances to the Water Fund in the amounts of \$199,264 and \$374,264, which were used to cover December 1, 2014 and June 1, 2015 debt service payments on 2003 Water Revenue Bonds. The advances will be repaid with future revenues, but not within the next fiscal year.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

B. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2015, were as follows:

	Transfers In	Transfer Out	
Major Governmental Funds:			
General	\$ 3,551,426	\$ 2,850,082	(a), (b), (c)
Landscape Maintenance	29,662	365,871	(a), (b)
Developer Projects		2,875,694	(a), (b)
Capital Facilities Fee		1,413,008	(a), (b)
Measure K		3,617,201	(a), (b)
Streets and Roads	8,327,304	5,004	(a), (b)
Capital Projects	1,628,129	53,000	(b)
Major Enterprise Funds:			
Water	3,187,639	4,181,555	(a), (b), (c)
Sewer	3,614,848	2,536,541	(a), (b)
Non Major Governmental Funds	4,030,115	6,471,167	(a), (b), (c)
Total Interfund Transfers	\$ 24,369,123	\$ 24,369,123	

The reasons for these transfers are set forth below:

- (a) To fund operations
- (b) To fund capital projects
- (c) To fund debt service

C. Internal Balances

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

D. Due To (From) Other Funds

The City provides short-term interfund advances to cover cash flows which are expected to be repaid within the next year. As of June 30, 2015 the Streets and Roads and COP's Special Revenue Funds owed \$46,707 and \$2,067, respectfully to the Street Light Special Revenue Fund.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 4 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. The City's policy is to capitalize all capital assets with costs exceeding certain minimum thresholds.

The City has recorded all its public domain (infrastructure) capital assets placed in service, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

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. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation is provided using the straight line method which means the cost of the capital asset is divided by its expected useful life in years and the result is charged to expense each year until the capital asset is fully depreciated. The City has assigned the useful lives listed below to capital assets.

Buildings	40	years
Improvements	10-40	years
Equipment	5-10	years
Streets	30	years
Parks	40	years
Curbs and Gutters	40	years
Storm Drains	75	years
Signs and Streetlights	4-30	years

The City capitalized all capital assets with a cost greater than \$3,000 and a useful life of more than one year.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 4 - CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets activity for the year ended June 30, 2015, is as follows:

	Balance at June 30, 2014	Additions	Retirements	Balance at June 30, 2015
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 9,629,503			\$ 9,629,503
Construction in Progress	26,429,624	\$ 7,633,436		34,063,060
Total capital assets not being depreciated	<u>36,059,127</u>	<u>7,633,436</u>		<u>43,692,563</u>
Capital assets being depreciated:				
Buildings	11,702,495			11,702,495
Improvements	38,453,694	111,135		38,564,829
Equipment and Vehicles	3,474,454	422,097	\$ (320,549)	3,576,002
Infrastructure	119,180,544	1,579,424		120,759,968
Total capital assets being depreciated	<u>172,811,187</u>	<u>2,112,656</u>	<u>(320,549)</u>	<u>174,603,294</u>
Less accumulated depreciation:				
Buildings	2,210,268	229,125		2,439,393
Improvements	10,230,343	1,500,519		11,730,862
Equipment and Vehicles	2,860,394	194,964	(320,549)	2,734,809
Infrastructure	46,346,404	2,796,968		49,143,372
Total accumulated depreciation	<u>61,647,409</u>	<u>4,721,576</u>	<u>(320,549)</u>	<u>66,048,436</u>
Net capital assets being depreciated	<u>111,163,778</u>	<u>(2,608,920)</u>		<u>108,554,858</u>
Governmental Activities Capital Assets, Net	<u>\$ 147,222,905</u>	<u>\$ 5,024,516</u>		<u>\$ 152,247,421</u>
	Balance at June 30, 2014	Additions	Retirements	Balance at June 30, 2015
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 3,565,179			\$ 3,565,179
Construction in Progress	25,705,604	\$ 5,305,338		31,010,942
Total capital assets not being depreciated	<u>29,270,783</u>	<u>5,305,338</u>		<u>34,576,121</u>
Capital assets, being depreciated:				
Buildings	65,773			65,773
Improvements	118,003,599	374,387		118,377,986
Equipment and Vehicles	1,229,999	59,957	\$ (22,871)	1,267,085
Net capital assets being depreciated	<u>119,299,371</u>	<u>434,344</u>	<u>(22,871)</u>	<u>119,710,844</u>
Less accumulated depreciation for:				
Buildings	54,630	632		55,262
Improvements	31,893,924	2,476,436		34,370,360
Equipment and Vehicles	902,973	59,149	(22,871)	939,251
Total accumulated depreciation	<u>32,851,527</u>	<u>2,536,217</u>	<u>(22,871)</u>	<u>35,364,873</u>
Net capital assets being depreciated	<u>86,447,844</u>	<u>(2,101,873)</u>		<u>84,345,971</u>
Business-type Activities Capital Assets, Net	<u>\$115,718,627</u>	<u>\$3,203,465</u>		<u>\$118,922,092</u>

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 4 - CAPITAL ASSETS (Continued)

B. Capital Asset Contributions

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

C. Depreciation Allocation

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

<i>Governmental Activities</i>	
General governments	\$ 70,708
Community development	106,749
Public safety	82,110
Public works	4,429,401
Culture and leisure	<u>32,608</u>
Total Governmental Activities	<u>\$ 4,721,576</u>
 <i>Business-Type Activities</i>	
Water	\$ 1,443,934
Sewer	<u>1,092,283</u>
Total Business-Type Activities	<u>\$ 2,536,217</u>

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

A. The City's Long-Term Debt

The City's long-term debt activities for the year ended June 30, 2015, is as follows:

	Balance June 30, 2014	Retirements	Balance June 30, 2015	Current Portion
Governmental Activities Long-Term Debt				
<i>Capital Lease Obligation</i>				
City Hall Lease				
3.200-4.500%, due 06/30/2030	\$ 6,865,382	\$ 289,709	\$ 6,575,673	\$ 304,308
Total Governmental Activities	<u>\$ 6,865,382</u>	<u>\$ 289,709</u>	<u>\$ 6,575,673</u>	<u>\$ 304,308</u>
Business-type Activities Long-Term Debt				
2003 Revenue Bonds				
3.000-6.000%, due 06/01/2035	\$ 12,970,000	\$ 335,001	\$ 12,634,999	
State Revolving Fund Loan				
2.3086%, due 7/1/2032	8,956,038	393,070	8,562,968	\$ 402,196
Compass Bank Loan				
3.500%, due 6/1/2029	5,667,004	293,198	5,373,806	303,550
Total Business-type Activities	<u>\$ 27,593,042</u>	<u>\$ 1,021,269</u>	<u>\$ 26,571,773</u>	<u>\$ 705,746</u>

B. Debt Service Requirements

Future principal and interest payments on all Governmental and Business-type long-term debt were as follows at June 30, 2015:

For The Year Ending June 30	Governmental Activities		Business-Type Activities					
	City Hall Lease		Revenue Bonds		State Revolving Fund Loan		Compass Bank Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 304,308	\$ 321,817		\$ 750,216	\$ 402,196	\$ 195,377	\$ 303,550	\$ 185,450
2017	293,885	306,241		726,976	411,535	186,038	314,267	174,733
2018	334,977	289,871	\$ 415,000	702,180	421,091	176,482	325,363	163,637
2019	352,116	272,661	435,000	674,006	430,868	166,705	336,850	152,150
2020	370,129	254,573	490,000	646,746	440,872	156,701	348,743	140,257
2021 - 2025	2,154,838	967,404	1,725,000	3,227,360	2,362,749	625,116	1,937,334	507,666
2026 - 2030	2,765,420	354,277	4,095,000	2,405,230	2,650,096	337,775	1,807,699	145,042
2031 - 2035			5,474,999	1,024,200	1,443,561	50,372		
Total	<u>\$ 6,575,673</u>	<u>\$ 2,766,844</u>	<u>\$12,634,999</u>	<u>\$10,156,914</u>	<u>\$ 8,562,968</u>	<u>\$ 1,894,566</u>	<u>\$ 5,373,806</u>	<u>\$ 1,468,935</u>

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - LONG-TERM DEBT (Continued)

C. Description of the City's Long-Term Debt Issues

Capital Lease Obligation – On May 11, 2004, the City entered into a lease agreement with Regent Lathrop, LLC for the new City Hall building. The lease term is from July 1, 2005 to June 30, 2030, with a right to purchase at the end of the lease term. The lease is considered a capital lease due to a bargain purchase option of one dollar at the end of the lease term. The total lease payments for the entire lease are \$14,024,880 with monthly lease payments in the amount of \$25,000 from July 1, 2005 to May 31, 2010 and \$52,187 from June 1, 2010 to June 30, 2030.

2003 Revenue Bonds – On June 25, 2003, the City issued \$32,530,000 in Revenue Bonds to finance the acquisition and construction of water system improvements and related facilities serving the City of Lathrop, including water treatment facilities and distribution pipelines and to pay cost of issuance. The certificates have an ascending interest rate ranging from 3.00% to 6.00% and a final maturity date of June 1, 2035.

On July 15, 2013, Lathrop Financing Authority issued the Revenues (Mossdale Village Refundings) 2013 Series A to partially refund \$7,540,000 of the 2003 Revenue Bonds. The 2013 Refunding Bonds are payable from special taxes levied within the City of Lathrop Community Facilities District No. 2003-1 (Mossdale Village) (the "CFD") and paid to the Authority as debt service on the CFD Bonds. The City is the collecting and paying agent for the debt issued by the District, but has no direct or contingent liability or moral obligation for the payment of the 2013 Refunding Bonds. Therefore, this debt is not included as long-term debt of the City.

In addition, the City sold some water rights that were acquired using 2003 Revenue Bonds proceeds and owned by a developer, which had subsequently defaulted on its obligation to the City. The City applied \$3,800,000 of the sale proceeds together with \$320,000 in the bond reserve fund towards the repayment of the 2003 Revenue Bonds.

State Revolving Fund Loan -- The City entered into an agreement with the California Department of Public Health in the amount of \$10,929,000. Funds are for the Water Supply Arsenic Reduction Project. Repayment of this loan starts on January 1, 2013. Terms of the note include a twenty-year repayment period and a 2.3% interest rate. Principal and interest payments are to be paid semiannually. The City's net revenues have been pledged for the repayment of debt service on loan.

Compass Bank Loan – During fiscal 2011-12, the City entered into a loan agreement with Compass Bank in the amount of \$6,203,000. The proceeds from the loan were used to refund the 2000A Certificates of Participation (2000A COPs). Interest on the Compass Loan is payable semi-annually on December 1 and June 1 of each year through the year 2029. Repayment of this loan started on December 1, 2012.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6 - SPECIAL ASSESSMENT DEBT WITHOUT CITY COMMITMENT

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 long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2015 is as follows:

CSCDA Lease Revenue Bonds	\$ 6,950,000
Louise Avenue	85,000
Mossdale Village Assessment District 2003-1	11,380,000
Mossdale CFD 2003-1	6,970,000
Mossdale Assessment District No. 3 Series 2005	6,735,000
Crossroads Assessments	3,275,000
Joint Wastewater Project	6,290,000
North Harlan Water	435,000
Lathrop Sanitary Sewer Assessment District No.1	865,000
Community Facilities District No. 2006	49,750,000

* The Community Facilities District No. 2006 bond issue has been in default since fiscal year 2012-13.

NOTE 7 - NET POSITION AND FUND BALANCES

A. Net Positions

Net position is the excess of all the City's assets all deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined only at the Government-wide level, and business type activities and are described below:

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

Restricted describes the portion of Net Positions which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter.

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

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - NET POSITION AND FUND BALANCES (Continued)

B. Fund Equity

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

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

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

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

Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the City Council's highest level of decision-making authority. The City Council can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. The Authority for assigning fund balance is expressed by the City Council or its designee (i.e. City Manager), as established in the City's Reserve Policy. This category includes nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

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

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2015, are below:

	General Fund	Landscape Maintenance	Developer Projects	Capital Facilities Fee	Measure K	Streets and Roads	Capital Projects	Other Governmental Funds	Total
Nonspendables:									
Items not in spendable form:									
Loans	\$ 302,562	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302,562
Advance to other funds	6,550,129								6,550,129
Total Nonspendable	6,852,691								6,852,691
Restricted for:									
Capital projects								74,306	74,306
Recycling projects								348,366	348,366
Community improvements								2,332	2,332
Public safety								6,919	6,919
Traffic and transportation								50,178	50,178
MBR operations and maintenance								54,926	54,926
Parks and recreation								264,181	264,181
Streets and roads contracts					1,543,377			2,287,109	3,830,486
Measure C								2,191,984	2,191,984
Total Restricted					1,543,377			5,280,301	6,823,678
Committed to:									
Traffic and transportation								2,420,807	2,420,807
Landscape maintenance									
Storm drains operation and maintenance								913,946	913,946
Community Facility Districts								58,344	58,344
Capital projects			1,125,444	12,379,303		1,668,366	1,056,397		16,229,510
Street lighting contract								1,343,638	1,343,638
Storm drain contracts								369,728	369,728
Code enforcement								10,221	10,221
Building permits								236,186	236,186
North Lathrop Transportation								713,379	713,379
Stewart Economic Development Fee 80%								84,260	84,260
Stewart Economic Development Fee 20%								118,100	118,100
River Islands CFD 2013-1								36,761	36,761
Total Committed			1,125,444	12,379,303		1,668,366	1,056,397	6,305,370	22,534,880
Assigned to:									
Landscape maintenance		880,383							880,383
Total Assigned		880,383							880,383
Unassigned:									
Fund balance deficits								(364)	(364)
Economic uncertainty	5,284,152								5,284,152
Exposure and emergency	1,761,384								1,761,384
Capital Equipment	159,742								159,742
Residual fund balance	3,886,582								3,886,582
Total Unassigned	11,091,860							(364)	11,091,496
Total Fund Balances	\$ 17,944,551	\$ 880,383	\$ 1,125,444	\$ 12,379,303	\$ 1,543,377	\$ 1,668,366	\$ 1,056,397	\$ 11,585,307	\$ 48,183,128

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - NET POSITION AND FUND BALANCES (Continued)

C. *Minimum Fund Balance Policies*

The City Council has established a fund balance reserve policy with adoption resolution 10-3102 that deemed it desirable for the City to retain a contingency reserve level of 50% of the adjusted appropriation for any given year. The reserve balance shall not be reduced below 10% of the General Fund adjust appropriations. The contingency reserve is allocated to two categories, Economic Uncertainty Reserve and Exposure and Emergency Reserves.

The Economic Uncertainty Reserve consists of 75% of the Contingency Reserve Balance. It will be maintained to minimize the effects of major economic uncertainties, including local disasters, State budget deficits and other severe financial hardships or unforeseen changes in revenues and/or expenditures and will be available for budget stabilization. At June 30, 2015, the Economic Uncertainty Reserve amounted to \$5,284,152.

The Exposure and Emergency Reserves consist of 25% of the Contingency Reserve Balance. Exposure Reserves will be maintained to minimize the immediate financial impact of potential costs not covered by the City's insurance program, such as claim costs within the City's deductibles, major costs associate with disasters and other events which will not be reimbursable by insurance or Federal or State Government. Emergency Reserve will be maintained to minimize all unforeseen events not covered in the Economic Uncertainty Reserve and Exposure Reserves. At June 30, 2015, the Exposure and Emergency Reserves amounted to \$1,761,384.

D. *Encumbrances*

The City utilized an encumbrance system during fiscal year 2015 to assist in controlling expenditures. Under this system, governmental funds are encumbered when purchase orders, contracts, or other commitments are signed or approved. The following are encumbrances at June 30, 2015, that will be carried over to fiscal year 2016:

General Fund	\$	2,198,767
Special Revenue Funds		245,660
Capital Projects Funds		71,424

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 – PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous Tier I, Tier II and PEPRA Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City 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.

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. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 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.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous		
	<u>Misc - Tier I</u>	<u>Misc - Tier II</u>	<u>Misc - PEPRA</u>
Hire date	Prior to 7/1/2010	7/1/2010 to 12/31/2012	After 12/31/2012
Benefit Formula	2% at 50	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of annual salary	1.426-2.418%	1.092-2.418%	1.000-2.500%
Required employee contribution rates	0%	0%	6.250%
Required employer contribution rates	13.414% (A)	8.005%	6.250%

(A) October 2014 CalPERS contribution uses the 13.414% and January and February 2015 contribution uses 11.032

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 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, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Misc- Tier I</u>	<u>Misc- Tier II</u>	<u>Misc- PEPRA</u>
Contributions - employer	\$ 388,912	\$ 1,253	\$ 68

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - PENSION PLANS (Continued)

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous- Tier I	\$ 3,580,254
Miscellaneous- Tier II	9,471
Miscellaneous- PEPRA	513
Total Net Pension Liability	\$ 3,590,238

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, 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, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Misc- Tier I	Misc- Tier II	Misc- PEPRA
Proportion - June 30, 2013	0.14%	0.00%	0.00%
Proportion - June 30, 2014	0.14%	0.00%	0.00%
Change - Increase (Decrease)	0.00%	0.00%	0.00%

For the year ended June 30, 2015, the City recognized pension expense of \$390,534. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 346,866	\$ -
Differences between actual and expected experience		
Changes in assumptions		
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(991,234)
Net differences between projected and actual earnings on plan investments		(\$74,956)
Total	\$ 346,866	(\$1,066,190)

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - PENSION PLANS (Continued)

\$346,866 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Increase (Decrease) In Pension Expense
2015	\$ (274,579)
2016	(274,579)
2017	(269,222)
2018	(247,810)

Actuarial Assumptions – The total pension liabilities of all Miscellaneous Plans in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75 % thereafter

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - PENSION PLANS (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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 the 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 rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

- (a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - PENSION PLANS (Continued)

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

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Misc- Tier I	Misc- Tier II	Misc- PEPRA
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$5,963,169	\$16,875	\$913
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	\$3,580,254	\$9,471	\$513
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	\$1,602,658	\$3,327	\$180

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 – POST EMPLOYMENT BENEFITS

Plan Description. The City's retiree healthcare plan (Plan) is provided through California Employers' Retirement Benefit Trust (CERBT), an agent multiple-employer defined benefit healthcare program administered by CalPERS. The City maintains the same healthcare plans for its retirees as for its active employees. CalPERS issues a publicly available entity-wide financial report that includes certain financial statements and required supplementary information pertaining to CERBT. This report may be obtained by writing to CalPERS Executive Office - 400 P Street, Sacramento, CA 95814.

Funding Policy. 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, with an additional amount to prefund benefits as determined annually by the City. On October 20, 2014 the City and the two bargaining units reached an agreement, which called for reductions to the City's existing retirement health benefit for new retirees retiring after December 31, 2014. On December 12, 2014 the City established a trust with California Employers' Retirement Benefit Trust (CERBT) to prefund the benefits. On December 22, 2014 the City transferred \$3,000,000 into the trust account.

Annual OPEB and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed twenty-six years.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – POST EMPLOYMENT BENEFITS (Continued)

The following table shows the components of the City's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution (ARC)	\$	339,691
Interest on net OPEB obligation		266,763
Adjustment to Annual Required Contribution		(236,414)
Annual pension cost		370,040
Contributions:		
Benefit Payments		(253,731)
Contribution to OPEB Trust		(3,000,000)
De(In)crease in net OPEB obligation		(2,883,691)
Net OPEB obligation at June 30, 2014		3,810,901
Net OPEB obligation at June 30, 2015	\$	927,210
Percentage of ARC Contributed		779.29%

The schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the June 30, 2015 actuarial study is presented below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
6/30/2013	\$ 928,042	\$ 98,365	10.60%	\$ 2,932,686
6/30/2014	988,886	110,671	11.19%	3,810,901
6/30/2015	370,040	3,253,731	779.29%	927,210

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The annual required contribution (ARC) was determined as part of a June 30, 2014, actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions shown in the table below include (a) 7.0% investment rate of return, (b) 3.25% projected annual salary increase, and (c) a healthcare trend, which includes a premium increase from 8.00% in 2016 to 4.64% for years starting 2026. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future.

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress – As of July 1, 2013 the most recent actuarial valuation date, the plan was 0% funded. The Actuarial Accrued Liability (AAL) for benefits was \$3,425,555 and the Actuarial Value of Plan Asset was \$0 resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$3,425,555. The covered payroll (annual payroll of active employees covered by the plan) was \$4,876,429 and the ratio of UAAL to the covered payroll was 70 percent.

The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 10 - 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; injuries to employees; and natural disasters. 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 55 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 City's deductibles and maximum coverage follows:

Coverage	Deductible	CSJVRMA	Excess Liability	ERMA
Workers' compensation	\$ 25,000	\$ 500,000	Statutory	
General and automobile liability	25,000	1,000,000	\$ 29,000,000	
Property damage	1,000, 5,000 or 10,000	25,000	1,000,000,000	
Physical damage	500	10,000	1,000,000,000	
Boiler and machinery	Various	100,000,000		
Employment Practices Liability	25,000			\$1,000,000

The City contributes its pro rata share of anticipated losses to a pool administered by CSJVRMA. Should actual losses among participants be greater than the anticipated losses, the City will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro rata share of the excess. The City paid CSJVMRA premiums and ERMA premiums totaling \$669,927 during the fiscal year ended June 30, 2015. Settled claims have not exceeded commercial excess liability coverage in any of the past three fiscal years.

The City is also a member of Employment Risk Management Authority (ERMA), which covers wrongful employment practices.

The City does not record a liability for outstanding claims at fiscal year-end, as the claims are minimal.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

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

CITY OF LATHROP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 11 - COMMITMENTS AND CONTINGENCIES (Continued)

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no other pending litigation, which is likely to have a material adverse effect on the financial position of the City.

The City has construction contracts-in-progress as follows:

<u>Vendor</u>	<u>Project</u>	<u>Project Authorization</u>	<u>Expended as of June 30, 2015</u>	<u>Committed</u>
Anderson Pacific	Wastewater Improvements	\$ 5,589,723	\$ 5,531,037	\$ 58,686

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REQUIRED SUPPLEMENTAL INFORMATION

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City of Lathrop
Cost-Sharing Multiple-Employer Defined Pension Plan – Miscellaneous Plans
As of June 30, 2015

Schedule of the Plan's
Proportionate Share of the Net Pension Liability
and Related Ratios as of the Measurement Date
Last 10 Years *

	<u>Misc- Tier I</u> <u>2015</u>	<u>Misc- Tier II</u> <u>2015</u>	<u>Misc- PEPRA</u> <u>2015</u>
Plan's proportion of the Net Pension Liability (Asset)	0.05754%	0.00015%	0.00001%
Plan's proportion share of the Net Pension Liability	\$ 3,580,235	\$ 9,471	\$ 513
Plan's Covered Employee Payroll	\$ 3,628,026	\$ 532,164	\$ 204,120
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	98.68%	1.78%	0.25%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.07%	83.03%	83.02%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 388,912	\$ 1,253	\$ 68

Notes to Schedule:

Benefit changes. In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Lathrop
Cost-Sharing Multiple Employer Defined Pension Plan – Miscellaneous Plans
For the Fiscal Year Ended June 30, 2015

Schedule of Contributions
Last 10 Years *

	<u>Misc- Tier I</u>	<u>Misc- Tier II</u>	<u>Misc- PEPRA</u>
Actuarially determined contribution	\$ 444,664	\$ 59,694	\$ 18,971
Contributions in relation to the actuarially determined contributions	<u>(444,664)</u>	<u>(59,694)</u>	<u>(18,971)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,628,026	\$ 532,164	\$ 204,120
Contributions as a percentage of covered-employee payroll	12.26%	11.22%	9.29%

Notes to Schedule

Valuation date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	4.5%, average, including inflation of 3.0%
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Retirement age	67 yrs. Misc., 57 yrs. Safety
Mortality	RP-2000 Healthy Annuitant Mortality Table

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Lathrop
Other Post-Employment Retirement Benefits
For the Fiscal Year Ended June 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A - B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A - B)/C]
6/30/2011	-	\$10,628,347	(\$10,628,347)	0.00%	\$ 4,494,045	(236%)
6/30/2013	-	7,383,624	(7,383,624)	0.00%	4,423,433	(167%)
7/1/2014	-	3,425,555	(3,425,555)	0.00%	4,876,429	(70%)

CITY OF LATHROP
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 3,030,000	\$ 3,030,000	\$ 3,239,926	\$ 209,926
Sales and use taxes	4,970,000	2,650,000	2,949,768	299,768
Transient occupancy taxes	400,000	400,000	449,950	49,950
Franchise taxes	667,000	667,000	685,140	18,140
Licenses and permits	754,622	754,622	1,373,909	619,287
Fines, forfeitures, and penalties	67,000	67,000	71,346	4,346
Intergovernmental	1,185,000	1,185,000	1,270,686	85,686
Use of money and property	54,849	54,849	97,609	42,760
Charges for current services	2,760,914	2,937,914	2,207,080	(730,834)
Other	409,983	424,983	291,034	(133,949)
Total Revenues	<u>14,299,368</u>	<u>12,171,368</u>	<u>12,636,448</u>	<u>465,080</u>
Expenditures				
Current				
General government				
City council	58,875	59,456	50,815	8,641
City manager	568,731	609,618	530,964	78,654
City clerk	194,665	173,201	142,604	30,597
City attorney	448,095	853,769	915,489	(61,720)
Personnel	227,315	294,378	207,813	86,565
Central services	588,140	4,281,440	4,156,692	124,748
Finance	1,129,220	1,339,862	1,093,485	246,377
Information systems	862,647	859,369	724,332	135,037
Animal control	251,056	291,043	241,530	49,513
Total General Government	<u>4,328,744</u>	<u>8,762,136</u>	<u>8,063,724</u>	<u>698,412</u>
Public safety				
Administration	<u>5,711,904</u>	<u>4,943,328</u>	<u>4,593,045</u>	<u>350,283</u>
Total Public Safety	<u>5,711,904</u>	<u>4,943,328</u>	<u>4,593,045</u>	<u>350,283</u>

(Continued)

CITY OF LATHROP
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current				
Community development				
Planning	\$ 1,239,146	\$ 1,040,316	\$ 457,796	\$ 582,520
Building	787,878	849,728	749,490	100,238
Code Enforcement	50,184	74,157	47,550	26,607
Total Community Development	<u>2,077,208</u>	<u>1,964,201</u>	<u>1,254,836</u>	<u>709,365</u>
Public works				
Administration	544,011	609,469	534,447	75,022
Construction management	533,186	651,677	454,947	196,730
Land development engineering	548,574	988,659	353,121	635,538
City hall	224,326	307,609	177,047	130,562
Utility engineering	248,538	253,353	208,148	45,205
Building maintenance	199,294	202,387	147,523	54,864
Park and landscape maintenance	242,900	244,960	165,299	79,661
Total Public Works	<u>2,540,829</u>	<u>3,258,114</u>	<u>2,040,532</u>	<u>1,217,582</u>
Culture and leisure				
Administration	457,252	597,529	354,473	243,056
Senior center	182,080	186,960	160,899	26,061
Recreation programs	205,638	206,993	194,283	12,710
Day camp kid's club	297,924	363,503	248,110	115,393
Youth and adult sports	101,950	98,938	81,526	17,412
Library	12,166	11,077	9,240	1,837
Total Culture and Leisure	<u>1,257,010</u>	<u>1,465,000</u>	<u>1,048,531</u>	<u>416,469</u>
Capital outlay	<u>626,174</u>	<u>1,190,085</u>	<u>377,289</u>	<u>812,796</u>
Debt service				
Principal	626,250	626,250	289,709	336,541
Interest	5,600	4,795	340,120	(335,325)
Total Debt Service	<u>631,850</u>	<u>631,045</u>	<u>629,829</u>	<u>1,216</u>
Total Expenditures	<u>17,173,719</u>	<u>22,213,909</u>	<u>18,007,786</u>	<u>4,206,123</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,874,351)</u>	<u>(10,042,541)</u>	<u>(5,371,338)</u>	<u>4,671,203</u>
Other Financing Sources (Uses)				
Transfers in	3,552,981	3,552,981	3,551,426	(1,555)
Transfers (out)	(1,053,099)	(1,895,330)	(2,850,082)	(954,752)
Total Other Financing Sources (Uses)	<u>2,499,882</u>	<u>1,657,651</u>	<u>701,344</u>	<u>(956,307)</u>
Net Changes in Fund Balance	<u>\$ (374,469)</u>	<u>\$ (8,384,890)</u>	<u>(4,669,994)</u>	<u>\$ 3,714,896</u>
Fund Balance, Beginning of the Year			<u>22,614,545</u>	
Fund Balance, End of the Year			<u>\$ 17,944,551</u>	

CITY OF LATHROP
LANDSCAPE MAINTENANCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes and assessments	\$ 2,378,048	\$ 2,378,048	\$ 2,333,984	\$ (44,064)
Use of money and property	8,450	8,450	10,337	1,887
Total Revenues	<u>2,386,498</u>	<u>2,386,498</u>	<u>2,344,321</u>	<u>(42,177)</u>
Expenditures:				
Current				
Public works	2,205,013	2,211,987	1,994,968	217,019
Capital outlay	67,000	87,880	66,522	21,358
Total Expenditures	<u>2,272,013</u>	<u>2,299,867</u>	<u>2,061,490</u>	<u>238,377</u>
Excess of Revenues over Expenditures	<u>114,485</u>	<u>86,631</u>	<u>282,831</u>	<u>196,200</u>
Other Financing Sources (Uses)				
Transfers in		29,662	29,662	
Transfers (out)	<u>(365,871)</u>	<u>(365,871)</u>	<u>(365,871)</u>	
Total Other Financing Sources (Uses)	<u>(365,871)</u>	<u>(336,209)</u>	<u>(336,209)</u>	
Net Changes in Fund Balance	<u>\$ (251,386)</u>	<u>\$ (249,578)</u>	(53,378)	<u>\$ 196,200</u>
Fund Balance, Beginning of the Year			<u>933,761</u>	
Fund Balance, End of the Year			<u>\$ 880,383</u>	

CITY OF LATHROP
DEVELOPERS PROJECTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 420	\$ 420	\$ 1,497	\$ 1,077
Developer contribution	1,723,600	2,606,441	1,094,140	(1,512,301)
Other	<u>3,288,640</u>	<u>8,634,564</u>	<u>3,833,704</u>	<u>(4,800,860)</u>
Total Revenues	<u>5,012,660</u>	<u>11,241,425</u>	<u>4,929,341</u>	<u>(6,312,084)</u>
Expenditures:				
Current				
Public works	160,472	166,408	122,054	44,354
Capital outlay	1,000,000	1,882,841	976,175	906,666
Debt service:				
Interest and fiscal charges	<u>573,528</u>	<u>573,528</u>		<u>573,528</u>
Total Expenditures	<u>1,734,000</u>	<u>2,622,777</u>	<u>1,098,229</u>	<u>1,524,548</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(3,279,182)</u>	<u>(8,625,106)</u>	<u>(2,875,694)</u>	<u>5,749,412</u>
Total Other Financing Sources (Uses)	<u>(3,279,182)</u>	<u>(8,625,106)</u>	<u>(2,875,694)</u>	<u>5,749,412</u>
Net Changes in Fund Balance	<u>\$ (522)</u>	<u>\$ (6,458)</u>	955,418	<u>\$ 961,876</u>
Fund Balance, Beginning of the Year			<u>170,026</u>	
Fund Balance, End of the Year			<u>\$ 1,125,444</u>	

CITY OF LATHROP
 CAPITAL FACILITIES FEE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ 5,000,512	\$ 5,000,512	\$ 5,662,123	\$ 661,611
Use of money and property			17,944	17,944
Total Revenues	<u>5,000,512</u>	<u>5,000,512</u>	<u>5,680,067</u>	<u>679,555</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(1,389,950)</u>	<u>(1,389,950)</u>	<u>(1,413,008)</u>	<u>(23,058)</u>
Total Other Financing Sources (Uses)	<u>(1,389,950)</u>	<u>(1,389,950)</u>	<u>(1,413,008)</u>	<u>(23,058)</u>
Net Changes in Fund Balance	<u>\$ 3,610,562</u>	<u>\$ 3,610,562</u>	4,267,059	<u>\$ 656,497</u>
Fund Balance, Beginning of the Year			<u>8,112,244</u>	
Fund Balance, End of the Year			<u>\$ 12,379,303</u>	

CITY OF LATHROP
 MEASURE K SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue	\$ 7,992,182	\$ 7,992,182	\$ 4,492,480	\$ (3,499,702)
Use of money and property			2,048	2,048
Total Revenues	<u>7,992,182</u>	<u>7,992,182</u>	<u>4,494,528</u>	<u>(3,497,654)</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(8,041,179)</u>	<u>(8,041,179)</u>	<u>(3,617,201)</u>	<u>4,423,978</u>
Total Other Financing Sources (Uses)	<u>(8,041,179)</u>	<u>(8,041,179)</u>	<u>(3,617,201)</u>	<u>4,423,978</u>
Net Changes in Fund Balance	<u>\$ (48,997)</u>	<u>\$ (48,997)</u>	877,327	<u>\$ 926,324</u>
Fund Balance, Beginning of the Year			<u>666,050</u>	
Fund Balance, End of the Year			<u>\$ 1,543,377</u>	

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

Budgets and Budgetary Accounting

The City establishes annual budgets for the General and Special Revenue Funds, which are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgets for the General and Special Revenue Funds are the only legally adopted budgets. Budgets for the Capital Project Funds are used for management and control purposes only. All appropriations remaining at fiscal year end lapse. Budgeted amounts are reflected after all applicable amendments and revisions.

The legal level of control (level at which expenditures may not legally exceed budget appropriations) is at the department level. If the expenditures exceed the appropriations, the City Manager is authorized to transfer budgeted amounts between the line items within any department or between divisions within a department.

During the fiscal year, the City made a number of supplemental budget amendments totaling \$20,758,169.

SUPPLEMENTAL INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These funds account for the proceeds derived from specific revenue sources that are legally restricted to expenditures for specified purposes.

GAS TAX FUND

To account for revenues and expenditures apportioned to the City under the Streets and Highway Code, Sections 2105, 2106, 2107, and 2107.5 of the State of California. Expenditures for administration, maintenance, and construction must be street related.

TRAFFIC SAFETY FUND

To account for the fines and forfeitures received under Section 1463 of the Penal Code. These funds are restricted for the use of official traffic control devices and for some street construction purposes.

LOCAL STREET FUND

To account for revenues and expenditures for the City's street division.

PUBLIC NUISANCE FUND

To account for revenues and expenditures for code enforcement activities.

ASSET FORFEITURE FUND

To account for revenues obtained from the sale of forfeited property in drug-related cases. These funds can only be used by the police department for police-related equipment.

TRANSIT LTF FUND

To account for local transportation funds received for transit purposes from the San Joaquin County Council of Governments.

STREETS AND ROADS FUND

To account for local transportation funds received for street and road purposes from the San Joaquin County Council of Governments.

FEDERAL GRANT FUND

To account for grant expenditures.

HISTORIC LATHROP LOAN PROGRAM (HLLP) FUND

To account for building permit loans granted to Historic Lathrop residences.

STORM DRAIN FUND

To account for revenues and expenditures related to the maintenance and operations of storm drains and improvements within the created district.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

STREET LIGHT FUND

To account for revenues and expenditures associated with the maintenance and operations of the street lighting within the area known as City Zone 2, which is in the City Wide Landscaping and Lighting Assessment District.

AB939 RECYCLING FUND

To account for the financial resources associated with the preparation, implementation, and administration of the City's Integrated Solid Waste Management Plan in accordance with AB939.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND

To account for the annual federal grant that provides for development of viable urban communities.

MOSSDALE STANDBY 2005-1 FUND

To account for the MBR facility operations and maintenance.

SCHOLARSHIP FUND

To account for the revenues provided by businesses/organizations to provide assistance with tuition of qualified parks and recreation participants.

COPS FUND

To account for local law enforcement grants funded by the office of Community Oriented Policing Services (COPS).

UNIVERSAL HIRING GRANT FUND

To account for grant received from the Office of Traffic Safety to be used to conduct a seat belt compliance campaign.

RTIF SAN JOAQUIN COUNTY FUND

To account for San Joaquin County's 10% share of Regional Traffic Impact Fees collected from builders.

RTIF LATHROP LOCAL WEST FUND

To account for the City's 75% share of Regional Traffic Impact Fees collected from builders on the West side.

RTIF SJCOG FUND

To account for San Joaquin Council of Government's 15% share of Regional Traffic Impact Fees collected from builders.

RTIF LATHROP LOCAL EAST FUND

To account for the City's 75% share of Regional Traffic Impact Fees collected from builders on the East side.

CENTRAL LATHROP SPECIFIC PLAN (CLSP) SERVICES CFD FUND

To account for revenues and expenditures associated with the CLSP Community Facility District 2006-2.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

STIP AUGMENTATION FUND

This fund accounts for revenues and expenditures for transportation projects included in the State Transportation Improvement Program (STIP).

LATHROP MANTECA FIRE DISTRICT MEASURE C FUND

To account for revenues and expenditures associated with the sales tax collections specific from Measure C.

STATE RECYCLING RECOVERY FUND

To account for grant money received for the Rubberized Asphalt Concrete Chip Seal Program.

MEASURE C ESSENTIAL CITY SERVICES FUND

To account for revenue and expenditures for the City's Measure C Essential City Services portion.

NORTH LATHROP TRANSPORTATION CFF FUND

To account for capital facility fees collected for North Lathrop area.

STEWART ECONOMIC DEVELOPMENT 80% CFF FUND

To account for capital facility fees, collected to support development both on and off the Stewart Tract, that will provide to the City and its citizens.

CITYWIDE ECONOMIC DEVELOPMENT 20% CFF FUND

To account for capital facility fees, collected to support development both on and off the Stewart Tract, that will provide to the City and its citizens.

RIVER ISLANDS CFD 2013-1 FUND

To account for revenue and expenditures related to the maintenance of the River Island community.

LATHROP LAND ACQUISITIONS FUND

To account for revenues and expenditures associated with the CLSP Community Facilities District 2006-1.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are utilized to account for resources used for the acquisition and construction of capital facilities by the City, with the exception of those assets financed by proprietary funds.

STORM DRAINAGE FUND

To account for expenditures for storm drain capital projects.

PARK IN-LIEU FEES FUND

To account for revenues and expenditures which can legally be made under the Quimby Act. The revenue is collected from residential developers to offset the impact on parks and can only be used for new park development.

CITY OF LATHROP
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

	SPECIAL REVENUE FUNDS				
	Gas Tax	Traffic Safety	Local Street	Public Nuisance	Asset Forfeiture
Assets					
Cash and investments	\$ 565,080	\$ 50,124	\$ 427,863	\$ 6,079	\$ 587
Receivables:					
Accounts	421,520	1,429	75	4,140	
Interest	277	29	174	2	
Due from other funds					
Loans					
Total Assets	\$ 986,877	\$ 51,582	\$ 428,112	\$ 10,221	\$ 587
Liabilities					
Accounts payable	\$ -	\$ 1,404	\$ 36,811	\$ -	\$ -
Due to other funds					
Deposits payable					
Unearned revenue					
Total Liabilities		1,404	36,811		
Fund Balances					
Restricted	986,877	50,178	391,301		587
Committed				10,221	
Unassigned					
Total Fund Balances	986,877	50,178	391,301	10,221	587
Total Liabilities and Fund Balances	\$ 986,877	\$ 51,582	\$ 428,112	\$ 10,221	\$ 587

SPECIAL REVENUE FUNDS

Transit LTF	Streets and Roads	Federal Grant	HLLP	Storm Drain	Street Light	AB939 Recycling
\$ 19,773	\$ -	\$ 24	\$ 215,733	\$ 374,438	\$ 1,347,725	\$ 335,275
	682,479	74,282			48,790	12,990
10			103	192	684	159
			20,350		48,774	
<u>\$ 19,783</u>	<u>\$ 682,479</u>	<u>\$ 74,306</u>	<u>\$ 236,186</u>	<u>\$ 374,630</u>	<u>\$ 1,445,973</u>	<u>\$ 348,424</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,902	\$ 102,335	\$ 58
	46,707					
20,147						
20,147	46,707			4,902	102,335	58
	635,772	74,306				348,366
(364)			236,186	369,728	1,343,638	
(364)	635,772	74,306	236,186	369,728	1,343,638	348,366
<u>\$ 19,783</u>	<u>\$ 682,479</u>	<u>\$ 74,306</u>	<u>\$ 236,186</u>	<u>\$ 374,630</u>	<u>\$ 1,445,973</u>	<u>\$ 348,424</u>

(Continued)

CITY OF LATHROP
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

	SPECIAL REVENUE FUNDS				
	CDBG	Mossdale Standby 2005-1	Scholarship	COPS	Universal Hiring Grant
Assets					
Cash and investments	\$ 2,331	\$ 17,355	\$ 6,853	\$ -	\$ 65
Receivables:					
Accounts		37,499	83	8,334	
Interest	1	72	5		
Due from other funds					
Loans					
Total Assets	\$ 2,332	\$ 54,926	\$ 6,941	\$ 8,334	\$ 65
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds				2,067	
Deposits payable					
Unearned revenue					
Total Liabilities				2,067	
Fund Balances					
Restricted	2,332	54,926	6,941	6,267	65
Committed					
Unassigned					
Total Fund Balances	2,332	54,926	6,941	6,267	65
Total Liabilities and Fund Balances	\$ 2,332	\$ 54,926	\$ 6,941	\$ 8,334	\$ 65

SPECIAL REVENUE FUNDS

RTIF San Joaquin County	RTIF Lathrop Local West	RTIF SJCOG	RTIF Lathrop Local East	CLSP Service CFD	STIP Augmentation	Lathrop Manteca Fire District Measure C
\$ 137,937	\$ 1,825,806	\$ 206,906	\$ 589,484	\$ 61,194	\$ 1	\$ 273,087
26	793	52	53	84		71
<u>\$ 137,963</u>	<u>\$ 1,826,599</u>	<u>\$ 206,958</u>	<u>\$ 589,537</u>	<u>\$ 61,278</u>	<u>\$ 1</u>	<u>\$ 273,158</u>
\$ 136,100	\$ -	\$ 204,150	\$ -	\$ 2,934	\$ -	\$ -
136,100		204,150		2,934		
1,863	1,826,599	2,808	589,537	58,344	1	273,158
<u>1,863</u>	<u>1,826,599</u>	<u>2,808</u>	<u>589,537</u>	<u>58,344</u>	<u>1</u>	<u>273,158</u>
<u>\$ 137,963</u>	<u>\$ 1,826,599</u>	<u>\$ 206,958</u>	<u>\$ 589,537</u>	<u>\$ 61,278</u>	<u>\$ 1</u>	<u>\$ 273,158</u>

(Continued)

CITY OF LATHROP
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

	SPECIAL REVENUE FUNDS			
	State Recycling Recovery	Measure C	North Lathrop Transportation CFF	Stewart Economic Development Fee 80% CFF
Assets				
Cash and investments	\$ -	\$ 1,747,829	\$ 713,360	\$ 84,188
Receivables:				
Accounts		477,800		
Interest		951	19	72
Due from other funds				
Loans				
Total Assets	\$ -	\$ 2,226,580	\$ 713,379	\$ 84,260
Liabilities				
Accounts payable	\$ -	\$ 34,596	\$ -	\$ -
Due to other funds				
Deposits payable				
Unearned revenue				
Total Liabilities		34,596		
Fund Balances				
Restricted		2,191,984		
Committed			713,379	84,260
Unassigned				
Total Fund Balances		2,191,984	713,379	84,260
Total Liabilities Fund Balances	\$ -	\$ 2,226,580	\$ 713,379	\$ 84,260

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			
Citywide Economic Development Fee 20% CFF	River Islands CFD 2013-1	Lathrop Land Acquisitions	Storm Drainage	Park In-Lieu Fees	Totals	
\$ 118,056	\$ 36,747	\$ 12,969	\$ 1,029,729	\$ 257,117	\$ 10,463,715	
44	14	5	10,000 390	123	1,779,421 4,405 48,774 20,350	
<u>\$ 118,100</u>	<u>\$ 36,761</u>	<u>\$ 12,974</u>	<u>\$ 1,040,119</u>	<u>\$ 257,240</u>	<u>\$ 12,316,665</u>	
\$ -	\$ -	\$ -	\$ 126,281	\$ -	\$ 649,571 48,774 12,866 20,147	
		12,866				
		12,866	126,281		731,358	
118,100	36,761	108	913,838	257,240	5,280,301 6,305,370 (364)	
<u>118,100</u>	<u>36,761</u>	<u>108</u>	<u>913,838</u>	<u>257,240</u>	<u>11,585,307</u>	
<u>\$ 118,100</u>	<u>\$ 36,761</u>	<u>\$ 12,974</u>	<u>\$ 1,040,119</u>	<u>\$ 257,240</u>	<u>\$ 12,316,665</u>	

CITY OF LATHROP
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS				
	Gas Tax	Traffic Safety	Local Street	Public Nuisance	Asset Forfeiture
Revenues					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties		20,956			
Intergovernmental	2,580,838				
Use of money and property	1,968	124	1,911	1,022	
Other			25,000		
Total Revenues	2,582,806	21,080	26,911	1,022	
Expenditures					
Current					
Public safety		26,911		275	
Public works		5,481	376,279		
Total Expenditures		32,392	376,279	275	
Excess (Deficiency) of Revenues over Expenditures	2,582,806	(11,312)	(349,368)	747	
Other Financing Sources (Uses)					
Transfers in			600,000		
Transfers (out)	(3,255,526)	(4,554)	(106,512)	(1,270)	(97)
Total Other Financing Sources (Uses)	(3,255,526)	(4,554)	493,488	(1,270)	(97)
Net Change in Fund Balances	(672,720)	(15,866)	144,120	(523)	(97)
Fund Balances, Beginning of the Year	1,659,597	66,044	247,181	10,744	684
Fund Balances, End of the Year	\$ 986,877	\$ 50,178	\$ 391,301	\$ 10,221	\$ 587

SPECIAL REVENUE FUNDS

Transit LTF	Streets and Roads	Federal Grant	HLLP	Storm Drain	Street Light	AB939 Recycling
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,127
	682,480	732,374		351,761	791,578	5,502
43	406	(33)	449	1,583	3,133	666
					48,790	
43	682,886	732,341	449	353,344	843,501	91,295
					124,973	
				266,274	472,762	36,728
				266,274	597,735	36,728
43	682,886	732,341	449	87,070	245,766	54,567
				14,379	26,058	
(407)	(581,324)	(658,093)		(77,816)	(115,441)	(7,578)
(407)	(581,324)	(658,093)		(63,437)	(89,383)	(7,578)
(364)	101,562	74,248	449	23,633	156,383	46,989
	534,210	58	235,737	346,095	1,187,255	301,377
\$ (364)	\$ 635,772	\$ 74,306	\$ 236,186	\$ 369,728	\$ 1,343,638	\$ 348,366

(Continued)

CITY OF LATHROP
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS				
	CDBG	Mossdale Standby 2005-1	Scholarship	COPS	Universal Hiring Grant
Revenues					
Taxes and assessments	\$ -	\$ 365,022	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties					
Intergovernmental				106,230	9,035
Use of money and property	4	348	10		
Other			3,662		
Total Revenues	4	365,370	3,672	106,230	9,035
Expenditures					
Current					
Public safety				100,000	8,970
Public works					
Total Expenditures				100,000	8,970
Excess (Deficiency) of Revenues over Expenditures	4	365,370	3,672	6,230	65
Other Financing Sources (Uses)					
Transfers in			3,600		
Transfers (out)		(458,000)	(4,945)		
Total Other Financing Sources (Uses)		(458,000)	(1,345)		
Net Change in Fund Balances	4	(92,630)	2,327	6,230	65
Fund Balances, Beginning of the Year	2,328	147,556	4,614	37	
Fund Balances, End of the Year	\$ 2,332	\$ 54,926	\$ 6,941	\$ 6,267	\$ 65

SPECIAL REVENUE FUNDS

RTIF San Joaquin County	RTIF Lathrop Local West	RTIF SJCOG	RTIF Lathrop Local East	CLSP Service CFD	STIP Augmentation	Lathrop Manteca Fire District Measure C
\$ 160,854	\$ 648,549	\$ 241,281	\$ 533,727	\$ - 209,926	\$ -	\$ -
86	2,980	129	169	384	1,297,524	109
<u>160,940</u>	<u>651,529</u>	<u>241,410</u>	<u>533,896</u>	<u>210,310</u>	<u>1,297,524</u>	<u>109</u>
160,940		241,410		315,158		1,167,497
<u>160,940</u>		<u>241,410</u>		<u>315,158</u>		<u>1,167,497</u>
	651,529		533,896	(104,848)	1,297,524	(1,167,388)
	(57,350)			(42,117)	(1,301,123)	1,440,537
	(57,350)			(42,117)	(1,301,123)	1,440,537
	594,179		533,896	(146,965)	(3,599)	273,149
1,863	1,232,420	2,808	55,641	205,309	3,600	9
<u>\$ 1,863</u>	<u>\$ 1,826,599</u>	<u>\$ 2,808</u>	<u>\$ 589,537</u>	<u>\$ 58,344</u>	<u>\$ 1</u>	<u>\$ 273,158</u>

(Continued)

CITY OF LATHROP
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS			
	State Recycling Recovery	Measure C	North Lathrop Transportation CFF	Stewart Economic Development Fee 80% CFF
Revenues				
Taxes and assessments	\$ -	\$ 2,998,044	\$ 713,354	\$ 84,000
Fines, forfeitures, and penalties				
Intergovernmental				
Use of money and property		1,907	25	260
Other				
Total Revenues		<u>2,999,951</u>	<u>713,379</u>	<u>84,260</u>
Expenditures				
Current				
Public safety		1,008,953		
Public works				
Total Expenditures		<u>1,008,953</u>		
Excess (Deficiency) of Revenues over Expenditures		<u>1,990,998</u>	<u>713,379</u>	<u>84,260</u>
Other Financing Sources (Uses)				
Transfers in				
Transfers (out)		200,986		
Total Other Financing Sources (Uses)		<u>200,986</u>		
Net Change in Fund Balances		2,191,984	713,379	84,260
Fund Balances, Beginning of the Year				
Fund Balances, End of the Year	<u>\$ -</u>	<u>\$ 2,191,984</u>	<u>\$ 713,379</u>	<u>\$ 84,260</u>

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			
Citywide Economic Development Fee 20% CFF	River Islands CFD 2013-1	Lathrop Land Acquisitions	Storm Drainage	Park In-Lieu Fees	Totals	
\$ 118,000	\$ - 41,321	\$ -	\$ -	\$ -	\$ 5,947,958	
					1,415,542	
					5,413,983	
100	28	108	1,482	536	19,937	
					77,452	
118,100	41,349	108	1,482	536	12,874,872	
					2,437,579	
	4,588		1,395,754		3,275,374	
	4,588		1,395,754		5,712,953	
118,100	36,761	108	(1,394,272)	536	7,161,919	
			1,945,541		4,030,115	
					(6,471,167)	
			1,945,541		(2,441,052)	
118,100	36,761	108	551,269	536	4,720,867	
			362,569	256,704	6,864,440	
\$ 118,100	\$ 36,761	\$ 108	\$ 913,838	\$ 257,240	\$ 11,585,307	

CITY OF LATHROP
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS					
	GAS TAX			TRAFFIC SAFETY		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties				32,000	20,956	(11,044)
Intergovernmental	3,957,126	2,580,838	(1,376,288)			
Use of money and property		1,968	1,968		124	124
Other						
Total Revenues	<u>3,957,126</u>	<u>2,582,806</u>	<u>(1,374,320)</u>	<u>32,000</u>	<u>21,080</u>	<u>(10,920)</u>
Expenditures:						
Current:						
Public safety				37,920	26,911	11,009
Public works					5,481	(5,481)
Capital outlay				9,900		9,900
Total Expenditures				<u>47,820</u>	<u>32,392</u>	<u>15,428</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,957,126</u>	<u>2,582,806</u>	<u>(1,374,320)</u>	<u>(15,820)</u>	<u>(11,312)</u>	<u>4,508</u>
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)	<u>(4,304,447)</u>	<u>(3,255,526)</u>	<u>1,048,921</u>	<u>(4,554)</u>	<u>(4,554)</u>	
Total Other Financing Sources (Uses)	<u>(4,304,447)</u>	<u>(3,255,526)</u>	<u>1,048,921</u>	<u>(4,554)</u>	<u>(4,554)</u>	
Net Change in Fund Balances	<u>\$ (347,321)</u>	<u>(672,720)</u>	<u>\$ (325,399)</u>	<u>\$ (20,374)</u>	<u>(15,866)</u>	<u>\$ 4,508</u>
Fund Balances, Beginning of the Year		<u>1,659,597</u>			<u>66,044</u>	
Fund Balances, End of the Year		<u>\$ 986,877</u>			<u>\$ 50,178</u>	

SPECIAL REVENUE FUNDS

LOCAL STREET			PUBLIC NUISANCE			ASSET FORFEITURE		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1,911	1,911		1,022	1,022			
	25,000	25,000						
	26,911	26,911		1,022	1,022			
			25,000	275	24,725			
566,576	376,279	190,297						
10,000		(10,000)						
576,576	376,279	180,297	25,000	275	24,725			
(576,576)	(349,368)	227,208	(25,000)	747	25,747			
600,000	600,000		25,000		(25,000)			
(106,512)	(106,512)		(1,270)	(1,270)		(97)	(97)	
493,488	493,488		23,730	(1,270)	(25,000)	(97)	(97)	
<u>\$ (83,088)</u>	144,120	<u>\$ 227,208</u>	<u>\$ (1,270)</u>	(523)	<u>\$ 747</u>	<u>\$ (97)</u>	(97)	<u>\$ -</u>
	247,181			10,744			684	
	<u>\$ 391,301</u>			<u>\$ 10,221</u>			<u>\$ 587</u>	

(Continued)

CITY OF LATHROP
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS					
	TRANSIT LTF			STREETS AND ROADS		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties						
Intergovernmental				1,011,389	682,480	(328,909)
Use of money and property		43	43		406	406
Other						
Total Revenues		43	43	1,011,389	682,886	(328,503)
Expenditures:						
Current:						
Public safety						
Public works	25,692		25,692			
Capital outlay						
Total Expenditures	25,692		25,692			
Excess (Deficiency) of Revenues over Expenditures	(25,692)	43	25,735	1,011,389	682,886	(328,503)
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)	(407)	(407)		(1,094,008)	(581,324)	512,684
Total Other Financing Sources (Uses)	(407)	(407)		(1,094,008)	(581,324)	512,684
Net Change in Fund Balances	<u>\$ (26,099)</u>	(364)	<u>\$ 25,735</u>	<u>\$ (82,619)</u>	101,562	<u>\$ 184,181</u>
Fund Balances, Beginning of the Year					534,210	
Fund Balances, End of the Year		<u>\$ (364)</u>			<u>\$ 635,772</u>	

SPECIAL REVENUE FUNDS

FEDERAL GRANT			HLLP			STORM DRAIN		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,951,604	732,374 (33)	(3,219,230) (33)		449	449	351,687	351,761	74
							1,583	1,583
3,951,604	732,341	(3,219,263)		449	449	351,687	353,344	1,657
						315,236 21,100	266,274	48,962 21,100
						336,336	266,274	70,062
3,951,604	732,341	(3,219,263)		449	449	15,351	87,070	71,719
(3,951,604)	(658,093)	3,293,511				14,379 (77,816)	14,379 (77,816)	
(3,951,604)	(658,093)	3,293,511				(63,437)	(63,437)	
\$ -	74,248	\$ 74,248	\$ -	449	\$ 449	\$ (48,086)	23,633	\$ 71,719
	58			235,737			346,095	
	\$ 74,306			\$ 236,186			\$ 369,728	

(Continued)

CITY OF LATHROP
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS					
	STREET LIGHT			AB939 RECYCLING		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ -	\$ -	\$ -	\$ 70,000	\$ 85,127	\$ 15,127
Fines, forfeitures, and penalties	791,626	791,578	(48)			
Intergovernmental				5,000	5,502	502
Use of money and property		3,133	3,133		666	666
Other	48,790	48,790				
Total Revenues	<u>840,416</u>	<u>843,501</u>	<u>3,085</u>	<u>75,000</u>	<u>91,295</u>	<u>16,295</u>
Expenditures:						
Current:						
Public safety	142,918	124,973	17,945			
Public works	632,148	472,762	159,386	46,826	36,728	10,098
Capital outlay						
Total Expenditures	<u>775,066</u>	<u>597,735</u>	<u>177,331</u>	<u>46,826</u>	<u>36,728</u>	<u>10,098</u>
Excess (Deficiency) of Revenues over Expenditures	<u>65,350</u>	<u>245,766</u>	<u>180,416</u>	<u>28,174</u>	<u>54,567</u>	<u>26,393</u>
Other Financing Sources (Uses):						
Transfers in	26,058	26,058				
Transfers (out)	(119,253)	(115,441)	3,812	(7,578)	(7,578)	
Total Other Financing Sources (Uses)	<u>(93,195)</u>	<u>(89,383)</u>	<u>3,812</u>	<u>(7,578)</u>	<u>(7,578)</u>	
Net Change in Fund Balances	<u>\$ (27,845)</u>	<u>156,383</u>	<u>\$ 184,228</u>	<u>\$ 20,596</u>	<u>46,989</u>	<u>\$ 26,393</u>
Fund Balances, Beginning of the Year		<u>1,187,255</u>			<u>301,377</u>	
Fund Balances, End of the Year		<u>\$ 1,343,638</u>			<u>\$ 348,366</u>	

SPECIAL REVENUE FUNDS

CDBG			MOSSDALE STANDBY 2005-1			SCHOLARSHIP		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ 367,738	\$ 365,022	\$ (2,716)	\$ -	\$ -	\$ -
	4	4		348	348	1,000	10	(1,000)
						1,000	3,662	10
	4	4	367,738	365,370	(2,368)	2,000	3,672	2,662
	4	4	367,738	365,370	(2,368)	2,000	3,672	1,672
			(458,000)	(458,000)		3,600	3,600	
			(458,000)	(458,000)		(6,500)	(4,945)	1,555
						(2,900)	(1,345)	1,555
<u>\$ -</u>	<u>4</u>	<u>\$ 4</u>	<u>\$ (90,262)</u>	<u>(92,630)</u>	<u>\$ (2,368)</u>	<u>\$ (900)</u>	<u>2,327</u>	<u>\$ 3,227</u>
	<u>2,328</u>			<u>147,556</u>			<u>4,614</u>	
	<u>\$ 2,332</u>			<u>\$ 54,926</u>			<u>\$ 6,941</u>	

(Continued)

CITY OF LATHROP
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS					
	COPS			UNIVERSAL HIRING GRANT		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties						
Intergovernmental	100,000	106,230	6,230	8,970	9,035	65
Use of money and property						
Other						
Total Revenues	<u>100,000</u>	<u>106,230</u>	<u>6,230</u>	<u>8,970</u>	<u>9,035</u>	<u>65</u>
Expenditures:						
Current:						
Public safety	100,000	100,000		8,970	8,970	
Public works						
Capital outlay						
Total Expenditures	<u>100,000</u>	<u>100,000</u>		<u>8,970</u>	<u>8,970</u>	
Excess (Deficiency) of Revenues over Expenditures		<u>6,230</u>	<u>6,230</u>		<u>65</u>	<u>65</u>
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
Net Change in Fund Balances	<u>\$ -</u>	<u>6,230</u>	<u>\$ 6,230</u>	<u>\$ -</u>	<u>65</u>	<u>\$ 65</u>
Fund Balances, Beginning of the Year		<u>37</u>				
Fund Balances, End of the Year		<u>\$ 6,267</u>			<u>\$ 65</u>	

SPECIAL REVENUE FUNDS

RTIF SAN JOAQUIN COUNTY			RTIF LATHROP LOCAL WEST			RTIF SJCOG		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ 78,947	\$ 160,854	\$ 81,907	\$ 569,748	\$ 648,549	\$ 78,801	\$ 118,420	\$ 241,281	\$ 122,861
	86	86		2,980	2,980		129	129
<u>78,947</u>	<u>160,940</u>	<u>81,993</u>	<u>569,748</u>	<u>651,529</u>	<u>81,781</u>	<u>118,420</u>	<u>241,410</u>	<u>122,990</u>
78,947	160,940	(81,993)	5,000		5,000	118,420	241,410	(122,990)
<u>78,947</u>	<u>160,940</u>	<u>(81,993)</u>	<u>5,000</u>		<u>5,000</u>	<u>118,420</u>	<u>241,410</u>	<u>(122,990)</u>
			<u>564,748</u>	<u>651,529</u>	<u>86,781</u>			
			<u>(57,350)</u>	<u>(57,350)</u>				
			<u>(57,350)</u>	<u>(57,350)</u>				
<u>\$ -</u>		<u>\$ -</u>	<u>\$ 507,398</u>	594,179	<u>\$ 86,781</u>	<u>\$ -</u>		<u>\$ -</u>
	<u>1,863</u>			<u>1,232,420</u>			<u>2,808</u>	
	<u>\$ 1,863</u>			<u>\$ 1,826,599</u>			<u>\$ 2,808</u>	

(Continued)

CITY OF LATHROP
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

SPECIAL REVENUE FUNDS						
RTIF LATHROP LOCAL EAST			CLSP SERVICE CFD			
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ 10,509	\$ 533,727	\$ 523,218	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties				421,407	209,926	(211,481)
Intergovernmental						
Use of money and property		169	169		384	384
Other						
Total Revenues	<u>10,509</u>	<u>533,896</u>	<u>523,387</u>	<u>421,407</u>	<u>210,310</u>	<u>(211,097)</u>
Expenditures:						
Current:						
Public safety						
Public works	5,000		5,000	315,158	315,158	
Capital outlay						
Total Expenditures	<u>5,000</u>		<u>5,000</u>	<u>315,158</u>	<u>315,158</u>	
Excess (Deficiency) of Revenues over Expenditures	<u>5,509</u>	<u>533,896</u>	<u>528,387</u>	<u>106,249</u>	<u>(104,848)</u>	<u>(211,097)</u>
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)				(42,117)	(42,117)	
Total Other Financing Sources (Uses)				<u>(42,117)</u>	<u>(42,117)</u>	
Net Change in Fund Balances	<u>\$ 5,509</u>	<u>533,896</u>	<u>\$ 528,387</u>	<u>\$ 64,132</u>	<u>(146,965)</u>	<u>\$ (211,097)</u>
Fund Balances, Beginning of the Year,		<u>55,641</u>			<u>205,309</u>	
Fund Balances, End of the Year		<u>\$ 589,537</u>			<u>\$ 58,344</u>	

SPECIAL REVENUE FUNDS

LATHROP MANTECA

STIP AUGMENTATION			FIRE DISTRICT MEASURE C			STATE RECYCLING/RECOVERY		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,833,082	1,297,524	(535,558)		109	109			
<u>1,833,082</u>	<u>1,297,524</u>	<u>(535,558)</u>		<u>109</u>	<u>109</u>			
			928,000	1,167,497	(239,497)			
			<u>928,000</u>	<u>1,167,497</u>	<u>(239,497)</u>			
<u>1,833,082</u>	<u>1,297,524</u>	<u>(535,558)</u>	<u>(928,000)</u>	<u>(1,167,388)</u>	<u>(239,388)</u>			
<u>(1,833,082)</u>	<u>(1,301,123)</u>	<u>531,959</u>	928,000	1,440,537	512,537			
<u>(1,833,082)</u>	<u>(1,301,123)</u>	<u>531,959</u>	<u>928,000</u>	<u>1,440,537</u>	<u>512,537</u>			
<u>\$ -</u>	<u>(3,599)</u>	<u>\$ (3,599)</u>	<u>\$ -</u>	273,149	<u>\$ 273,149</u>	<u>\$ -</u>		<u>\$ -</u>
	<u>3,600</u>			<u>9</u>				
	<u>\$ 1</u>			<u>\$ 273,158</u>		<u>\$ -</u>		

(Continued)

CITY OF LATHROP
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS					
	MEASURE C			NORTH LATHROP TRANSPORTATION		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ 2,320,000	\$ 2,998,044	\$ 678,044	\$ 745,208	\$ 713,354	\$ (31,854)
Fines, forfeitures, and penalties						
Intergovernmental						
Use of money and property		1,907	1,907		25	25
Other						
Total Revenues	<u>2,320,000</u>	<u>2,999,951</u>	<u>679,951</u>	<u>745,208</u>	<u>713,379</u>	<u>(31,829)</u>
Expenditures:						
Current:						
Public safety	1,103,692	1,008,953	94,739			
Public works						
Capital outlay	<u>290,249</u>		<u>290,249</u>			
Total Expenditures	<u>1,393,941</u>	<u>1,008,953</u>	<u>384,988</u>			
Excess (Deficiency) of Revenues over Expenditures	<u>926,059</u>	<u>1,990,998</u>	<u>1,064,939</u>	<u>745,208</u>	<u>713,379</u>	<u>(31,829)</u>
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)	<u>(928,000)</u>	<u>200,986</u>	<u>1,128,986</u>			
Total Other Financing Sources (Uses)	<u>(928,000)</u>	<u>200,986</u>	<u>1,128,986</u>			
Net Change in Fund Balances	<u>\$ (1,941)</u>	<u>2,191,984</u>	<u>\$ 2,193,925</u>	<u>\$ 745,208</u>	<u>713,379</u>	<u>\$ (31,829)</u>
Fund Balances, Beginning of the Year						
Fund Balances, End of the Year		<u>\$ 2,191,984</u>			<u>\$ 713,379</u>	

SPECIAL REVENUE FUNDS

STEWART ECONOMIC DEVELOPMENT FEE 80% CFF			CITYWIDE ECONOMIC DEVELOPMENT FEE 20% CFF			RIVER ISLANDS CFD 2013-1		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ 800,000	\$ 84,000	\$ (716,000)	\$ 200,000	\$ 118,000	\$ (82,000)	\$ - 41,321	\$ - 41,321	\$ -
	260	260		100	100		28	28
<u>800,000</u>	<u>84,260</u>	<u>(715,740)</u>	<u>200,000</u>	<u>118,100</u>	<u>(81,900)</u>	<u>41,321</u>	<u>41,349</u>	<u>28</u>
						5,500	4,588	912
						5,500	4,588	912
<u>800,000</u>	<u>84,260</u>	<u>(715,740)</u>	<u>200,000</u>	<u>118,100</u>	<u>(81,900)</u>	<u>35,821</u>	<u>36,761</u>	<u>940</u>
<u>\$ 800,000</u>	<u>84,260</u>	<u>\$ (715,740)</u>	<u>\$ 200,000</u>	<u>118,100</u>	<u>\$ (81,900)</u>	<u>\$ 35,821</u>	<u>36,761</u>	<u>\$ 940</u>
	<u>\$ 84,260</u>			<u>\$ 118,100</u>			<u>\$ 36,761</u>	

(Continued)

CITY OF LATHROP
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

SPECIAL REVENUE FUNDS

LATHROP LAND ACQUISITIONS

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes and assessments	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties			
Intergovernmental			
Use of money and property		108	108
Other			
Total Revenues		<u>108</u>	<u>108</u>
Expenditures:			
Current:			
Public safety			
Public works			
Capital outlay			
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures		<u>108</u>	<u>108</u>
Other Financing Sources (Uses):			
Transfers in			
Transfers (out)			
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	<u>\$ -</u>	<u>108</u>	<u>\$ 108</u>
Fund Balances, Beginning of the Year			
Fund Balances, End of the Year		<u>\$ 108</u>	

AGENCY FUNDS

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

CSCDA LEASE REVENUE BONDS FUND

To account for the proceeds from the issuance of the lease revenue bonds.

LOUISE AVENUE FUND

To account for the special assessments associated with the storm drain capital improvements pursuant to Improvement Bond Act 1915.

MOSSDALE VILLAGE ASSESSMENT DISTRICT FUND

To account for the special assessments associated with the payment of the limited-obligation improvement bonds for the Mosssdale Village Assessment District.

CROSSROADS ASSESSMENTS FUND

To account for the special assessments associated with the payment of the limited-obligation improvement bonds for the Crossroads Assessment District.

JOINT WASTEWATER COMMUNITY FACILITIES DISTRICT FUND

To account for the special assessments associated with the payment of the limited-obligation improvement bonds for the Joint Wastewater Community Facilities District.

NORTH HARLAN WATER IMPROVEMENT FUND

To account for special assessments associated with the payment of limited obligation improvement bonds for the North Harlan Water Improvement District.

LATHROP SANITARY SEWER ASSESSMENT DISTRICT NO.1 FUND

To account for the special assessments associated with the payments of the limited-obligation improvement bonds for the Lathrop Sanitary Sewer Assessment District No.1.

TOT TRUST FUND

To account for 1% of the 9% TOT from the City as a whole, to help finance regional infrastructure.

COMMUNITY FACILITIES DISTRICT 2006-1 CLSP INFRASTRUCTURE FUND

To account for special assessments associated with the infrastructure in the Central Lathrop Specific Plan area.

DEVELOPERS' DEPOSIT AND PILOT FLYING J FUNDS

To account for the deposits held for developers in accordance with agreements with the City.

CITY OF LATHROP
 AGENCY FUNDS
 COMBINING STATEMENTS OF ASSETS AND LIABILITIES
 JUNE 30, 2015

	CSCDA Lease Revenue Bonds	Louise Avenue	Mossdale Village Assessment District	Crossroads Assessments	Joint Wastewater Community Facilities District
ASSETS					
Cash and investments	\$ -	\$ 32,746	\$ 2,183,567	\$ 1,582,991	\$ 588,652
Cash and investments with fiscal agent	1,240,291		1,531,094	964,039	736,116
Accounts receivable				8,823	
Interest receivable		16	914	567	239
Total Assets	<u>\$ 1,240,291</u>	<u>\$ 32,762</u>	<u>\$ 3,715,575</u>	<u>\$ 2,556,420</u>	<u>\$ 1,325,007</u>
LIABILITIES					
Accounts payable	\$ -	\$ 17,262	\$ 329,509	\$ -	\$ 131,096
Deposits payable					
Due to developers					
Due to bondholders	1,240,291	15,500	3,386,066	2,556,420	1,193,911
Total Liabilities	<u>\$ 1,240,291</u>	<u>\$ 32,762</u>	<u>\$ 3,715,575</u>	<u>\$ 2,556,420</u>	<u>\$ 1,325,007</u>

North Harlan Water Improvement	Lathrop Sanitary Sewer Assessment District No. 1	TOT Trust	Community Facilities District 2006-1 CLSP Infrastructure	Developers' Deposits	Pilot Flying J	Totals
\$ 146,809	\$ -	\$ 550,731	\$ 127,211	\$ 1,927,699	\$ 9,667	\$ 7,150,073
95,275	277,154		1,933,079			6,777,048
		8,508		1,110,585		1,127,916
65		260	69	1,247		3,377
<u>\$ 242,149</u>	<u>\$ 277,154</u>	<u>\$ 559,499</u>	<u>\$ 2,060,359</u>	<u>\$ 3,039,531</u>	<u>\$ 9,667</u>	<u>\$ 15,058,414</u>
\$ 227,161	\$ 10,831	\$ -	\$ 19	\$ 10,852	\$ -	\$ 726,730
	266,323					266,323
				3,028,679	9,667	3,038,346
14,988		559,499	2,060,340			11,027,015
<u>\$ 242,149</u>	<u>\$ 277,154</u>	<u>\$ 559,499</u>	<u>\$ 2,060,359</u>	<u>\$ 3,039,531</u>	<u>\$ 9,667</u>	<u>\$ 15,058,414</u>

CITY OF LATHROP
 AGENCY FUNDS
 COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 01, 2014	Additions	Deletions	Balance June 30, 2015
<u>CSCDA Lease Revenue Bonds</u>				
ASSETS				
Cash and investments with fiscal agent	\$ 1,234,685	\$ 5,606	\$ -	\$ 1,240,291
Total Assets	<u>\$ 1,234,685</u>	<u>\$ 5,606</u>	<u>\$ -</u>	<u>\$ 1,240,291</u>
LIABILITIES				
Due to bondholders	\$ 1,234,685	\$ 5,606	\$ -	\$ 1,240,291
Total Liabilities	<u>\$ 1,234,685</u>	<u>\$ 5,606</u>	<u>\$ -</u>	<u>\$ 1,240,291</u>
<u>Louise Avenue</u>				
ASSETS				
Cash and investments	\$ 94,906	\$ -	\$ 62,160	\$ 32,746
Cash and investments with fiscal agent	56,013		56,013	
Interest receivable	30	16	30	16
Total Assets	<u>\$ 150,949</u>	<u>\$ 16</u>	<u>\$ 118,203</u>	<u>\$ 32,762</u>
LIABILITIES				
Accounts payable	\$ 17,262	\$ -	\$ -	\$ 17,262
Due to bondholders	133,687	16	118,203	15,500
Total Liabilities	<u>\$ 150,949</u>	<u>\$ 16</u>	<u>\$ 118,203</u>	<u>\$ 32,762</u>
<u>Mossdale Village Assessment District</u>				
ASSETS				
Cash and investments	\$ 1,827,656	\$ 355,911	\$ -	\$ 2,183,567
Cash and investments with fiscal agent	1,533,867		2,773	1,531,094
Interest receivable	481	914	481	914
Total Assets	<u>\$ 3,362,004</u>	<u>\$ 356,825</u>	<u>\$ 3,254</u>	<u>\$ 3,715,575</u>
LIABILITIES				
Accounts payable	\$ 1,660	\$ 329,509	\$ 1,660	\$ 329,509
Due to bondholders	3,360,344	27,316	1,594	3,386,066
Total Liabilities	<u>\$ 3,362,004</u>	<u>\$ 356,825</u>	<u>\$ 3,254</u>	<u>\$ 3,715,575</u>

(Continued)

CITY OF LATHROP
 AGENCY FUNDS
 COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

	Balance July 01, 2014	Additions	Deletions	Balance June 30, 2015
<u>Crossroads Assessments</u>				
ASSETS				
Cash and investments	\$ 1,259,829	\$ 323,162	\$ -	\$ 1,582,991
Cash and investments with fiscal agent	961,690	2,349		964,039
Accounts receivable		8,823		8,823
Interest receivable	315	567	315	567
Total Assets	\$ 2,221,834	\$ 334,901	\$ 315	\$ 2,556,420
LIABILITIES				
Due to bondholders	\$ 2,221,834	\$ 334,901	\$ 315	\$ 2,556,420
Total Liabilities	\$ 2,221,834	\$ 334,901	\$ 315	\$ 2,556,420
 <u>Joint Wastewater Community Facilities District</u>				
ASSETS				
Cash and investments	\$ 576,223	\$ 12,429	\$ -	\$ 588,652
Cash and investments with fiscal agent	738,192		2,076	736,116
Interest receivable	147	239	147	239
Total Assets	\$ 1,314,562	\$ 12,668	\$ 2,223	\$ 1,325,007
LIABILITIES				
Accounts payable	\$ 131,096	\$ -	\$ -	\$ 131,096
Due to bondholders	1,183,466	12,668	2,223	1,193,911
Total Liabilities	\$ 1,314,562	\$ 12,668	\$ 2,223	\$ 1,325,007
 <u>North Harlan Water Improvement</u>				
ASSETS				
Cash and investments	\$ 147,029	\$ -	\$ 220	\$ 146,809
Cash and investments with fiscal agent	95,273	2		95,275
Interest receivable	43	65	43	65
Total Assets	\$ 242,345	\$ 67	\$ 263	\$ 242,149
LIABILITIES				
Accounts payable	\$ 225,929	\$ 1,232	\$ -	\$ 227,161
Due to bondholders	16,416	(1,165)	263	14,988
Total Liabilities	\$ 242,345	\$ 67	\$ 263	\$ 242,149

(Continued)

CITY OF LATHROP
 AGENCY FUNDS
 COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

	Balance July 01, 2014	Additions	Deletions	Balance June 30, 2015
<u>Lathrop Sanitary Sewer Assessment District No.1</u>				
ASSETS				
Cash and investments	\$ 7,610	\$ 2	\$ 7,612	\$ -
Cash and investments with fiscal agent	253,529	23,625		277,154
Interest receivable	4,624		4,624	
	<u>\$ 265,763</u>	<u>\$ 23,627</u>	<u>\$ 12,236</u>	<u>\$ 277,154</u>
Total Assets				
LIABILITIES				
Accounts payable	\$ -	\$ 10,831	\$ -	\$ 10,831
Deposits payable	265,763	12,796	12,236	266,323
	<u>\$ 265,763</u>	<u>\$ 23,627</u>	<u>\$ 12,236</u>	<u>\$ 277,154</u>
Total Liabilities				
<u>TOT Trust</u>				
ASSETS				
Cash and investments	\$ 494,190	\$ 56,541	\$ -	\$ 550,731
Accounts receivable	8,327	8,508	8,327	8,508
Interest receivable	183	260	183	260
	<u>\$ 502,700</u>	<u>\$ 65,309</u>	<u>\$ 8,510</u>	<u>\$ 559,499</u>
Total Assets				
LIABILITIES				
Due to bondholders	\$ 502,700	\$ 65,309	\$ 8,510	\$ 559,499
	<u>\$ 502,700</u>	<u>\$ 65,309</u>	<u>\$ 8,510</u>	<u>\$ 559,499</u>
Total Liabilities				
<u>Community Facilities District 2006-1 CLSP Infrastructure</u>				
ASSETS				
Cash and investments	\$ 137,514	\$ -	\$ 10,303	\$ 127,211
Cash and investments with fiscal agent	2,333,010		399,931	1,933,079
Interest receivable	59	69	59	69
	<u>\$ 2,470,583</u>	<u>\$ 69</u>	<u>\$ 410,293</u>	<u>\$ 2,060,359</u>
Total Assets				
LIABILITIES				
Accounts payable	\$ -	\$ 19	\$ -	\$ 19
Due to bondholders	2,470,583	50	410,293	2,060,340
	<u>\$ 2,470,583</u>	<u>\$ 69</u>	<u>\$ 410,293</u>	<u>\$ 2,060,359</u>
Total Liabilities				

(Continued)

CITY OF LATHROP
 AGENCY FUNDS
 COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

	Balance July 01, 2014	Additions	Deletions	Balance June 30, 2015
<u>Developers' Deposits</u>				
ASSETS				
Cash and investments	\$ 1,636,337	\$ 1,927,699	\$ 1,636,337	\$ 1,927,699
Accounts receivable	1,238,805	1,110,585	1,238,805	1,110,585
Interest receivable	851	1,247	851	1,247
Total Assets	\$ 2,875,993	\$ 3,039,531	\$ 2,875,993	\$ 3,039,531
LIABILITIES				
Accounts payable	\$ 4,428	\$ 10,852	\$ 4,428	\$ 10,852
Due to developers	2,871,565	3,028,679	2,871,565	3,028,679
Total Liabilities	\$ 2,875,993	\$ 3,039,531	\$ 2,875,993	\$ 3,039,531
<u>Pilot Flying J</u>				
ASSETS				
Cash and investments	\$ -	\$ 9,667	\$ -	\$ 9,667
Total Assets	\$ -	\$ 9,667	\$ -	\$ 9,667
LIABILITIES				
Due to developers	\$ -	\$ 9,667	\$ -	\$ 9,667
Total Liabilities	\$ -	\$ 9,667	\$ -	\$ 9,667
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 6,181,294	\$ 2,685,411	\$ 1,716,632	\$ 7,150,073
Cash and investments with fiscal agent	7,206,259	31,582	460,793	6,777,048
Accounts receivable	1,247,132	1,127,916	1,247,132	1,127,916
Interest receivable	6,733	3,377	6,733	3,377
Total Assets	\$ 14,641,418	\$ 3,848,286	\$ 3,431,290	\$ 15,058,414
LIABILITIES				
Accounts payable	\$ 380,375	\$ 352,443	\$ 6,088	\$ 726,730
Deposits payable	265,763	12,796	12,236	266,323
Due to developers	2,871,565	3,038,346	2,871,565	3,038,346
Due to bondholders	11,123,715	444,701	541,401	11,027,015
Total Liabilities	\$ 14,641,418	\$ 3,848,286	\$ 3,431,290	\$ 15,058,414

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STATISTICAL SECTION

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

Financial Trends

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

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

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

1. Property Tax Levies and Collections
2. Assessed Value and Estimated Actual Value of Taxable Property
3. Principal Property Taxpayers

Debt Capacity

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

1. Direct and Overlapping Property Tax Rates
2. Direct and Overlapping Governments Sales Tax Rates
3. Legal Debt Margin Information
4. Outstanding Debt
5. Computation of Direct and Overlapping Debt
6. Pledged-Revenue Coverage

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

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

1. Full-time and Part-time City Employees by Function
2. Operating Indicators by Function
3. Capital Asset Statistics by Function
4. Water Sold by Type of Customer
5. Water Rates
6. Water Customers
7. Sales Tax Producers

Sources

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

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

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Net investments in capital assets	\$ 89,780,561	\$ 126,924,528	\$ 119,539,561	\$ 127,328,319
Restricted	4,860,016	4,872,545	4,131,640	4,005,367
Unrestricted	41,580,580	24,234,508	42,058,837	36,894,577
Total governmental activities net position	<u>\$ 136,221,157</u>	<u>\$ 156,031,581</u>	<u>\$ 165,730,038</u>	<u>\$ 168,228,263</u>
Business-type activities:				
Net investments in capital assets	\$ 64,008,024	\$ 70,586,228	\$ 73,351,767	\$ 74,719,164
Restricted	2,865,749	2,777,096	2,772,966	2,771,785
Unrestricted	10,896,842	12,771,929	11,878,275	12,431,597
Total business-type activities net of position	<u>\$ 77,770,615</u>	<u>\$ 86,135,253</u>	<u>\$ 88,003,008</u>	<u>\$ 89,922,546</u>
Primary government:				
Net investments in capital assets	\$ 153,788,585	\$ 197,510,756	\$ 192,891,328	\$ 202,047,483
Restricted	7,725,765	7,649,641	6,904,606	6,777,152
Unrestricted	52,477,422	37,006,437	53,937,112	49,326,174
Total Primary government net position	<u>\$ 213,991,772</u>	<u>\$ 242,166,834</u>	<u>\$ 253,733,046</u>	<u>\$ 258,150,809</u>

(a) The City adjusted certain beginning balances during fiscal year 2014-2015. Financial data shown for proceeding years were not adjusted for the presentation.

Source: *City of Lathrop, California Comprehensive Annual Financial Reports.*

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 127,893,609	\$ 127,372,107	\$ 124,614,693	\$ 127,600,645	\$ 140,357,523	\$ 145,671,748
3,801,132	4,182,107	6,738,303	6,989,280	4,865,583	7,733,824
<u>33,983,648</u>	<u>35,576,555</u>	<u>31,849,848</u>	<u>31,954,985</u>	<u>31,716,374</u>	<u>35,612,693</u>
<u>\$ 165,678,389</u>	<u>\$ 167,130,769</u>	<u>\$ 163,202,844</u>	<u>\$ 166,544,910</u>	<u>\$ 176,939,480</u>	<u>\$ 189,018,265</u>
\$ 73,700,760	\$ 73,171,504	\$ 73,145,195	\$ 76,371,218	\$ 88,125,585	\$ 92,350,319
3,979,788	3,387,089	2,865,215	2,865,251	2,696,850	2,995,846
<u>13,669,310</u>	<u>16,299,696</u>	<u>17,446,635</u>	<u>19,333,520</u>	<u>25,692,676</u>	<u>23,944,509</u>
<u>\$ 91,349,858</u>	<u>\$ 92,858,289</u>	<u>\$ 93,457,045</u>	<u>\$ 98,569,989</u>	<u>\$ 116,515,111</u>	<u>\$ 119,290,674</u>
\$ 201,594,369	\$ 200,543,611	\$ 197,759,888	\$ 203,971,863	\$ 228,483,108	\$ 238,022,067
7,780,920	7,569,196	9,603,518	9,854,531	7,562,433	10,729,670
<u>47,652,958</u>	<u>51,876,251</u>	<u>49,296,483</u>	<u>51,288,505</u>	<u>57,409,050</u>	<u>59,557,202</u>
<u>\$ 257,028,247</u>	<u>\$ 259,989,058</u>	<u>\$ 256,659,889</u>	<u>\$ 265,114,899</u>	<u>\$ 293,454,591</u>	<u>\$ 308,308,939</u>

CITY OF LATHROP
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Expenses:				
Governmental activities:				
General government	\$ 3,559,895	\$ 5,407,768	\$ 5,800,227	\$ 4,794,711
Public safety	3,591,254	4,608,508	4,684,216	4,666,606
Public works	10,710,942	9,439,096	9,265,933	9,092,399
Culture and leisure	942,946	1,082,700	2,295,209	1,047,149
Community development	2,332,374	2,172,248	2,410,817	3,302,601
Interest on long-term debt	184,083	47,521	37,126	8,077
Total governmental activities expense	<u>21,321,494</u>	<u>22,757,841</u>	<u>24,493,528</u>	<u>22,911,543</u>
Business-type activities:				
Water	6,044,540	5,821,654	6,753,767	6,434,434
Wastewater	3,049,795	3,844,222	4,048,955	3,827,174
Total business-type activities expenses	<u>9,094,335</u>	<u>9,665,876</u>	<u>10,802,722</u>	<u>10,261,608</u>
Total primary government expenses	<u>\$ 30,415,829</u>	<u>\$ 32,423,717</u>	<u>\$ 35,296,250</u>	<u>\$ 33,173,151</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General Government	1,185,697	857,663	200,239	185,340
Public Safety	204,862	243,033	525,821	315,634
Public Works	112,991	3,785,627	892,167	924,262
Culture and leisure	205,379	194,662	156,093	143,945
Community development	5,056,734	1,871,256	380,974	236,648
Operating grants and contributions	839,092	864,591	2,051,347	1,614,040
Capital grants and contributions	42,509,958	25,469,334	20,097,845	10,836,518
Total governmental activities program revenues	<u>50,114,713</u>	<u>33,286,166</u>	<u>24,304,486</u>	<u>14,256,387</u>
Business-type activities:				
Charges for services:				
Water	5,050,792	6,597,482	6,488,056	6,353,230
Wastewater	4,254,770	3,873,069	3,570,436	3,412,319
Operating grants and contributions	-	-	-	-
Capital grants and contributions	11,921,810	6,767,872	1,835,722	1,339,611
Total business-type activities program revenues	<u>21,227,372</u>	<u>17,238,423</u>	<u>11,894,214</u>	<u>11,105,160</u>
Total primary government program revenues	<u>\$ 71,342,085</u>	<u>\$ 50,524,589</u>	<u>\$ 36,198,700</u>	<u>\$ 25,361,547</u>
Net revenues (expenses):				
Governmental activities	28,793,219	10,528,325	(189,042)	(8,655,156)
Business-type activities	12,133,037	7,572,547	1,091,492	843,552
Total net revenues (expenses)	<u>\$ 40,926,256</u>	<u>\$ 18,100,872</u>	<u>\$ 902,450</u>	<u>\$ (7,811,604)</u>
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property tax	2,811,863	3,504,228	3,963,074	3,600,021
Sales and use taxes	3,294,630	1,794,969	1,744,162	2,810,073
Franchise taxes	557,183	659,265	691,679	723,827
Other taxes	226,943	220,132	257,658	267,385
Motor vehicle in lieu, unrestricted	874,981	1,139,900	1,429,314	1,364,923
Investment income	1,485,332	2,424,498	2,142,950	866,211
Other general revenues	42,156	148,993	70,898	751,456
Transfers	(657,475)	69,510	24,214	770,169
Total governmental activities	<u>8,635,613</u>	<u>9,961,495</u>	<u>10,323,949</u>	<u>11,154,065</u>
Business-type activities:				
Investment income	650,361	861,601	711,840	444,690
Miscellaneous	464,413	-	829,109	1,414,311
Transfers	657,475	(69,510)	(24,214)	(770,169)
Total business-type activities	<u>1,772,249</u>	<u>792,091</u>	<u>1,516,735</u>	<u>1,088,832</u>
Total primary government	<u>\$ 10,407,862</u>	<u>\$ 10,753,586</u>	<u>\$ 11,840,684</u>	<u>\$ 12,242,897</u>
Changes in net position				
Governmental activities	37,428,832	20,489,820	10,134,907	2,498,909
Business-type activities	13,905,286	8,364,638	2,608,227	1,932,384
Total primary government	<u>\$ 51,334,118</u>	<u>\$ 28,854,458</u>	<u>\$ 12,743,134</u>	<u>\$ 4,431,293</u>

The City of Lathrop implemented GASB 34 for the fiscal year ended June 30, 2004. Information prior to the implementation of GASB 34 is not available.

CITY OF LATHROP
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 4,901,677	\$ 3,871,620	\$ 4,233,613	\$ 3,733,840	\$ 4,680,110	\$ 7,449,500	
6,388,417	3,951,676	4,173,142	4,624,518	5,940,125	6,962,351	
9,626,215	8,664,353	12,303,005	10,246,951	13,888,678	10,864,104	
1,978,663	1,285,893	1,096,206	1,161,712	1,111,917	779,976	
3,178,772	1,067,636	1,284,271	1,472,084	1,573,972	602,719	
22,940	393,819	382,402	369,832	924,941	340,120	
<u>26,096,684</u>	<u>19,234,997</u>	<u>23,472,639</u>	<u>21,608,937</u>	<u>28,119,743</u>	<u>26,998,770</u>	
6,222,856	6,435,955	6,367,625	7,090,866	7,376,261	5,108,071	
3,900,239	4,475,157	4,357,544	3,987,951	6,289,560	4,433,501	
<u>10,123,095</u>	<u>10,911,112</u>	<u>10,725,169</u>	<u>11,078,817</u>	<u>13,665,821</u>	<u>9,541,572</u>	
<u>\$ 36,219,779</u>	<u>\$ 30,146,109</u>	<u>\$ 34,197,808</u>	<u>\$ 32,687,754</u>	<u>\$ 41,785,564</u>	<u>\$ 36,540,342</u>	
729,695	383,128	277,653	335,511	397,607	491,076	
182,863	438,919	159,813	174,862	716,360	356,989	
358,900	93,291	79,604	178,087	202,488	248,089	
372,150	166,066	153,052	152,379	242,500	220,963	
712,323	531,273	809,268	1,515,837	2,189,603	2,551,889	
4,260,528	5,119,794	5,066,429	5,076,581	4,947,223	4,969,720	
<u>10,361,739</u>	<u>3,594,176</u>	<u>4,285,232</u>	<u>8,304,237</u>	<u>23,115,518</u>	<u>22,155,191</u>	
<u>16,978,198</u>	<u>10,326,647</u>	<u>10,831,051</u>	<u>15,737,494</u>	<u>31,811,299</u>	<u>30,993,917</u>	
4,539,135	5,551,012	5,561,650	6,293,790	6,551,486	6,042,517	
3,980,622	4,501,620	4,959,693	5,186,053	5,827,902	5,730,148	
-	-	-	3,710,000	12,002,670		
188,710	1,025,014	263,903	159,854	159,854	159,854	
<u>8,708,467</u>	<u>11,077,646</u>	<u>10,785,246</u>	<u>15,349,697</u>	<u>24,541,912</u>	<u>11,932,519</u>	
<u>\$ 25,686,665</u>	<u>\$ 21,404,293</u>	<u>\$ 21,616,297</u>	<u>\$ 31,087,191</u>	<u>\$ 56,353,211</u>	<u>\$ 42,926,436</u>	
(9,118,486)	(8,908,350)	(12,641,588)	(5,871,443)	3,691,556	3,995,147	
(1,414,628)	166,534	60,077	4,270,880	10,876,091	2,390,947	
<u>\$ (10,533,114)</u>	<u>\$ (8,741,816)</u>	<u>\$ (12,581,511)</u>	<u>\$ (1,600,563)</u>	<u>\$ 14,567,647</u>	<u>\$ 6,386,094</u>	
2,848,080	2,915,881	2,821,113	2,810,704	2,946,083	3,273,006	
2,314,007	2,126,447	2,512,565	3,128,882	6,676,994	5,947,812	
695,644	662,429	679,295	667,509	705,405	685,140	
230,842	231,125	232,204	466,328	419,267	449,950	
1,158,133	1,200,720	1,100,388	1,076,010	1,118,489	1,237,606	
281,441	168,650	104,018	38,959	67,431	80,844	
301,700	55,824	63,662	262,023	395,810	301,192	
(371,206)	1,297,654	1,200,418	763,094	(5,626,465)	(84,391)	
<u>7,458,641</u>	<u>8,658,730</u>	<u>8,713,663</u>	<u>9,213,509</u>	<u>6,703,014</u>	<u>11,891,159</u>	
161,045	111,034	178,169	59,419	49,915	63,492	
2,309,689	2,640,839	1,560,928	1,545,739	1,392,651	675,204	
371,206	(1,297,654)	(1,200,418)	(763,094)	5,626,465	84,391	
<u>2,841,940</u>	<u>1,454,219</u>	<u>538,679</u>	<u>842,064</u>	<u>7,069,031</u>	<u>823,087</u>	
<u>\$ 10,300,581</u>	<u>\$ 10,112,949</u>	<u>\$ 9,252,342</u>	<u>\$ 10,055,573</u>	<u>\$ 13,772,045</u>	<u>\$ 12,714,246</u>	
(1,659,845)	(249,620)	(3,927,925)	3,342,066	10,394,570	15,886,306	
1,427,312	1,620,753	598,756	5,112,944	17,945,122	3,214,034	
<u>\$ (232,533)</u>	<u>\$ 1,371,133</u>	<u>\$ (3,329,169)</u>	<u>\$ 8,455,010</u>	<u>\$ 28,339,692</u>	<u>\$ 19,100,340</u>	

CITY OF LATHROP
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
General fund:				
Reserved	\$ 5,912,602	\$ 6,175,879	\$ 6,659,478	\$ 7,514,520
Undesignated	11,985,208	13,014,826	10,181,938	8,765,019
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$ 17,897,810	\$ 19,190,705	\$ 16,841,416	\$ 16,279,539
All other governmental funds:				
Reserved	2,702,797	834,620	2,258,039	592,526
Undesignated, reported in:				
Designated special revenue funds	27,516	27,516	-	26,883
Special revenue funds	23,603,975	26,311,010	13,387,463	20,578,392
Capital projects funds	2,517,466	3,076,816	14,045,252	3,782,691
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ 28,851,754	\$ 30,249,962	\$ 29,690,754	\$ 24,980,492

(a) The City adjusted certain beginning balances during fiscal year 2014-2015. Financial data shown for proceeding years were not adjusted for the presentation.

Source: City of Lathrop, California Comprehensive Annual Financial Reports.

CITY OF LATHROP
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 7,078,292	\$ -	\$ -	\$ -	\$ -	\$ -
9,672,867	-	-	-	-	-
-	6,371,601	7,235,931	7,175,257	6,380,018	6,852,691
-	-	-	-	-	-
-	742,197	402,197	-	-	-
-	189,925	1,248,093	1,229,504	-	-
-	10,735,806	8,038,858	9,784,715	16,234,527	11,091,860
<u>\$ 16,751,159</u>	<u>\$ 18,039,529</u>	<u>\$ 16,925,079</u>	<u>\$ 18,189,476</u>	<u>\$ 22,614,545</u>	<u>\$ 17,944,551</u>
403,736	-	-	-	-	-
-	-	-	-	-	-
12,202,368	-	-	-	-	-
9,659,263	-	-	-	-	-
-	-	-	-	-	-
-	4,356,700	3,813,152	4,142,620	3,890,049	6,823,678
-	18,976,921	19,727,430	19,333,997	12,977,322	22,534,880
-	-	-	264,923	930,347	880,383
-	-	259,533	-	-	(364)
<u>\$ 22,265,367</u>	<u>\$ 23,333,621</u>	<u>\$ 23,800,115</u>	<u>\$ 23,741,540</u>	<u>\$ 17,797,718</u>	<u>\$ 30,238,577</u>

CITY OF LATHROP
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Revenues:				
Taxes and assessments	\$ 18,522,419	\$ 15,297,036	\$ 10,935,212	\$ 10,707,798
Licenses and permits	2,322,633	1,372,969	468,360	296,080
Fines, forfeitures, and penalties	134,898	125,625	166,350	228,331
Intergovernmental	3,194,295	4,683,123	3,480,661	4,200,824
Use of Money & Property	1,508,840	2,424,498	2,142,950	766,184
Charges for current services	4,250,056	5,771,897	1,520,584	1,805,829
Contributions	42,156	73,988	74,255	1,301,135
Other	5,673,420	4,086,332	4,444,585	247,248
Total revenues	<u>\$ 35,648,717</u>	<u>\$ 33,835,468</u>	<u>\$ 23,232,957</u>	<u>\$ 19,553,429</u>
Expenditures				
Current:				
General government	\$ 3,321,091	\$ 5,126,402	\$ 4,801,306	\$ 4,718,241
Community development	2,068,131	2,131,798	2,012,805	2,048,158
Public safety	3,573,352	4,443,671	3,839,819	4,374,302
Public works	8,435,129	6,841,755	7,536,447	5,883,378
Culture and leisure	919,457	1,011,582	2,096,831	985,869
Capital Outlay	12,841,570	10,679,271	5,142,010	7,285,105
Debt service:				
Principal retirement	287,368	252,479	262,874	291,923
Interest and fiscal charges	207,591	47,521	37,126	8,077
Total expenditures	<u>\$ 31,653,689</u>	<u>\$ 30,534,479</u>	<u>\$ 25,729,218</u>	<u>\$ 25,595,053</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 3,995,028	\$ 3,300,989	\$ (2,496,261)	\$ (6,041,624)
Other financing sources (uses):				
Proceeds from issuance of long-term debt	9,232,419	-	-	-
Transfers in	4,804,492	9,967,357	12,751,559	7,138,360
Transfers out	(5,461,967)	(9,897,847)	(12,727,345)	(6,368,191)
Total other financing sources (uses)	<u>\$ 8,574,944</u>	<u>\$ 69,510</u>	<u>\$ 24,214</u>	<u>\$ 770,169</u>
Net change in fund balances	<u>\$ 12,569,972</u>	<u>\$ 3,370,499</u>	<u>\$ (2,472,047)</u>	<u>\$ (5,271,455)</u>
Debt service as a percentage of noncapital expenditures	2.7%	1.5%	1.5%	1.7%

Source: City of Lathrop, California Comprehensive Annual Financial Reports.

CITY OF LATHROP
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 8,226,053	\$ 10,144,813	\$ 10,091,942	\$ 12,092,527	\$ 15,462,332	\$ 21,268,849	
602,334	466,256	406,819	634,934	749,845	1,373,909	
4,258,962	1,655,515	1,568,643	1,564,795	1,476,258	1,486,888	
3,474,547	3,981,076	3,672,978	7,107,760	13,291,995	11,177,149	
281,441	212,076	135,177	62,939	116,968	159,262	
1,410,750	818,899	835,195	1,449,684	2,727,193	2,207,080	
-	-	-	-	9,779,408	1,094,140	
2,198,731	409,088	1,633,542	1,275,270	536,779	4,202,190	
<u>\$ 20,452,818</u>	<u>\$ 17,687,723</u>	<u>\$ 18,344,296</u>	<u>\$ 24,187,909</u>	<u>\$ 44,140,778</u>	<u>\$ 42,969,467</u>	
\$ 3,790,927	\$ 3,685,441	\$ 3,952,670	\$ 3,318,835	\$ 4,240,661	\$ 8,063,724	
2,332,574	854,670	987,494	1,222,152	1,323,932	1,254,836	
4,425,923	3,802,298	4,088,676	4,510,204	5,829,809	7,030,624	
9,102,647	7,488,100	9,007,812	9,197,006	17,040,900	15,482,137	
930,548	879,453	1,043,340	1,069,332	1,063,957	1,048,531	
552,469	989,761	480,929	3,795,717	9,334,496	1,604,530	
277,060	237,211	249,347	262,103	274,370	289,709	
22,940	393,819	382,402	369,832	924,941	340,120	
<u>\$ 21,435,088</u>	<u>\$ 18,330,753</u>	<u>\$ 20,192,670</u>	<u>\$ 23,745,181</u>	<u>\$ 40,033,066</u>	<u>\$ 35,114,211</u>	
\$ (982,270)	\$ (643,030)	\$ (1,848,374)	\$ 442,728	\$ 4,107,712	\$ 7,855,256	
-	-	-	-	-	-	
12,323,269	7,402,707	11,926,959	9,379,077	18,471,301	17,566,636	
<u>(12,694,475)</u>	<u>(6,105,053)</u>	<u>(10,726,541)</u>	<u>(8,615,983)</u>	<u>(24,097,766)</u>	<u>(17,651,027)</u>	
\$ (371,206)	\$ 1,297,654	\$ 1,200,418	\$ 763,094	\$ (5,626,465)	\$ (84,391)	
<u>\$ (1,353,476)</u>	<u>\$ 654,624</u>	<u>\$ (647,956)</u>	<u>\$ 1,205,822</u>	<u>\$ (1,518,753)</u>	<u>\$ 7,770,865</u>	
1.5%	3.8%	3.3%	3.3%	4.1%	1.9%	

CITY OF LATHROP
Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of Levy</u>		<u>Collection in Subsequent Years</u>	<u>Total Collection to Date</u>	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2006	\$ 2,303,922	\$ 2,303,922	100.00%	-	\$ 2,303,922	100.00%
2007	2,968,259	2,968,259	100.00%	-	2,968,259	100.00%
2008	3,574,529	3,574,529	100.00%	-	3,574,529	100.00%
2009	3,487,695	3,487,695	100.00%	-	3,487,695	100.00%
2010	2,916,408	2,916,408	100.00%	-	2,916,408	100.00%
2011	2,816,884	2,816,884	100.00%	-	2,816,884	100.00%
2012	2,706,678	2,706,678	100.00%	-	2,706,678	100.00%
2013	2,681,516	2,681,516	100.00%	-	2,681,516	100.00%
2014	2,821,126	2,821,126	100.00%	-	2,821,126	100.00%
2015	3,098,364	3,098,364	100.00%	-	3,098,364	100.00%

Source: County of San Joaquin, California, Office of the Controller.

CITY OF LATHROP
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	City					Total Direct Tax Rate
	Gross Taxable Assessed Value			Less: Exemptions	Net Taxable Assessed Value	
	Secured	Unsecured	Utility			
2006	\$ 1,905,774,883	\$ 136,473,052	\$ 3,287,575	\$(17,413,895)	\$ 2,028,121,615	0.108%
2007	2,370,852,421	146,868,002	1,846,763	(15,499,785)	2,504,067,401	0.087%
2008	2,389,688,940	146,868,002	1,846,763	(18,836,519)	2,519,567,186	0.087%
2009	2,236,088,731	171,664,326	1,846,763	(15,640,286)	2,393,959,534	0.091%
2010	1,850,787,425	179,585,651	2,596,710	(16,165,484)	2,016,804,302	0.108%
2011	1,808,135,694	168,302,063	2,596,710	(17,258,003)	1,961,776,464	0.111%
2012	1,768,784,321	157,292,463	2,596,710	(18,032,279)	1,910,641,215	0.142%
2013	1,715,513,321	166,654,851	2,596,710	(18,026,074)	1,866,738,808	0.144%
2014	1,820,939,152	136,568,139	5,070,340	(18,189,943)	1,944,387,688	0.145%
2015	2,033,039,699	148,740,696	5,070,340	(24,251,442)	2,162,599,293	0.143%

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is re-assessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: County of San Joaquin, California, Office of the County Assessor.

CITY OF LATHROP
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2015		2006	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
J.R. Simplot Company Corp.	\$ 53,404,304	2.43%	32,663,156	5.32%
Califia LLC	49,770,563	2.93%	45,731,333	3.06%
Centerpoint Properties Trust	47,132,980	2.39%	-	0.00%
Super Stores Industries	40,281,617	2.07%	48,454,447	2.39%
California Natural Products Corp.	40,151,678	1.43%	23,436,490	1.16%
700 D'Arcy Parkway Investors LLC	29,000,000	1.48%	-	0.00%
LCP Remainder Trust ETAL	28,994,698	1.47%	-	0.00%
Tesla Motors Inc	27,114,299		-	0.00%
ASP and RWM Properties ETAL	25,491,869		-	0.00%
Pancal Logistics	23,967,737	1.29%	-	0.00%
Pilkington North America Inc.	2,968,129	1.51%		
E R Carpenter Co.	26,510,833	1.35%		
Nestle Food Company	28,432,018	1.66%	29,614,746	1.98%
LBA Realty Fund II Co. III LLC	25,001,232	1.46%		
Provena Foods Inc	24,442,130	1.42%		
Lathrop Industrial Development LLC	23,360,668	1.36%		
Medline Industries Inc	23,110,172	1.35%		
TG PFT California Corporation	21,724,069	1.27%	34,564,355	2.31%
TCE Lathrop LLC	19,300,000	1.13%	23,845,950	1.60%
DT Harlan Road LLC	18,000,000	1.05%		
Target Corp.	17,511,570	1.02%		
Verde Lathrop Industrial LLC	17,340,000	1.01%		
RFC Construction Funding LLC	16,577,500	0.97%		
Donahue Schriber Realty Group	13,304,449	0.78%		

Source: County of San Joaquin, California, Office of the County Assessor.

CITY OF LATHROP
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

Fiscal Year	Basic County-wide Levy ⁽¹⁾	School	All Other	Total Rate
2006	1.00000%	0.04340%	0.00000%	1.04340%
2007	1.00000%	0.04800%	0.00000%	1.04800%
2008	1.00000%	0.04420%	0.00000%	1.04420%
2009	1.00000%	0.04221%	0.00000%	1.04221%
2010	1.00000%	0.05240%	0.00000%	1.05240%
2011	1.00000%	0.05640%	0.00000%	1.05640%
2012	1.00000%	0.05980%	0.00000%	1.05980%
2013	1.00000%	0.06100%	0.00000%	1.06100%
2014	1.00000%	0.05960%	0.00000%	1.05960%
2015	1.00000%	0.09230%	0.00000%	1.09230%

NOTE:

(1) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies, including the City of Lathrop, for which the subject property resides within. The City of Lathrop's portion varies by several Tax Rate Areas (TRAs) within the City.

Source: California Municipal Statistics, Inc.

CITY OF LATHROP
Sales Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Measure K Rate	Measure C General Purpose	Transportation Development Act Rate	San Joaquin County Rate	State of California Rate	Total
2006	1.00%	0.50%		0.25%	1.00%	5.00%	7.75%
2007	1.00%	0.50%		0.25%	1.00%	5.00%	7.75%
2008	1.00%	0.50%		0.25%	1.00%	5.00%	7.75%
2009	1.00%	0.50%		0.25%	1.00%	6.00% (1)	8.75%
2010	1.00%	0.50%		0.25%	1.00%	6.00%	8.75%
2011	1.00%	0.50%		0.25%	1.00%	6.00%	8.75%
2012	1.00%	0.50%		0.25%	1.00%	5.00%	7.75%
2013	1.00%	0.50%	1.00% (2)	0.25%	1.00%	5.25%	9.00%
2014	1.00%	0.50%	1.00% (2)	0.25%	1.00%	5.25%	9.00%
2015	1.00%	0.50%	1.00% (2)	0.25%	1.00%	5.25%	9.00%

NOTE:

(1) A 1.00% increase in Sales and Use Tax became effective as of April 1, 2009 to augment the State of California's budget. On May 19, 2009, the voters did not approve the proposed "Budget Stabilization" constitutional amendment and the expiration date of this 1.00% increase was on July 1, 2011.

(2) On November 6, 2012 the voters of Lathrop approved Measure C. Measure C is an additional 1% sales tax to be used for Public Safety and essential City services

*Source: City of Lathrop, California Finance Department
County of San Joaquin, California, Office of the Auditor-Controller*

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CITY OF LATHROP
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Gross Assessed Valuation	\$ 2,045,535,510	\$ 2,519,567,186	\$ 2,538,403,705	\$ 2,409,599,820
Debt Margin Ratio (1)	3.75%	3.75%	3.75%	3.75%
Debt Margin (Limit)	\$ 76,707,582	\$ 94,483,769	\$ 95,190,139	\$ 90,359,993
Less: total net debt applicable to limit: General obligation bonds	\$ -	\$ -	\$ -	\$ -
Net Legal Debt Margin	<u>\$ 76,707,582</u>	<u>\$ 94,483,769</u>	<u>\$ 95,190,139</u>	<u>\$ 90,359,993</u>
Total debt, applicable to the limit, as a percentage of debt limit	0%	0%	0%	0%

Notes

(1) 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 computation shown above reflects 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. The limit shown is 3.75% (one-fourth of the previous limit of 15%).

Source: City of Lathrop, California Finance Department and the County of San Joaquin, California, Office of the Controller

CITY OF LATHROP
Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 2,032,969,786	\$ 1,979,034,467	\$ 1,928,673,494	\$ 1,884,764,847	\$ 1,962,577,631	\$ 2,186,850,735
3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
\$ 76,236,367	\$ 74,213,793	\$ 72,325,256	\$ 70,678,682	\$ 73,596,661	\$ 82,006,903
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 76,236,367</u>	<u>\$ 74,213,793</u>	<u>\$ 72,325,256</u>	<u>\$ 70,678,682</u>	<u>\$ 73,596,661</u>	<u>\$ 82,006,903</u>
0%	0%	0%	0%	0%	0%

**CITY OF LATHROP
Outstanding Debt
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Governmental Activities			Business-type Activities		
	General Obligation Bonds	Capital Leases	Total Governmental Activities	Water Revenue Bonds	Notes	Certificates of Participation
2006	-	\$ 8,972,749 (1)	\$ 8,972,749	\$ 32,330,000	-	\$ 7,335,000
2007	-	8,720,270	8,720,270	32,020,000	-	7,185,000
2008	-	8,457,396	8,457,396	31,610,000	-	7,025,000
2009	-	8,165,473	8,165,473	31,065,000	-	6,860,000
2010	-	7,888,413	7,888,413	30,505,000	-	6,685,000
2011	-	7,651,202	7,651,202	29,920,000	-	6,500,000
2012	-	7,651,202	7,651,202	29,305,000	-	-
2013	-	7,139,752	7,139,752	24,945,000	-	-
2014	-	6,865,382	6,865,382	12,970,000	-	-
2015	-	6,575,673	6,575,673	12,634,999	-	-

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) On July 1, 2005, the City entered into a capital lease agreement with Regent Lathrop, LLC for the new City Hall Building.

(2) On May 4, 2012, the City refunded the 2000 Certificates of Participation with the Compass Bank Loan.

(3) These ratios are calculated using personal income and population for the prior calendar year.

Source: City of Lathrop, California Finance Department

**CITY OF LATHROP
Outstanding Debt
Last Ten Fiscal Years**

Business-type Activities

<u>Compass Bank Loan</u>	<u>State Revolving Fund Loan</u>	<u>Capital Leases</u>	<u>Total Business-type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Debt Per Capita (2)</u>
\$ -	\$ -	\$ 38,317	\$ 39,703,317	\$ 48,676,066	276.01%	\$ 3,328
-	-	42,268	39,247,268	47,967,538	262.11%	2,911
-	-	25,825	38,660,825	47,118,221	241.94%	2,703
-	-	17,677	37,942,677	46,108,150	223.45%	2,596
-	-	21,046	37,211,046	45,099,459	213.77%	2,510
-	2,574,893	24,130	39,019,023	46,670,225	222.57%	2,502
6,203,000 (2)	9,528,982	31,055	45,068,037	52,719,239	249.46%	2,788
5,950,203	9,340,188	23,717	40,259,108	47,398,860	219.52%	2,468
5,667,004	8,956,038	-	27,593,042	34,458,424	148.51%	1,737.60
5,373,806	8,562,968	-	26,571,773	33,147,447	135.40%	1,628.63

CITY OF LATHROP
Computation of Direct and Overlapping Debt
June 30, 2015

FY 2014/15 City Assessed Valuation	\$ 1,962,577,669
Redevelopment Agency Incremental Valuation	\$ -
Adjusted Assessed Valuation	<u>\$ 1,962,577,669</u>

<u>Overlapping Tax and Assessment Debt</u>	<u>Total Debt 6/30/15</u>	<u>Percentage Applicable to City of Lathrop (1)</u>	<u>City's Share of Debt 6/30/2015</u>
San Joaquin Delta Community College District	\$ 145,438,426	3.318%	\$ 4,825,647
Manteca Unified School District	55,443,906	18.806%	10,426,781
Tracy Unified School District	42,240,000	0.65000%	274,560
Banta School District	630,000	19.868%	125,168
Manteca Unified School District Community Facility District No. 1989-2	30,690,000	20.850%	6,398,865
Banta School District Community Facilities District No. 2011-1	5,810,000	100.000%	5,810,000
River Islands Public Financing Authority Community Facilities District No. 2003-1	157,495,000	100.000%	157,495,000
City of Lathrop Community Facilities District No 2003-1	6,970,000	100.000%	6,970,000
City of Lathrop Community Facilities District No 2003-2	6,290,000	100.000%	6,290,000
City of Lathrop Community Facilities District No 2006-1	49,750,000	100.000%	49,750,000
City of Lathrop 1915 Act Bonds	29,765,000	100.000%	29,765,000
Reclamation District No. 17 Assessment District	15,288,166	48.639%	7,436,011
Total Overlapping Tax and Assessment Debt	<u>\$ 545,810,498</u>		<u>\$ 285,567,032</u>
Ratios to FY 2014/15 Assessed Valuation:			
Total Overlapping Tax and Assessment Debt	14.55%		
Direct and Overlapping General Fund Obligation Debt			
San Joaquin County Certificates of Participation	151,470,000	3.644%	5,519,567
Manteca Unified School District Certificates of Participation	29,955,000	18.806%	5,633,337
City of Lathrop General Fund Obligations	6,575,673	100.000%	6,575,673
Total Direct and Overlapping General Fund Debt			<u>17,728,577</u>
Total Direct Debt			<u>6,575,673</u>
Total Overlapping Debt			<u>296,719,936</u>
Combined Total Debt			<u>303,295,609</u>

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.

<u>Ratios to Adjusted Assessed Valuation</u>	
Total Direct Debt	0.34%
Combined Total Debt	15.45%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/2015: \$0

Source: California Municipal Statistics, Inc.

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CITY OF LATHROP
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	2000 Certificates of Participation/Compass Bank Loan (1)					
	Water Revenue (3)	Less Operating Expenses (4)	Net Available Revenue	Debt Service		
Principal				Interest	Coverage	
2004	2,800,064	908,512	1,891,552	130,000	445,438	3.29%
2005	3,092,624	1,061,044	2,031,580	140,000	439,328	3.51%
2006	6,052,563	2,448,070	3,604,493	145,000	432,678	6.24%
2007	7,825,041	2,593,935	5,231,106	150,000	425,718	9.09%
2008	7,742,323	2,851,865	4,890,458	160,000	418,443	8.45%
2009	8,065,335	3,251,553	4,813,782	165,000	410,523	8.36%
2010	6,867,231	2,549,867	4,317,364	175,000	402,273	7.48%
2011	7,846,547	2,509,302	5,337,245	185,000	393,348	9.23%
2012	7,115,515	3,332,047	3,783,468	-	353,750	10.70%
2013	7,803,287	3,989,183	3,814,104	252,797	236,203	7.80%
2014	7,884,887	3,989,183	3,895,704	283,199	205,801	7.97%
2015	6,642,758	3,484,902	3,157,856	293,198	195,802	6.46%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest or depreciation expenses.

- (1) The 2000 COPs were refunded by the Compass Bank Loan on May 4, 2012.
The Required Debt coverage ratio for the Compass Bank Loan is 1.10%.
- (2) The Required Debt coverage ratio for 2003 COPs & SRF Loan is 1.00%.
- (3) Gross revenues include interest earnings and connection fees.
- (4) Operating expenses include operating transfers and exclude depreciation.
- (5) Source: Debt Service Schedule. The Water Revenue Certificates of Deposit Series 1993A were funded on May 24, 2000. On May 24, 2000 the City issued the Installment Purchase Certificates of Participation, 2000 Series A. On July 16, 2003 the City issued Revenue Bonds (Water Supply Project), Series 2003. On May 4, 2012 the Compass Bank Loan refunded the 2000 COPs (Compass Bank Loan Cash Flow and Yield Verification Report)
- (6) Expenses include 2000 Certificates of Participation Debt Service Requirements.
- (7) Debt Service Requirements of 2003 Certificates of Participation & SRF Loan is net of capitalized interest.

Source: City of Lathrop, California Finance Department

CITY OF LATHROP
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

2003 Certificates of Participation & SRF Loan (2)

Debt Service

<u>Net Available Revenue (5)</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
1,316,114	-	346,789 (6)	3.80%
1,452,252	-	355,075 (7)	4.09%
3,026,815	200,000	1,854,201	1.47%
4,655,389	310,000	1,849,095	2.16%
4,312,016	410,000	1,838,245	1.92%
4,238,260	545,000	1,821,845	1.79%
3,740,092	560,000	1,798,138	1.59%
4,758,897	585,000	1,771,818	2.02%
3,429,718	615,000	1,743,738	1.45%
3,325,104	650,000	1,713,603	1.41%
3,406,704	680,000	1,681,102	1.44%
2,668,856	728,070	954,719	1.59%

CITY OF LATHROP
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (2)
2006	14,625	\$ 17,635,474	\$ 36,890	4.5%
2007	16,479	18,300,337	39,358	8.1%
2008	17,429	19,475,554	27,272	11.1%
2009	17,761	20,634,651	28,739	16.0%
2010	17,969	21,097,089	31,547	16.5%
2011	18,656	20,968,710	31,071	16.6%
2012	18,908	21,133,128	30,732	14.8%
2013	19,209	21,591,743	31,013	12.2%
2014	19,831	23,203,279	33,024	10.5%
2015	20,353	24,480,660	34,755	10.7%

Sources: (1) *State of California Department of Finance*
(2) *Bureau of Economic Analysis - U.S. Department of Commerce (data shown is for San Joaquin County)*

Note: data is always 2 years in arrears (e.g. figure shown for 2010 is actually 2008, which is the newest data available)

Personal Income Source:
<http://www.bea.gov/regional/reis/drill.cfm>

**CITY OF LATHROP
Principal Employers
Current Year and Nine Years Ago**

Employer	2015		2006	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
JC Penney Distribution Ctr	750	11.36%	0	0.00%
Super Store Industries	400	6.06%	400	6.45%
California Natural Products	250	3.79%	215	3.47%
Pflug	200	3.03%	0	0.00%
J R Simplot Company	200	3.03%	150	2.42%
Gen Cal Plastering	200	3.03%	0	0.00%
Swiss American Sausage Company	175	2.65%	165	2.66%
Target	150	2.27%	0	0.00%
Home Depot	150	2.27%	350	5.65%
Smart Refrigerated Transport	100	1.52%	0	0.00%
Pilkington North America Inc	100	1.52%	200	3.23%
Food 4 Less	100	1.52%	0	0.00%
Diamond Pet Foods Inc	100	1.52%	75	1.21%
Cbc Steel Buildings	100	1.52%	0	0.00%
Carpenter Company	100	1.52%	180	2.90%

"Total Employment" as used above represents the Estimated total employment of all employers located within City limits.

*Source: California Labor Market Information, California EDD Website (www.ca.gov)
City of Lathrop Community Development Department*

CITY OF LATHROP
Full-time and Part-time City Employees
by Function
Last Ten Fiscal Years

Function	Full-Time and Part-Time Employees at June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	23.98	31.49	33.99	29.30	24.30	24.50	25.50	25.50	26.00	26.50
Neighborhood & Community Services (1)	0.00	0.00	0.00	0.00	5.00	5.00	5.00	5.00	5.40	5.10
Public Safety (2)	24.00	27.00	28.75	32.00	32.00	30.33	30.33	30.33	33.20	34.98
Public Works	15.00	21.00	28.00	26.00	26.00	26.00	26.00	26.00	25.83	29.83
Community Development	19.25	24.75	23.67	20.75	20.75	23.75	23.75	23.75	22.42	24.42
Culture & Leisure	14.61	16.36	17.20	19.12	19.12	19.64	19.64	20.64	19.74	22.53
Park Maintenance	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Water	13.00	13.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Wastewater (3)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Positions	115.84	139.60	146.61	142.17	142.17	144.22	145.22	146.22	147.59	158.36
less Unfunded Positions	0.00	0.00	0.00	18.21	35.54	50.54	52.61	53.61	46.28	43.28
Net Employees	115.84	139.60	146.61	123.96	106.63	93.68	92.61	92.61	101.31	115.08

(1) The Neighborhood & Community Services Department was created in March 2010.

(2) Police services are a contract service provided by San Joaquin County Sherriff Department.
 Fire Service is provided by Lathrop Manteca Fire District.

(3) The City privatized the City's sewer plant in June 2003.

Source: City of Lathrop, California Annual Adopted Budgets.

CITY OF LATHROP
Operating Indicators
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Arrests	1,011	866	724	648	850	775	612	670	489	708
Parking Citations issues	1,160	946	1,139	1,397	1,034	759	567	291	380	444
Code Enforcement										
Housing Cases	-	105	233	140	144	31	21	40	20	35
Public Nuisance Cases	-	241	417	304	336	459	185	213	61	206
Vehicle Cases	-	167	80	45	85	54	21	28	12	11
Weed Abatement Cases	-	162	372	787	677	520	31	-	5	-
Building Permits										
Single Family Dwellings	682	334	25	34	169	87	63	146	130	350
Parks and recreation:										
Number of recreation classes	37	46	38	41	46	40	49	49	202	34
Number of facility rentals	105	109	86	186	192	231	302	675	1,870	542
Water:										
New connections	1,195	869	30	36	168	93	38	140	190	266
Average daily consumption (thousands of gallons)	3,482	3,482	3,677	3,441	3,230	3,267	3,110	4,014	3,550	3508
Sewer:										
New connections	1,195	869	30	36	168	93	38	140	190	266

NOTE:
Code Enforcement case data not available prior to 2007.

Source: City of Lathrop, California departmental sources.

CITY OF LATHROP
Capital Asset Statistics
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire Stations (1)	-	-	-	-	-	-	-	-	-	-
Public works:										
Streets (miles)	64	64	77	79.48	79.81	79.81	72.74	82.80	82.80	84.20
Streetlights	730	730	847	869	905	905	1,433	1,433	1,433	1,448
Parks and recreation:										
Parks	6	7	13	13	13	13	13	14	16	16
Community centers	1	1	1	1	1	1	1	1	2	2
Senior centers	1	1	1	1	1	1	1	1	1	1
146 Water:										
Water mains (miles)	68	68	72	72.75	73.08	73.08	73.08	101.40	99.60	101.80
Maximum daily capacity (thousands of gallons)	20,126	20,126	20,126	20,126	20,126	20,126	20,126	21,700	15,250	15,250
Wastewater:										
Sanitary sewer (miles)	54	54	56	56.83	57.16	57.16	57.16	60.40	62.03	71.00
Miles of Reclaimed Water Lines	18.00	18.00	18.00	18.00	18.33	18.33	18.33	18.33	21.40	21.80
Maximum daily treatment capacity (thousands of gallons)	2,140	2,140	2,140	2,140	2,140	2,140	2,140	2,416	2,416	2,200

NOTE:
(1) The City of Lathrop's fire protection is provided by the Lathrop-Manteca Fire District.

Source: City of Lathrop, California departmental sources.

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CITY OF LATHROP
Water Sold by Type of Customer
Last Ten Fiscal Years
(in thousands of gallons)

Type of Customer:	Fiscal Year			
	2006	2007	2008	2009
Residential	\$ 601,786	\$ 727,884	\$ 737,570	\$ 673,212
Industrial	315,138	323,471	328,721	297,483
Commercial	65,239	65,592	83,249	72,595
Governmental	68,584	108,570	159,335	194,348
Construction	93,983	32,471	33,378	18,422
Total	1,144,730	1,257,988	1,342,253	1,256,060
Total direct rate per 1,000 gallons	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00

Source: City of Lathrop, California Public Works Department

CITY OF LATHROP
Water Sold by Type of Customer
Last Ten Fiscal Years
(in thousands of gallons)

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 645,140	\$ 675,141	\$ 656,723	\$ 740,938	\$ 690,963	\$ 671,095
244,561	266,145	263,466	329,816	291,935	343,231
73,962	75,107	68,559	107,530	116,496	91,599
167,846	135,512	129,524	265,931	157,119	172,972
47,495	40,465	16,720	20,995	39,058	1,615
1,179,004	1,192,370	1,134,992	1,465,210	1,295,571	1,280,512
\$ 2.11	\$ 2.24	\$ 2.45	\$ 2.45	\$ 2.63	\$ 2.63

**CITY OF LATHROP
Water Rates
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Monthly Base Rate	Rate per 1,000 Gallons	CSCDA Loan (1)	SCSWSP Facility Charge (2)
2006	5.85	2.00	-	9.10
2007	5.85	2.00	-	9.10
2008	5.85	2.00	-	9.10
2009	8.30	2.00	-	9.10
2010	9.30	2.11	-	9.10
2011	10.30	2.24	-	9.10
2012	10.60	2.45	-	9.10
2013	11.50	2.63	-	9.10
2014	11.50	2.63	-	9.10
2015	11.50	2.63	-	9.10

NOTE:

Rates are based on 5/8" meter, which is the standard household meter size.

- (1) State of California Loan under the Safe Drinking Water Bond Law of 1976 was paid of on March 1, 2001.
- (2) On July 16, 2003, The City of Lathrop issued \$32,530,000 in Revenue Bonds to finance the acquisition and construction of water system improvements and related facilities, including water treatment facilities and distribution pipelines and to pay cost of issuance. The bonds have an ascending interest rate ranging from 3% to 6% and a final maturity date of June 1, 2035.

Source: City of Lathrop, California Finance Department

CITY OF LATHROP
Water Customers
Current Year and Nine Years Ago

<u>Water Customer</u>	<u>2015</u>		<u>2006</u>	
	<u>Water Charges</u>	<u>Percent of Total Water Revenues</u>	<u>Water Charges</u>	<u>Percent of Total Water Revenue</u>
California Natural Products	\$ 508,142	9.52%	\$ 272,108	4.50%
City of Lathrop	361,340	6.77%	-	0.00%
Manteca Unified School District	168,450	3.15%	56,925	0.94%
Super Store Industries	105,027	1.97%	48,070	0.79%
Banta Elementary School District	82,652	1.55%	-	-
Crossroad Commerce Ctr Assoc	72,508	1.36%	71,591	1.18%
Camino Real Mobile Estates	42,990	0.81%	27,390	45.00%
IN-N-OUT Burger #804	38,669	72.00%	-	0.00%
Swiss American Sausage	36,143	0.68%	35,267	58.00%
DSRG - Sara Elliott	33,641	0.63%	-	-

Source: City of Lathrop, California Finance Department

**CITY OF LATHROP
Top 25 Sales Tax Producers
Current Year and Nine Years Ago**

2015

2006

Business Name	Business Category	Business Name	Business Category
Antonini Brothers	Service Stations	Amcor Pet Packaging	Light Industrial/Printers
Captive Plastics	Light Industrial/ Printers	Anderson Truss	Contractors
Carpenter Co	Textiles/Furnishings	Boral Roofing	Contractors
CBC Steel Buildings	Heavy Industrial	Carpenter	Textiles/Furnishings
Dennys	Casual Dining	Cascade Steel Rolling Mills	Heavy Industrial
Eagles Nest Harley Davidson	Boats/Motorcycles	CBC Steel Buildings	Heavy Industrial
Fast Lane Food/Gas Mart	Service Stations	Circle K Union 76	Service Stations
Fleetpride West	Trailers/Auto Parts	Delta Material Supply	Lumber/Building Materials
Hd Supply Interior Solutions	Home Furnishings	Dragon Products	Heavy Industrial
Joes Travel Plaza	Service Stations	Joes Travel Plaza	Service Stations
Kabaritis AM PM	Service Stations	Kabaritis AM PM	Service Stations
Lathrop Gas & Food	Service Stations	Kentucky Fried Chicken A&W	Quick-Service Restaurants
Lathrop Shell	Service Stations	Lathrop Chevron	Service Stations
McDonalds	Quick Service Restaurants	Lathrop Shell	Service Stations
Medcal Sales	Medical/Biotech	Lathrop Wood Works	Lumber/Building Materials
Mikasa Japanese Bistro	Casual Dining	Lumbermens	Lumber/Building Materials
Save Mart	Grocery Stores Liquor	Mandal Truck & Trailer	Trailers/Auto Parts
Target	Discount Dept Stores	McDonalds	Quick-Service Restaurants
Top Gun Drywall Supply	Lumber/Building Materials	Medline industries	Medical/biotech
Totten Tubes	Heavy Industrial	Mobile Mini	Repair Shop/Equip. Rentals
Tower Mart	Service Stations	Olson Precast Company	Contractors
USAMotors.Com	Used Automotive Dealers	Tower Mart	Service Stations
Utility Trailer Sales	Trailers/RVs	Two Guys Food & Fuel	Service Stations
Valero	Service Stations	Unarco Material Handling	Heavy Industrial
Walgreens	Drug Stores	Utility Trailer Sales	Trailers/RVs

Source: County of San Joaquin, California, Office of the County Assessor.