

City of Lathrop  

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California

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016



*Lathrop - City Hall*

City of Lathrop  
390 Towne Centre Drive  
Lathrop, CA 95330



CITY OF  
**LATHROP, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2016**

Prepared  
By  
The Finance Department

Cari James  
Director of Finance

CITY OF LATHROP, CALIFORNIA

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016

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## City of Lathrop

Department of Finance  
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Lathrop, California 95330  
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January 21, 2017

### **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, 2016 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, 2016, 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)

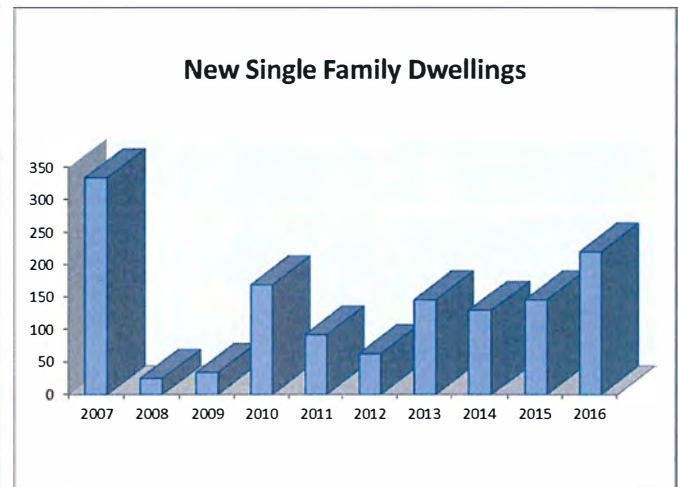
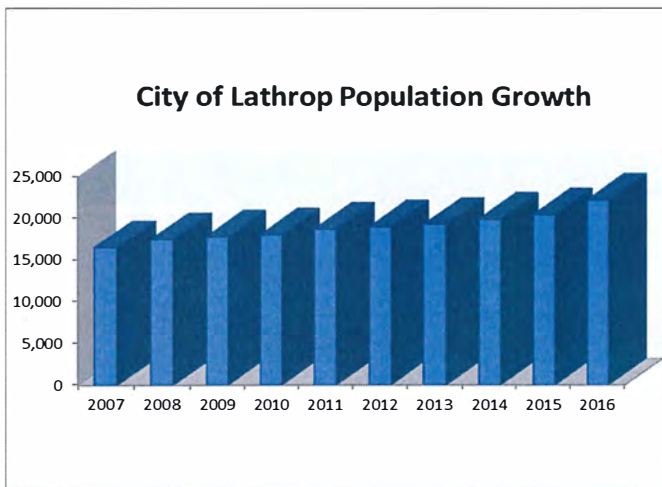
This report includes all funds of the City of Lathrop. It reports all activities considered to be a part of, controlled by, and dependent on the City.

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, 2016 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 obligations. 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 2016, the General Fund unreserved available fund balance was 34.3% 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 8.6% over the prior year, the unemployment rate in the region decreased from 10.7% in 2015, to 8.5% for 2016. 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 22,112. 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: Tesla (manufacturing plant); Super Store Industries (a product distribution facility for Save-Mart and Raley's/Bel Air Grocery Stores); 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); NEMO Building Systems (residential modular building manufacturer); CBC Steel Buildings (a metal building manufacturer); California Natural Products (a manufacturing facility of natural and organic food ingredients); Simplot (fertilizer manufacturer); the Home Depot, Del Monte and JC Penney distribution/warehouses and Lathrop Industrial Park.

The interest in industrial warehouse/distribution development in City of Lathrop remains strong. The I-5 Logistics warehouse consisting of approximately 750,000 square foot building has now been occupied by UPS and the former Pilkington warehouse building has been occupied by Kraft-Heinz. The LBA South warehouse and distribution project consisting of approximately 500,000 square foot, the 620,000 square foot Exel Project and the Super Store Industries trailer parking expansion are all currently under construction. In addition, the construction of the Crossroads Logistics Center project (Buzz Oates) in Crossroads which consists of three industrial buildings totaling approximately 560,000 square feet is also underway. The City also recently approved the LBA North project consisting of 382,000 square feet of warehouse, the South Lathrop Commerce Center consisting of six industrial warehouse building ranging in size from 300,000 to 1 million square feet, the West Yosemite Storage & Truck Parking project and the PSC Industrial trailer parking expansion. The City also approved the proposed 176,000 square foot addition to the existing Home Depot warehouse as well as the proposed addition to the existing NEMO Building ranging from 60,000 to 150,000 square feet.

Staff is currently processing the Buzz Oates Murphy Parkway project for a proposal to construct an 870,000 square foot industrial warehouse building south of the former Pilkington site. Other projects currently are under review to actively market sites for potential use.

### **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. TEC Equipment, Inc. (a company that specializes in truck sales and truck parts), Burger King, and the newly re-constructed McDonald's facility have officially opened for business. The Pilot Flying J project has officially received annexation approval from LAFCo and is currently in building plan check review.

### **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.

Since Council's approval of the Final Maps in September of 2013, staff is working closely with River Islands and its homebuilders on design review and construction of the new homes. There are currently five builders in River Islands: New Home Company, Kiper Homes, Richmond American, Van Daele Homes and Tim Lewis Communities. All five builders have opened their respective model and sales office. The City continues to coordinate with River Islands for the construction and completion of various site improvements throughout the Phase 1 area of the project. 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.

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.

There are currently two approved tentative map subdivisions in CLSP; Tract 3647 consisting approximately 1,000 lots and Tract 3789 with 430 lots. 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 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 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. The Planning Commission approved the Site Plan Review for 6 industrial warehouse building ranging in size from 300,000 to 1 million square feet. The SLSP project obtained LAFCo annexation approval in June 2016. Staff continues to work closely and coordinate with the applicant as they move towards the construction phase of the project.

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 - completed, Mosssdale Business Park – three buildings, 24,104 square

feet – two of which is already leased - completed, 15,370 square feet of retail for Nationwide Fleet – completed, a 7,475 square foot veterinary center – completed, and a 42,655 square foot retail/commercial complex at the northwest corner of Towne Centre Drive and Golden Valley Parkway - approved. The Lathrop Market Place I was approved in 2007 for approximately 290,000 square foot of retail commercial space and was implanted with the July 2008 opening of the Target store. The master developer is currently marketing the remaining retail pads for future tenants.

City staff is currently processing the Towne Center Apartment project which proposes to construct a 62-unit apartment complex including a commercial store frontage along Towne Centre Drive. Staff is also anticipating the building permit application for the Mossdale Landing Apartments (formerly Fairfield Apartments) to construct approximately 200 units along Golden Valley Parkway.

## **DEPARTMENT FOCUS**

### Community Development

- Initiate the comprehensive update of the City's General Plan along with monitoring the City's Housing Element to address the existing and projected housing needs of all economic segments of the community as required by the City's General Plan and State Law.
- 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.
- Continue Economic Development efforts to focus on attracting, retaining and securing high-tech industries (such as Tesla), employment generators, service commercial and retail for a growing community including the Crossroads Commerce Center, and other infill projects east of the freeway.
- Continue to work on the implementation of the following projects: River Islands at Lathrop, Central Lathrop Specific Plan, Lathrop Gateway Specific Plan, Mossdale Landing, Mossdale Landing East, and Mossdale Landing South. Also, along with the housing projects, the department will focus on documenting various River Island related policies such as the Neighborhood Design Plan and Architectural Design Guidelines for future phases.

### 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 pro-active 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 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.

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.

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 sixth 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, 2015. 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 2015-16



## CITIZENS OF LATHROP



Omar Ornelas  
Councilmember



Martha Salcedo  
Councilmember



Sonny Dhaliwal  
Mayor



Steve Dresser  
Vice Mayor



Paul Akinjo  
Councilmember



## **DIRECTORY OF OFFICIALS AND ADVISORY BODIES**

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### **CITY COUNCIL**

Sonny Dhaliwal, Mayor  
Stephen Dresser, Vice Mayor  
Martha Salcedo, Council Member  
Mark Elliot, 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  
James Hood  
Timothy McCoy  
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, 2015**

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, 2016, 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. 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, 2016, 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.

## *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.

*Maze & Associates*

Pleasant Hill, California  
February 6, 2017



## City of Lathrop

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January 21, 2017

## **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, 2016. 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 37.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Lathrop exceeded its liabilities at June 30, 2016 by \$321 million (net position). Of this amount, \$65.4 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 \$9.0 million.
- The total revenue from all sources decreased \$9.3 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 revenues over expenditures (including transfers) of \$1.8 million, thereby increasing the fund balance.
- Sales and use tax collections increased by \$0.3 million, a 4.4 percent increase from the prior year.
- At June 30, 2016, the City's governmental funds reported combined ending fund balances of \$53.1 million, an increase of \$4.9 million in comparison with June 30, 2015. Of this \$53.1 million total amount, \$12.9 million or 24 percent is unassigned fund balance.
- At June 30, 2016, the unassigned fund balance for the General Fund was \$12.9 million, compared to last year's unassigned actual fund balance of \$11.1 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 3 – 16), (2) the basic financial statements and notes to the financial statements (Pages 17 - 65), (3) schedules of revenue, expenditures and changes in fund balance-budget to actual of major governmental funds (Pages 72 - 77), and postemployment benefits other than pensions trend information (Note 9, Page 71), (4) other combining statements for non-major governmental funds and agency funds (Pages 91 - 126) and (5) the statistical section (Pages 127 - 158).

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 Position** – a statement that combines the financial position as of June 30, 2016 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, 2016 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 position** presents information on all the City of Lathrop’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lathrop is improving or deteriorating.

The **statement of activities** presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. 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 19 – 21 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 85 individual governmental funds in 2016. 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 24 - 30 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 32 – 34 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 54 fiduciary funds. The fiduciary fund financial statements can be found on Page 36 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 37 - 65 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 54 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 69 - 126 of this report.

# GOVERNMENT-WIDE FINANCIAL ANALYSIS

## Summary of Net Position

As noted earlier, net position 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 \$321 million at the close of Fiscal Year 2015/16.

Compared to the previous year, the City's total net position increased by 4 percent. This increase is primarily due to cost savings measures carried through the years.

By far the largest portion of this year's net position reflects the City's investment in capital assets of \$242 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 position amount to \$12.9 million or 4 percent of total net position. The remaining balance of \$65.4 million (20.4 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 position for both fiscal years ended June 30, 2015 and 2016.

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

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percent Change
	2015	2016	2015	2016	2015	2016	
<b>Assets:</b>							
Capital assets	\$ 43,693	\$ 46,393	\$ 34,576	\$ 36,943	\$ 78,269	\$ 83,336	6.47%
Other assets	163,482	167,649	114,651	114,282	278,133	281,931	1.37%
<b>Total Assets</b>	<b>207,175</b>	<b>214,042</b>	<b>149,227</b>	<b>151,225</b>	<b>356,402</b>	<b>365,267</b>	<b>2.49%</b>
<b>Deferred Outflows</b>							
Deferred Outflows Related to Pension	308	530	39	63	347	593	70.89%
<b>Liabilities:</b>							
Current liabilities	16,698	15,474	3,968	3,005	20,666	18,479	-10.58%
Long-term liabilities	808	902	25,899	25,178	26,707	26,080	-2.35%
<b>Total Liabilities</b>	<b>17,506</b>	<b>16,376</b>	<b>29,867</b>	<b>28,183</b>	<b>47,373</b>	<b>44,559</b>	<b>-5.94%</b>
<b>Deferred Inflows</b>							
Deferred Inflows Related to Pension	958	532	108	63	1,066	595	-44.18%
<b>Net Position:</b>							
Net investment in Capital Assets	145,672	148,475	92,350	93,907	238,022	242,382	1.83%
Restricted	7,734	10,224	2,996	2,698	10,730	12,922	20.43%
Unrestricted	35,613	38,965	23,945	26,437	59,558	65,402	9.81%
<b>Total Net Position</b>	<b>\$ 189,019</b>	<b>\$ 197,664</b>	<b>\$ 119,291</b>	<b>\$ 123,042</b>	<b>\$ 308,310</b>	<b>\$ 320,706</b>	<b>4.02%</b>

At the end of the fiscal year, the City of Lathrop is able to report positive balances in all three categories of net position, 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 4 percent this year, from \$308.3 million at June 30, 2015 to \$320.7 million at June 30, 2016.

Although the net position of the City's business-type activities are \$123 million, the City generally can only use these net position to finance the continuing operations of the business-type activities.

### **Changes in net position**

The City's total program expenses of \$34 million are less than the revenues of \$46.4 million for an increase in net position as of June 30, 2016 of \$12.4 million. The table on the next page shows the summarized revenues and expenses for both fiscal years 2014/15 and 2015/16.

The City's fiscal year 2015/16 change in net position was 35.1 percent lower than fiscal year 2014/15, due to a decrease of 16.7 percent in total revenues and a decrease of 7 percent in total expenditures in fiscal year 2015/16. The expenditure decrease is largely found in the Governmental activities, which is a result of continued saving measures implemented throughout the organization.

Governmental program activities and general revenues of \$34.5 million and transfers out of \$0.4 million, supported expenses of \$25.4 million, for a total net increase in net position in tax-supported activities of \$8.6 million. The reason for the increase in the governmental net position is due to an increase in capital grants and contributions and sales taxes.

Business-type activities revenues of \$11.9 million supported expenses of \$8.5 million and transfers in of \$421 thousand, for a total change in net position in utility enterprise activities of \$3.8 million. The reason for the increase in the business-type net position is due to the continued growth of the City's customer base. The increase of net position of \$3.8 million is available for future water and sewer improvement needs as required by projected City population increases and development needs.

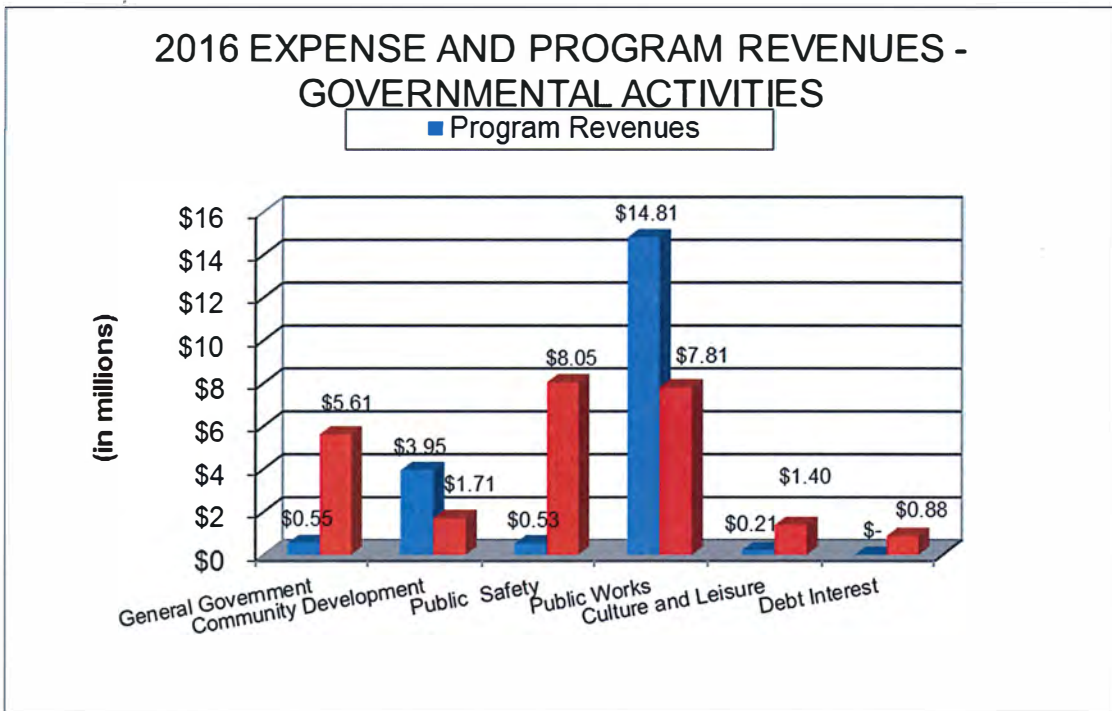


**City of Lathrop Changes in Net Position  
For the Fiscal Years Ended June 30  
(in Thousands)**

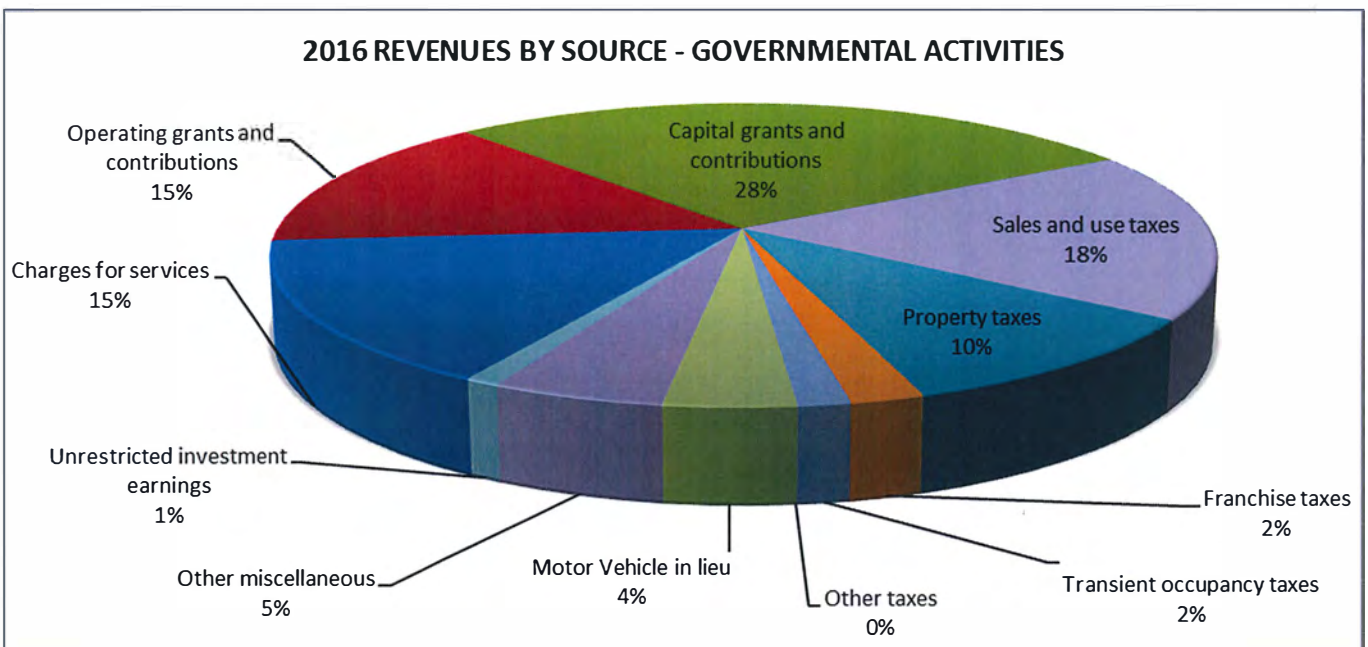
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percent Change
	2015	2016	2015	2016	2015	2016	
<b>Revenues:</b>							
<i>Program revenues:</i>							
Charges for services	\$ 3,869	\$ 5,328	\$ 11,773	\$ 11,084	\$ 15,642	\$ 16,412	4.92%
Operating grants and contributions	4,970	5,016	-	-	4,970	5,016	0.93%
Capital grants and contributions	22,155	9,703	160	160	22,315	9,863	-55.80%
<i>General revenues:</i>							
Sales and use taxes	5,948	6,209	-	-	5,948	6,209	4.39%
Property taxes	3,273	3,567	-	-	3,273	3,567	8.98%
Franchise taxes	685	744	675	416	1,360	1,160	-14.71%
Transient occupancy taxes	450	518	-	-	450	518	15.11%
Other taxes	-	-	-	-	-	-	-
Motor Vehicle in lieu	1,237	1,324	-	-	1,237	1,324	7.03%
Other miscellaneous	301	1,769	-	-	301	1,769	487.71%
Unrestricted investment earnings	81	347	63	200	144	547	279.86%
<b>Total Revenues</b>	<b>42,969</b>	<b>34,525</b>	<b>12,671</b>	<b>11,860</b>	<b>55,640</b>	<b>46,385</b>	<b>-16.63%</b>
<b>Expenses:</b>							
<i>Governmental activities:</i>							
General government	7,449	5,614	-	-	7,449	5,614	-24.63%
Community development	603	1,712	-	-	603	1,712	183.91%
Public safety	6,962	8,049	-	-	6,962	8,049	15.61%
Public works	10,864	7,809	-	-	10,864	7,809	-28.12%
Culture and leisure	780	1,395	-	-	780	1,395	78.85%
Interest on long-term debt	340	880	-	-	340	880	158.82%
<i>Business-type activities:</i>							
Water enterprise	-	-	5,108	4,942	5,108	4,942	-3.25%
Sewer enterprise	-	-	4,434	3,588	4,434	3,588	-19.08%
<b>Total expenses</b>	<b>26,998</b>	<b>25,459</b>	<b>9,542</b>	<b>8,530</b>	<b>36,540</b>	<b>33,989</b>	<b>-6.98%</b>
<b>Excess before transfers</b>	<b>15,971</b>	<b>9,066</b>	<b>3,129</b>	<b>3,330</b>	<b>19,100</b>	<b>12,396</b>	<b>-35.10%</b>
Transfers	(84)	(421)	84	421	-	-	-
<b>Change in Net Position</b>	<b>15,887</b>	<b>8,645</b>	<b>3,213</b>	<b>3,751</b>	<b>19,100</b>	<b>12,396</b>	<b>-35.10%</b>
Net Position - Beginning	176,939	189,018	116,516	119,291	293,455	308,309	5.06%
Prior Period Adjustment	(3,808)	-	(438)	-	(4,246)	-	-
Net Position, Beginning, Restated	173,131	189,018	116,078	119,291	289,209	308,309	6.60%
<b>Net Position - Ending</b>	<b>\$ 189,018</b>	<b>\$ 197,663</b>	<b>\$ 119,291</b>	<b>\$ 123,042</b>	<b>\$ 308,309</b>	<b>\$ 320,705</b>	<b>4.02%</b>

**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 \$7 million. General government services and public safety delivery costs exceeded program revenues by \$5.1 million and \$7.5 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 2015/16, property tax revenues increased by \$294 thousand.

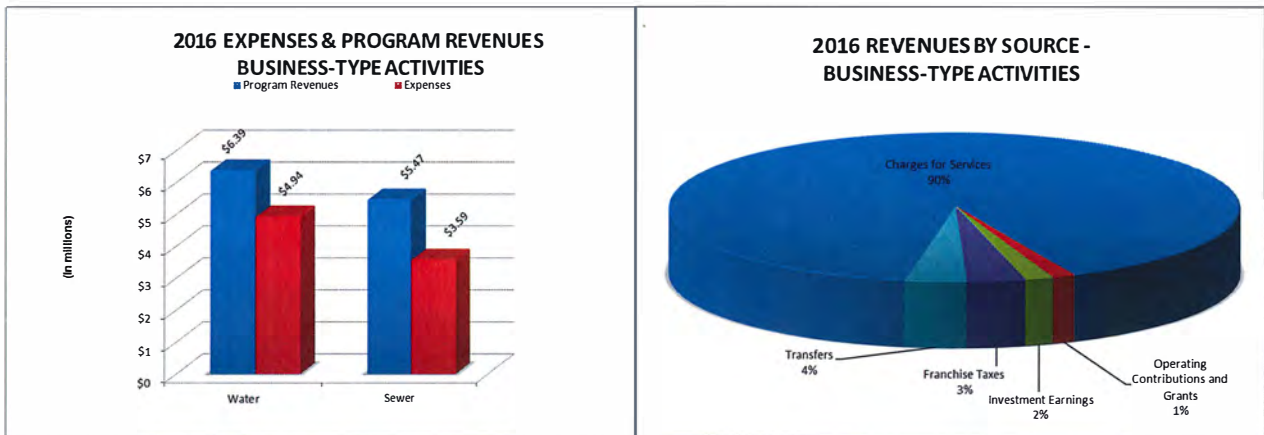
The following table shows the cost of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The cost of all governmental activities this year was \$25.5 million. The net cost of all services indicates that the overall cost of government is more than revenue generated to support it. This is an indication that the City's costs for services are outpacing the revenues collected.

**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		
	2015	2016	Percent Change	2015	2016	Percent Change
General government	\$ 7,449	\$ 5,614	-24.63%	\$ (6,958)	\$ (5,063)	-27.23%
Community development	603	1,712	183.91%	1,949	2,236	14.73%
Public safety	6,962	8,049	15.61%	(6,435)	(7,519)	16.85%
Public works	10,864	7,809	-28.12%	16,335	7,003	-57.13%
Culture and leisure	780	1,395	78.85%	(555)	(1,189)	114.23%
Other	340	880	158.82%	(340)	(880)	158.82%
<b>Total</b>	<b>\$ 26,998</b>	<b>\$ 25,459</b>	<b>-5.70%</b>	<b>\$ 3,996</b>	<b>\$ (5,412)</b>	<b>-235.44%</b>

**Business-type Activities**

Business-type activities increased the City's net position by \$3.8 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 above illustrates program revenues exceeding program expenses by \$1.4 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 \$5.8 million. This shows operating revenues exceeding operating expenditures by \$2 million. On February 2016, the City adopted a 5-Year water rate program based on the Water Rate Study findings.

## ***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 \$1.3 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. On February 2016, the City adopted a 5-Year water rate program based on the Water Rate Study findings.

## ***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, 2016, the City of Lathrop's governmental funds (general, special revenue, and capital project funds) reported combined ending fund balances of \$53.1 million, an increase of \$4.9 million in comparison with the prior fiscal year. Approximately 24.2 percent of this total amount (\$12.9 million) constitutes unassigned fund balance, which is available for spending, at the City's governing body's discretion. Of the remainder fund balance, \$6.7 million is nonspendable, \$4.5 million is restricted, \$28.1 million is committed and \$1 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 2016 fiscal year, fund balance of the general fund was \$21.8 million, of which \$12.9 million is unassigned fund balance. The increase in fund balance of the General Fund for Fiscal Year 2015/16 was \$3.8 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 67 percent of total General Fund expenditures of \$19.2 million in 2016. This means the City's general governmental operations could continue for about 8-months without any additional revenue generation.

In Fiscal Year 2015/16, taxes are the General Fund's largest source of revenue at 58 percent, or \$11 million, of total revenues of \$19 million. Property taxes represent 32.3 percent, or \$3.6 million, of this total taxes amount in the General Fund.

The Landscape Maintenance fund ended the current year with a total fund balance of \$1 million, which 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 \$0.1 million at June 30, 2016. 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 \$13.5 million as of June 30, 2016. 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 \$0.8 million as of June 30, 2016. Fund Balance decreased \$0.7 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 2015/16 with a fund balance of \$4.7 million. Fund balance increased \$3.1 million in this fund due to ongoing projects: Louise Ave/I-5 Improvements, Lathrop Rd/I-5 Improvements & River Islands Parkway/Bradshaw Bridge; Water Treatment Facility. The committed fund balance of \$4.7 million may only be used to fund specific future Streets and Roads Capital projects.

The Capital Projects fund had an ending fund balance of \$0.6 million as of June 30, 2016. Fund Balance decreased \$0.4 million during the fiscal year primarily due to ongoing capital projects (i.e.: Water Treatment Facility). 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 position and the statement of revenues, expenses, and changes in net position. In addition, these proprietary funds also present a statement of cash flows.

In Fiscal Year 2015/16, the water utility enterprise fund increased its net position from \$53.2 million to \$53.7 million. Unrestricted net position at the end of the fiscal year amounted to \$14.7 million, and are available for future capital water system improvements. \$36.3 million of the Water Fund's net position are invested in capital assets, net of related debt and are not available for liquidation to support operations. The remaining \$2.7 million is restricted to satisfy debt service obligations and covenants.

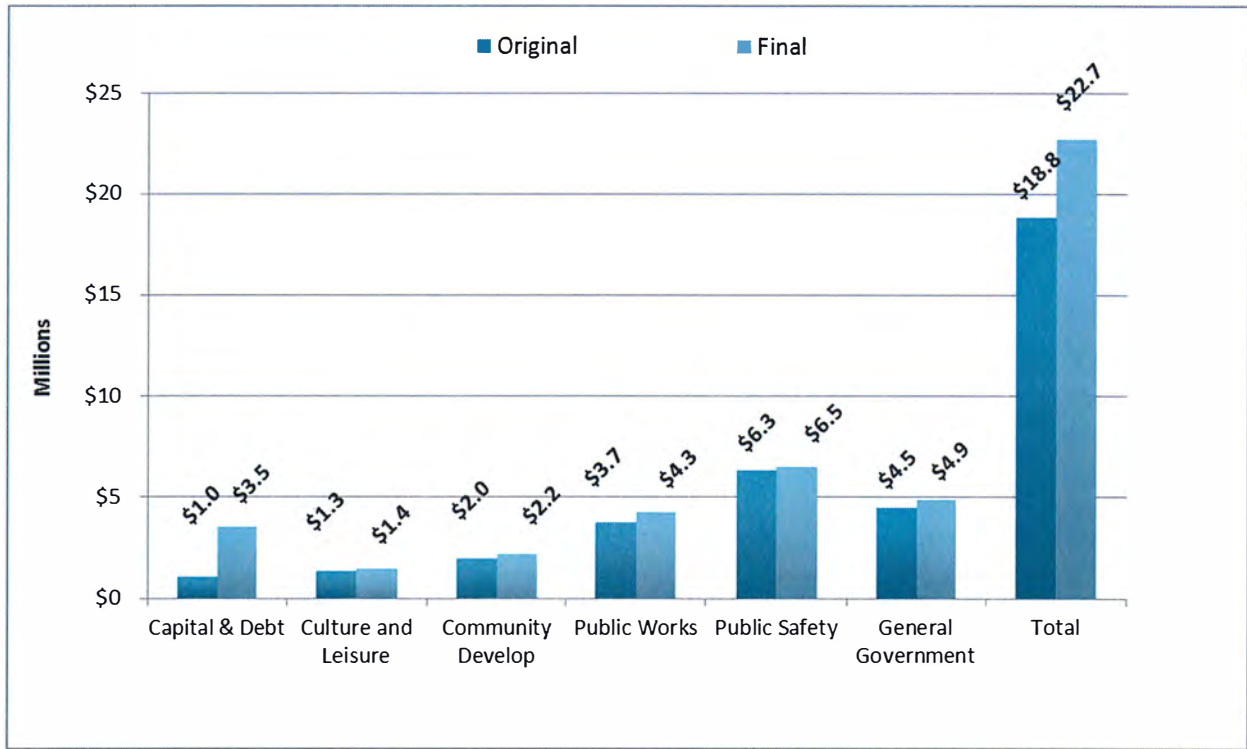
In Fiscal Year 2015/16, the sewer utility fund increased its net position from \$66.1 million to \$69.3 million. Unrestricted net position at the end of the fiscal year amounted to \$11.7 million and, are available for future capital sewer system improvements. Over \$57.6 million of the Sewer Fund's net position 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 2015/16, the General Fund's original budgeted expenditures of \$18.8 million increased to \$22.7 million at Final Amended Budget. Original adopted revenue estimates were \$13.7 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 2015/16.

**GENERAL FUND FISCAL YEAR 2015/16 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:

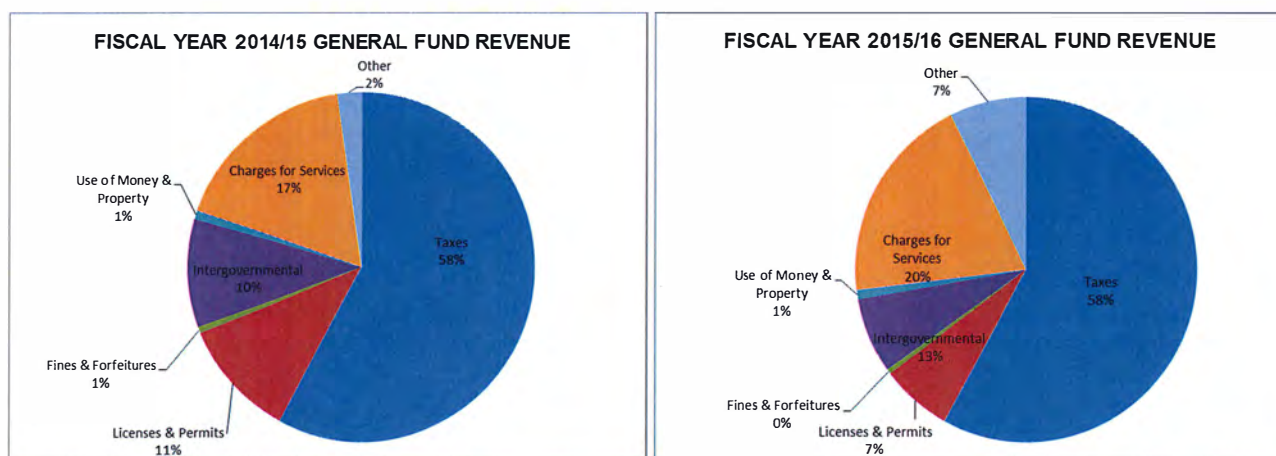
- Changes made in the mid-year report to adjust revenues, augment current year expenditure appropriations, and establish or increase designation of fund balance.
- Other revenue adjustments and expenditure appropriations approved after the original budget is adopted, and before or after the mid-year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

Amendments to the General Fund increased budgeted expenditures by \$5.5 million and are primarily a result of increased costs to carry out operations for public purposes and the purchase of replacement fleet. Budgeted General Fund revenues were increased by \$2.9 million to reflect revenues collected through Measure C.

After taking these adjustments into account, actual expenditures came in 15.5 percent below the final budget, or at \$19.2 million. Capital Outlay expenditure savings contributed to this reduced spending level. Actual revenues in the General Fund were \$2.5 million higher than the final budget revenue estimate, or 14.9 percent over the final budgeted revenue estimate. The result of the increased revenues and decreased spending increased the ending fund balance of the General Fund by \$1.6 million.

The City's General Fund revenue structure slightly changed compared to Fiscal Year 2014/15. The two pie charts on the next page present total actual revenues for Fiscal Years 2014/15 and 2015/16 by revenue category. Total actual taxes comprised 58 percent of total General Fund revenues in Fiscal Year 2014/15 and Fiscal Year 2015/16.





## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of Fiscal Year 2015/16, the City had \$272.4 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 \$1.2 million, or a 0.5 percent, over Fiscal Year 2014/15.

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			
	2015	2016	2015	2016	2015	2016
<b>Capital Assets Not Being Depreciated</b>						
Land	\$ 9,630	\$ 9,630	\$ 3,565	\$ 3,565	\$ 13,195	\$ 13,195
Construction in progress	34,063	36,763	31,017	33,378	65,080	\$70,141
<b>Depreciable Capital Assets</b>						
Buildings	9,263	9,035	11	10	9,274	\$9,045
Improvements	26,834	25,460	84,008	82,508	110,842	\$107,968
Equipment and vehicles	841	1215	358	312	1199	\$1,527
Infrastructure	71,617	70,562	-	-	71,617	\$70,562
<b>Total</b>	<b>\$ 152,248</b>	<b>\$ 152,665</b>	<b>\$ 118,959</b>	<b>\$ 119,773</b>	<b>\$ 271,207</b>	<b>\$ 272,438</b>

This year's major capital additions included:

- Water and Sewer Systems \$ 724,882
- Equipment \$ 332,176
- Vehicles \$ 312,029

More detailed information about the City's capital assets is presented in Note 4 to the financial statements on Pages 46 - 48.

## Debt Administration

At the end of the current fiscal year, the City had a total of \$30.1 million in outstanding debt. The total outstanding at June 30, 2015 was \$33.1 million. Overall in Fiscal Year 2015/16, the City's outstanding debt was reduced by \$3.1 million.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenue Bonds - Water	\$ -	\$ -	\$ 12,635	\$ 12,635	\$ 12,635	\$ 12,635
Certificates of Participation	-	-	-	-	-	-
State Revolving Fund Loan	-	-	8,563	8,161	8,563	8,161
Compass Bank Loan	-	-	5,374	5,070	5,374	5,070
Capital Lease - City Hall	6,599	4,190	-	-	6,599	4,190
<b>Total</b>	<b>\$ 6,599</b>	<b>\$ 4,190</b>	<b>\$ 26,572</b>	<b>\$ 25,866</b>	<b>\$ 33,171</b>	<b>\$ 30,056</b>

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 50 - 52.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City Council considered many factors when setting the Fiscal Year 2015/16 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 \$34,755 in Fiscal Year 2014/15 to \$38,769 in Fiscal Year 2015/16 (See Demographic and Economic Statistics in the statistical section on Page 148.)

While Lathrop's population grew from 20,353 in 2015 to 22,112 during 2016, the growth rate signaled a slower growth trend compared to prior years. Complementary to this trend, a total of 220 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 220 in Fiscal Year 2015/16, is slightly lower 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 2016/17. Revenues in the General Fund budget are projected at \$17.8 million for Fiscal Year 2016/17; an increase of 2.9 percent over the Fiscal Year 2015/16 adopted revenues of \$17.3 million.



General Fund budget operating expenditures are expected to increase by 0.9 percent, to \$17.5 million from \$17.3 million in Fiscal Year 2015/16 adopted expenditures. This increase is primarily due to account for higher expenses produced by the increase in development activity. The average employee salary increase for Fiscal Year 2016/17 is 3%. The Fiscal Year 2016/17 budget authorized 116.04 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 2016/17 are estimated to be at \$13.4 million. These revenues make up 87.1 percent of total utility enterprise estimated revenues in Fiscal Year 2016/17. In February 2016, the City Council, approved rate increases for a 5-year timeframe effective March 2016 and continuing every January 1<sup>st</sup> through 2021 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 2016/17 capital budget across all funds, while sizable, yet not as large as prior fiscal years, calls for spending of \$39 million for capital projects, of which 66.7 percent or \$26 million are planned in the two enterprise funds, and the remaining 33.3 percent or \$13 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, 2016

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments (Note 2)	\$ 51,999,212	\$ 30,792,988	\$ 82,792,200
Cash and investments, restricted, with fiscal agents (Note 2)		2,698,250	2,698,250
Accounts receivable	2,674,841	4,402,324	7,077,165
Interest receivable	40,862	22,962	63,824
Loans receivable	222,058		222,058
Internal balances (Note 3C)	6,463,969	(6,463,969)	
Capital assets, not being depreciated (Note 4)	46,392,565	36,942,818	83,335,383
Capital assets, being depreciated, net of accumulated depreciation (Note 4)	106,272,366	82,830,124	189,102,490
<b>Total assets</b>	<b>214,065,873</b>	<b>151,225,497</b>	<b>365,291,370</b>
<b>Deferred Outflows</b>			
Related to pension (Note 8)	529,677	63,135	592,812
<b>LIABILITIES</b>			
Accounts payable	1,599,956	926,240	2,526,196
Accrued payroll and benefits	224,008		224,008
Accrued interest		189,568	189,568
Due to others			
Deposits payable	2,517,653	764,907	3,282,560
Unearned revenue	2,959,800	58,494	3,018,294
Net pension liabilities, due in more than one year (Note 8)	2,794,197	333,052	3,127,249
Net OPEB obligation, due in more than one year (Note 9)	1,076,712		1,076,712
Compensated absences (Note 1G):			
Due within one year	159,133	6,675	165,808
Due in more than 1 year	901,758	37,826	939,584
Long-term debt (Note 5):			
Due within one year		725,802	725,802
Due in more than one year	4,190,000	25,140,226	29,330,226
<b>Total liabilities</b>	<b>16,423,217</b>	<b>28,182,790</b>	<b>44,606,007</b>
<b>Deferred Inflows</b>			
Related to pension (Note 8)	532,094	63,423	595,517
<b>NET POSITION (Note 7)</b>			
Net investment in capital assets	148,474,931	93,906,914	242,381,845
Restricted for:			
Debt service		2,698,250	2,698,250
Parks	258,947		258,947
Public safety	51,283		51,283
Community development	2,763,644		2,763,644
Streets	7,149,886		7,149,886
<b>Total restricted net positions</b>	<b>10,223,760</b>	<b>2,698,250</b>	<b>12,922,010</b>
Unrestricted	38,941,548	26,437,255	65,378,803
<b>Total net positions</b>	<b>\$ 197,640,239</b>	<b>\$ 123,042,419</b>	<b>\$ 320,682,658</b>

See accompanying notes to financial statements

CITY OF LATHROP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 5,614,173	\$ 551,613	\$ -	\$ -
Community development	1,712,156	3,947,881		
Public safety	8,048,625	365,009	164,857	
Public works	7,864,470	258,005	4,850,329	9,759,080
Culture and leisure	1,395,287	205,376	1,097	
Interest on long-term debt	880,036			
<b>Total governmental activities</b>	<b>25,514,747</b>	<b>5,327,884</b>	<b>5,016,283</b>	<b>9,759,080</b>
Business-type activities:				
Water	4,941,845	5,849,963		159,854
Sewer	3,587,602	5,233,840		
<b>Total business-type activities</b>	<b>8,529,447</b>	<b>11,083,803</b>		<b>159,854</b>
<b>Total government</b>	<b>\$ 34,044,194</b>	<b>\$ 16,411,687</b>	<b>\$ 5,016,283</b>	<b>\$ 9,918,934</b>

General Revenues  
 Property taxes  
 Sales and use taxes  
 Transient occupancy taxes  
 Franchise taxes  
 Motor vehicle in-lieu, unrestricted  
 Investment incomes  
 Miscellaneous revenues  
 Transfers  
  
 Total general revenues and transfers  
  
 Change in net position  
  
 Net Position, beginning  
  
 Net Position, ending

See accompanying notes to financial statements

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Totals
\$ (5,062,560)	\$ -	\$ (5,062,560)
2,235,725		2,235,725
(7,518,759)		(7,518,759)
7,002,944		7,002,944
(1,188,814)		(1,188,814)
(880,036)		(880,036)
<u>(5,411,500)</u>		<u>(5,411,500)</u>
	1,067,972	1,067,972
	<u>1,646,238</u>	<u>1,646,238</u>
	2,714,210	2,714,210
<u>(5,411,500)</u>	<u>2,714,210</u>	<u>(2,697,290)</u>
3,566,656		3,566,656
6,209,105		6,209,105
518,183		518,183
743,896	416,119	1,160,015
1,324,094		1,324,094
346,915	200,063	546,978
1,745,978		1,745,978
<u>(421,353)</u>	<u>421,353</u>	
<u>14,033,474</u>	<u>1,037,535</u>	<u>15,071,009</u>
8,621,974	3,751,745	12,373,719
<u>189,018,265</u>	<u>119,290,674</u>	<u>308,308,939</u>
<u>\$ 197,640,239</u>	<u>\$ 123,042,419</u>	<u>\$ 320,682,658</u>

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<b>FUND FINANCIAL STATEMENTS</b>
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**MAJOR GOVERNMENTAL FUNDS**

The funds described below were determined to be Major Funds by the City in fiscal year 2016. 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, 2016

	General	Landscape Maintenance	Developers Projects	Capital Facilities Fee
<b>Assets</b>				
Cash and investments (Note 2)	\$ 17,934,048	\$ 1,137,357	\$ 1,957,566	\$ 13,356,805
Receivables:				
Accounts	1,953,357		86,286	110,250
Interest	15,080	873	1,764	10,371
Due from other funds (Note 3D)	24,470			
Loans	201,708			
Advances to other funds (Note 3A)	6,463,969			
 Total Assets	 \$ 26,592,632	 \$ 1,138,230	 \$ 2,045,616	 \$ 13,477,426
 <b>Liabilities</b>				
Accounts payable	\$ 1,099,768	\$ 163,188	\$ 1,333	\$ -
Accrued payroll and benefits	224,008			
Due to other funds (Note 3D)	-			
Deposits payable	569,185		1,935,602	
Unearned revenue	2,939,653			
 Total Liabilities	 4,832,614	 163,188	 1,936,935	 -
 <b>Fund Balances (Note 7)</b>				
Nonspendable	6,665,677			
Restricted				
Committed	2,233,234		108,681	13,477,426
Assigned		975,042		
Unassigned	12,861,107			
 Total Fund Balances	 21,760,018	 975,042	 108,681	 13,477,426
 Total Liabilities and Fund Balances	 \$ 26,592,632	 \$ 1,138,230	 \$ 2,045,616	 \$ 13,477,426

See accompanying notes to financial statements

Measure K	Streets and Roads	Capital Projects	Other Governmental Funds	Totals
\$ 603,206	\$ 4,935,708	\$ 624,629	\$ 10,427,991	\$ 50,977,310
221,861	9		303,078	2,674,841
452	3,712	631	7,979	40,862
			20,350	24,470
				222,058
				6,463,969
<u>\$ 825,519</u>	<u>\$ 4,939,429</u>	<u>\$ 625,260</u>	<u>\$ 10,759,398</u>	<u>\$ 60,403,510</u>
\$ -	\$ 216,653	\$ 8,564	\$ 110,450	\$ 1,599,956
				224,008
			24,470	24,470
			12,866	2,517,653
			20,147	2,959,800
<u>-</u>	<u>216,653</u>	<u>8,564</u>	<u>167,933</u>	<u>7,325,887</u>
825,519	4,722,776	616,696	3,687,803	6,665,677
			6,903,895	4,513,322
			(233)	28,062,708
				975,042
				12,860,874
<u>825,519</u>	<u>4,722,776</u>	<u>616,696</u>	<u>10,591,465</u>	<u>53,077,623</u>
<u>\$ 825,519</u>	<u>\$ 4,939,429</u>	<u>\$ 625,260</u>	<u>\$ 10,759,398</u>	<u>\$ 60,403,510</u>

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CITY OF LATHROP  
 Reconciliation of the  
 GOVERNMENTAL FUNDS - BALANCE SHEET  
 with the  
 STATEMENT OF NET POSITION  
 JUNE 30, 2016

Total fund balance reported on the Governmental Funds Balance Sheet \$ 53,077,623

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. 152,664,931

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	\$ (4,190,000)	
Compensated absences	(38,989)	
Net pension liability and related deferred outflows and inflows of resources	(2,796,614)	
Net OPEB Obligation	<u>(1,076,712)</u>	<u>(8,102,315)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 197,640,239

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, 2016

	General	Landscape Maintenance	Developers Projects	Capital Facilities Fee
<b>Revenues</b>				
Taxes and assessments	\$ 11,037,840	\$ 2,353,286	\$ -	\$ 3,589,543
Licenses and permits	1,283,193			
Fines, forfeitures, and penalties	85,900			
Intergovernmental	1,349,344			
Use of money and property	166,408	9,291	11,625	89,530
Charges for current services	3,725,964			
Other	1,399,829		2,108,643	
<b>Total Revenues</b>	<u>19,048,478</u>	<u>2,362,577</u>	<u>2,120,268</u>	<u>3,679,073</u>
<b>Expenditures</b>				
Current:				
General government	4,675,898			
Community development	1,657,178			
Public safety	5,763,733			
Public works	2,873,606	1,945,754	19,960	
Culture and leisure	1,296,370			
Capital outlay	854,109	25,825		
Debt service:				
Principal	1,683,347			
Interest	390,710			
<b>Total Expenditures</b>	<u>19,194,951</u>	<u>1,971,579</u>	<u>19,960</u>	
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(146,473)</u>	<u>390,998</u>	<u>2,100,308</u>	<u>3,679,073</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 3B)	5,163,716	42,986		
Transfers out (Note 3B)	(2,202,108)	(339,325)	(3,117,071)	(2,580,950)
Payment to refunded lease escrow agent	(5,381,652)			
Lease proceeds (Note 5)	4,190,000			
<b>Total Other Financing Sources (Uses)</b>	<u>1,769,956</u>	<u>(296,339)</u>	<u>(3,117,071)</u>	<u>(2,580,950)</u>
<b>Net Changes in Fund Balances</b>	1,623,483	94,659	(1,016,763)	1,098,123
<b>Fund Balances</b>	<u>20,136,535</u>	<u>880,383</u>	<u>1,125,444</u>	<u>12,379,303</u>
<b>Fund Balances, End of the Year</b>	<u>\$ 21,760,018</u>	<u>\$ 975,042</u>	<u>\$ 108,681</u>	<u>\$ 13,477,426</u>

See accompanying notes to financial statements

Measure K	Streets and Roads	Capital Projects	Other Governmental Funds	Totals
\$ -	\$ -	\$ -	\$ 1,513,791	\$ 18,494,460
				1,283,193
			1,572,739	1,658,639
1,862,457			2,277,745	5,489,546
4,747	30,434	6,595	64,094	382,724
				3,725,964
			15,076	3,523,548
<u>1,867,204</u>	<u>30,434</u>	<u>6,595</u>	<u>5,443,445</u>	<u>34,558,074</u>
				4,675,898
				1,657,178
			1,534,139	7,297,872
			1,847,955	6,687,275
				1,296,370
	1,815,822	1,175,159	491,009	4,361,924
				1,683,347
				390,710
	<u>1,815,822</u>	<u>1,175,159</u>	<u>3,873,103</u>	<u>28,050,574</u>
<u>1,867,204</u>	<u>(1,785,388)</u>	<u>(1,168,564)</u>	<u>1,570,342</u>	<u>6,507,500</u>
	4,844,023	778,863	2,141,832	12,971,420
(2,585,062)	(4,225)	(50,000)	(2,514,032)	(13,392,773)
				(5,381,652)
				4,190,000
<u>(2,585,062)</u>	<u>4,839,798</u>	<u>728,863</u>	<u>(372,200)</u>	<u>(1,613,005)</u>
(717,858)	3,054,410	(439,701)	1,198,142	4,894,495
<u>1,543,377</u>	<u>1,668,366</u>	<u>1,056,397</u>	<u>9,393,323</u>	<u>48,183,128</u>
<u>\$ 825,519</u>	<u>\$ 4,722,776</u>	<u>\$ 616,696</u>	<u>\$ 10,591,465</u>	<u>\$ 53,077,623</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, 2016

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 \$ 4,894,495

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	\$ 4,361,924	
Other capitalized expenditures are added back to fund balances	684,606	
Depreciation expense not reported in governmental funds	<u>(4,629,020)</u>	417,510

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	1,683,347
Proceeds from the issuance of long-term debt are deducted from fund balance	(4,190,000)
Payment to refunded lease escrow agent is added back to fund balance	5,381,652
Accounting loss on refunding is deducted from fund balance	<u>(489,326)</u>

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	277
Net pension liability and related deferred outflows and inflows of resources	1,073,521
Net OPEB obligation	<u>(149,502)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 8,621,974

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, 2016

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Compensated Absences Internal Service Fund
	Water	Sewer	Totals	
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and investments (Note 2)	\$ 13,675,554	\$ 17,117,434	\$ 30,792,988	\$ 1,021,902
Restricted cash and investments, with fiscal agents (Note 2)	2,698,250		2,698,250	
Receivables:				
Accounts	3,707,418	694,906	4,402,324	
Interest	9,639	13,323	22,962	
Total Current Assets	<u>20,090,861</u>	<u>17,825,663</u>	<u>37,916,524</u>	<u>1,021,902</u>
<b>Noncurrent Assets:</b>				
Capital assets, not being depreciated (Note 4)	15,843,991	21,098,827	36,942,818	
Capital assets, being depreciated, net of accumulated depreciation (Note 4)	46,343,507	36,486,617	82,830,124	
Total Noncurrent Assets	<u>62,187,498</u>	<u>57,585,444</u>	<u>119,772,942</u>	
Total Assets	<u>82,278,359</u>	<u>75,411,107</u>	<u>157,689,466</u>	<u>1,021,902</u>
<b>Deferred Outflows</b>				
Related to pension (Note 8)	<u>30,056</u>	<u>33,079</u>	<u>63,135</u>	
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	582,800	343,440	926,240	
Accrued interest payable	189,568		189,568	
Unearned revenue	58,494		58,494	
Deposits payable	733,619	31,288	764,907	
Current portion of compensated absences (Note 1G)	3,222	3,453	6,675	153,285
Current portion of long-term liabilities (Note 5)	725,802		725,802	
Total Current Liabilities	<u>2,293,505</u>	<u>378,181</u>	<u>2,671,686</u>	<u>153,285</u>
<b>Noncurrent Liabilities:</b>				
Compensated absences (Note 1G)	18,259	19,567.00	37,826	868,617
Advances from other funds (Note 3A)	962,868	5,501,101	6,463,969	
State revolving fund loan (Note 5)	7,749,238		7,749,238	
Compass bank loan payable (Note 5)	4,755,989		4,755,989	
Revenue bonds payable (Note 5)	12,634,999		12,634,999	
Net pension liabilities (Note 8)	158,552	174,500	333,052	
Total Long-Term Liabilities	<u>26,279,905</u>	<u>5,695,168</u>	<u>31,975,073</u>	<u>868,617</u>
Total Liabilities	<u>28,573,410</u>	<u>6,073,349</u>	<u>34,646,759</u>	<u>1,021,902</u>
<b>Deferred Inflows</b>				
Related to pension (Note 8)	<u>30,193</u>	<u>33,230</u>	<u>63,423</u>	
<b>Net Position (Note 7)</b>				
Net investment in capital assets	36,321,470	57,585,444	93,906,914	
Restricted for debt service	2,698,250		2,698,250	
Unrestricted	14,685,092	11,752,163	26,437,255	
Total Net Position	<u>\$ 53,704,812</u>	<u>\$ 69,337,607</u>	<u>\$ 123,042,419</u>	<u>\$ -</u>

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, 2016

	<u>Business-type Activities-Enterprise Funds</u>			<u>Governmental Activities- Compensated Absences Internal Service Fund</u>
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	
Operating Revenues				
Service charges	\$ 5,450,429	\$ 5,130,751	\$ 10,581,180	\$ -
Other income	399,534	103,089	502,623	
Total Operating Revenues	<u>5,849,963</u>	<u>5,233,840</u>	<u>11,083,803</u>	
Operating Expenses				
General and administrative	429,793	578,776	1,008,569	
Maintenance and operations	1,918,175	1,918,891	3,837,066	
Depreciation	1,462,835	1,089,935	2,552,770	
Total Operating Expenses	<u>3,810,803</u>	<u>3,587,602</u>	<u>7,398,405</u>	
Operating Income	<u>2,039,160</u>	<u>1,646,238</u>	<u>3,685,398</u>	
Non-Operating Revenues (Expenses)				
Investment earnings	86,919	113,144	200,063	
Taxes and assessments	288,455	127,664	416,119	
Interest expense	(1,131,042)		(1,131,042)	
Total Non-Operating Revenues (Expenses)	<u>(755,668)</u>	<u>240,808</u>	<u>(514,860)</u>	
Income Before Contributions and Transfers	1,283,492	1,887,046	3,170,538	
Capital contributions	159,854		159,854	
Transfers:				
Transfers in (Note 3B)	2,382,460	3,263,967	5,646,427	
Transfers out (Note 3B)	(3,355,552)	(1,869,522)	(5,225,074)	
Changes in Net Position	470,254	3,281,491	3,751,745	
Net Position, Beginning of the Fiscal Year	<u>53,234,558</u>	<u>66,056,116</u>	<u>119,290,674</u>	
Net Position, End of the Fiscal Year	<u>\$ 53,704,812</u>	<u>\$ 69,337,607</u>	<u>\$ 123,042,419</u>	<u>\$ -</u>

See accompanying notes to financial statements

CITY OF LATHROP  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities-Enterprise Funds			Governmental Activities-
	Water	Sewer	Totals	Compensated Absences Internal Service Fund
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 5,459,328	\$ 5,218,827	\$ 10,678,155	\$ 111,163
Payments to suppliers and users	(2,500,130)	(2,285,641)	(4,785,771)	
Payments to employees and benefits	(492,823)	(614,468)	(1,107,291)	
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>2,466,375</u>	<u>2,318,718</u>	<u>4,785,093</u>	<u>111,163</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Taxes and assessments	288,455	127,664	416,119	
Interfund payments		(475,500)	(475,500)	
Interfund receipts	389,340		389,340	
Transfers in	2,382,460	3,263,967	5,646,427	
Transfers (out)	(3,355,552)	(1,869,522)	(5,225,074)	
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(295,297)</u>	<u>1,046,609</u>	<u>751,312</u>	
<b>Cash Flows from Capital and Related Financing Activities</b>				
Principal repayments	(705,745)		(705,745)	
Interest paid	(1,131,042)		(1,131,042)	
Purchase of capital assets	(428,345)	(2,815,421)	(3,243,766)	
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(2,265,132)</u>	<u>(2,815,421)</u>	<u>(5,080,553)</u>	
<b>Cash Flows from Investing Activities</b>				
Interest received	83,557	108,428	191,985	
<b>Net Cash Provided by Investing Activities</b>	<u>83,557</u>	<u>108,428</u>	<u>191,985</u>	
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(10,497)	658,334	647,837	111,163
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	16,384,301	16,459,100	32,843,401	910,739
<b>Cash and Cash Equivalents at the End of the Year</b>	<u>\$ 16,373,804</u>	<u>\$ 17,117,434</u>	<u>\$ 33,491,238</u>	<u>\$ 1,021,902</u>
<b>Reconciliation of Cash and Cash Equivalents to Statement of Net Assets:</b>				
Cash and investments	\$ 13,675,554	\$ 17,117,434	\$ 30,792,988	\$ 1,021,902
Restricted cash and investments	2,698,250		2,698,250	
<b>Total Cash and Cash Equivalents</b>	<u>\$ 16,373,804</u>	<u>\$ 17,117,434</u>	<u>\$ 33,491,238</u>	<u>\$ 1,021,902</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income	\$ 2,039,160	\$ 1,646,238	\$ 3,685,398	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,462,835	1,089,935	2,552,770	
(Increase) Decrease in Operating Assets:				
Accounts receivable	(390,635)	(15,013)	(405,648)	
Increase (Decrease) in Operating Liabilities:				
Accounts payable	(282,468)	(366,750)	(649,218)	
Due to others	(298,787)		(298,787)	
Deposits payable	(700)		(700)	
Pension liability	(64,407)	(41,660)	(106,067)	
Compensated absences	1,377	5,968	7,345	111,163
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 2,466,375</u>	<u>\$ 2,318,718</u>	<u>\$ 4,785,093</u>	<u>\$ 111,163</u>
<b>Non-cash items:</b>				
Contributed capital	<u>\$ 159,854</u>	<u>\$ -</u>	<u>\$ 159,854</u>	<u>\$ -</u>

See accompanying notes to financial statements

<b>FIDUCIARY FUNDS</b>
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**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, 2016

	Agency Funds
<b>ASSETS</b>	
Cash and investments (Note 2)	\$ 6,237,934
Cash and investments, restricted, with fiscal agents (Note 2)	9,734,547
Accounts receivable	1,117,303
Interest receivable	5,307
Total assets	\$ 17,095,091
<b>LIABILITIES</b>	
Accounts payable	\$ 4,305,572
Deposits payable	294,883
Due to developers	3,686,091
Due to bondholders	8,808,545
Total liabilities	\$ 17,095,091

See accompanying notes to financial statements

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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, 2016

**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, 2016

**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*.



**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**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.

Changes in compensated absences for the year ended June 30, 2016, were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 950,005	\$ 37,156	\$ 987,161
Additions	111,163	7,345	118,508
Payments	(277)		(277)
Ending Balance	<u>\$ 1,060,891</u>	<u>\$ 44,501</u>	<u>\$ 1,105,392</u>
Current Portion	<u>\$ 159,133</u>	<u>\$ 6,675</u>	<u>\$ 165,808</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. *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, 2016.

***GASB Statement No. 72*** – Fair Value Measurement and Application. The intention of this Statement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. It also enhances fair value application guidance and related disclosures.

***GASB Statement No. 76*** – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The statement is effective for the periods beginning after June 15, 2015.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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

*GASB Statement No. 79* – Certain External Investment Pools and Pool Participants. The objective of this Statement is to address for certain external investment pool and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. This statement is effective for the periods beginning after December 15, 2015.

**J. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

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, 2016, are as follows:

City cash and investments in primary government:	
Cash and investments	\$ 82,792,200
Cash and investments, restricted, with fiscal agents	<u>2,698,250</u>
Total City cash and investments in primary government	<u>85,490,450</u>
Cash and investments in Fiduciary Funds (separate statement):	
Cash and investments,	6,237,934
Cash and investments, restricted, with fiscal agents	<u>9,734,547</u>
Total Fiduciary Funds cash and investments	<u>15,972,481</u>
Total cash and investments	<u><u>\$ 101,462,931</u></u>

Cash and investments as of June 30, 2016, consist of the following:

Cash on hand	\$ 2,760
Cash with financial institutions	5,797,067
Investments	<u>95,663,104</u>
Total Cash and Investments	<u><u>\$ 101,462,931</u></u>

**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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

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

**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

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**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.

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

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
US Treasury Bonds	\$ -	\$ 3,811,541	\$ 5,097,317	\$ 8,908,858
Federal Agencies Securities	1,681,167	13,147,039	6,502,997	21,331,203
California Local Agency Investment Fund	50,872,818			50,872,818
Money Market Mutual Funds	13,764,879			13,764,879
Investments in County Pool	296,266			296,266
Certificates of Deposit	489,080			489,080
Total Investments	<u>\$ 67,104,210</u>	<u>\$ 16,958,580</u>	<u>\$ 11,600,314</u>	95,663,104
<i>Cash in Banks and on hand</i>				<u>5,799,827</u>
Total City Cash and Investments				<u>\$ 101,462,931</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, 2016, these investments have an average maturity of 167 days.

Money market mutual funds are available for withdrawal on demand and at June 30, 2016, have an average maturity of 48 days.

**F. Fair Value Hierarchy**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2016:

<i>Investments by Fair Value Level:</i>	Level 1	Level 2	Total
US Treasury Bonds	\$ 8,908,858	\$ -	\$ 8,908,858
Federal Agencies Securities		21,331,203	21,331,203
California Local Agency Investment Fund		50,872,818	50,872,818
Investments in County Pool		296,266	296,266
Total Investments	\$ 8,908,858	\$ 72,500,287	81,409,145
 <i>Investments Measured at Amortized Cost:</i>			
Money Market Mutual Fund			13,764,879
Certificates of Deposit			489,080
<i>Cash in banks and on hand</i>			5,799,827
Total Cash and investments			\$ 101,462,931

US Treasury Bonds, classified in Level 1 of the fair value hierarchy are valued using a quoted price in an active market for an identical asset. The California Local Agency Investment Fund (LAIF) classified in Level 2 is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as fair value divided by the amortized cost of the investment pool. The San Joaquin County Investment Pool and Federal Agencies Securities classified in Level 2 is valued based on other observable inputs. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

**G. 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, 2016, as provided by Standard and Poor's, are as follows:

Investment Type	AAAm	AA+	Total
Federal Agencies Securities	\$ -	\$ 21,331,203	\$ 21,331,203
Money Market Mutual Funds	13,764,879		13,764,879
Totals	\$ 13,764,879	\$ 21,331,203	35,096,082

*Not Rated:*

US Treasury Bonds	8,908,858
California Local Agency Investment Fund	50,872,818
Investments in County Pool	296,266
Certificates of Deposit	489,080
Total Investments	\$ 95,663,104

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**H. Concentration of Credit Risk**

Investments in any one issuer, other than U. S. Treasury securities, money market mutual funds, and California Local Agency Investment Funds that represent 5% or more of total City-wide investments are as follows at June 30, 2016:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agencies Securities	\$ 8,338,537
Federal Home Loan Mortgage Corporation	Federal Agencies Securities	7,108,832

**NOTE 3 - INTERFUND TRANSACTIONS**

**A. Long-Term Advances**

As of June 30, 2016, the General Fund had advanced \$5,501,101 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.

As of June 30, 2016, the General Fund had made advances to the Water Fund in the amount of \$962,868, which was used to cover debt service payments on 2003 Water Revenue Bonds. The advances will be repaid with future revenues, but not within the next fiscal year.

**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, 2016, were as follows:

	Transfers In	Transfer Out
Major Governmental Funds:		
General	\$ 5,163,716	\$ 277,072
Landscape Maintenance	42,986	339,325
Developer Projects		3,117,071
Capital Facilities Fee		2,580,950
Measure K		2,585,062
Streets and Roads	4,844,023	4,225
Capital Projects	778,863	50,000
Major Enterprise Funds:		
Water	2,382,460	3,355,552
Sewer	3,263,967	1,869,522
Non Major Governmental Funds	2,141,832	4,439,068
Total Interfund Transfers	<u>\$ 18,617,847</u>	<u>\$ 18,617,847</u>

The purpose of the above transfers were to fund operations, capital projects and debt services.



**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 3 - INTERFUND TRANSACTIONS (Continued)**

**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, 2016, the COPS, the Universal Hiring Grant, and the CLSP Service CFD Special Revenue Funds owed \$4,314, \$9,011 and \$11,145, respectfully to the General Fund.

**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	3-10	years
Infrastructure	4-100	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, 2016

**NOTE 4 - CAPITAL ASSETS (Continued)**

**A. Capital Asset Additions and Retirements**

Capital assets activity for the year ended June 30, 2016, is as follows:

	Balance at June 30, 2015	Additions	Retirements	Balance at June 30, 2016
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 9,629,503	\$ -	\$ -	\$ 9,629,503
Construction in Progress	34,063,060	2,700,002		36,763,062
Total capital assets not being depreciated	43,692,563	2,700,002		46,392,565
Capital assets being depreciated:				
Buildings	11,702,495			11,702,495
Improvements	38,564,829	139,062		38,703,891
Equipment and Vehicles	3,576,002	625,454	(185,409)	4,016,047
Infrastructure	120,759,968	1,582,012		122,341,980
Total capital assets being depreciated	174,603,294	2,346,528	(185,409)	176,764,413
Less accumulated depreciation:				
Buildings	2,439,393	227,965		2,667,358
Improvements	11,730,862	1,513,641		13,244,503
Equipment and Vehicles	2,734,809	251,130	(185,409)	2,800,530
Infrastructure	49,143,372	2,636,284		51,779,656
Total accumulated depreciation	66,048,436	4,629,020	(185,409)	70,492,047
Net capital assets being depreciated	108,554,858	(2,282,492)		106,272,366
Governmental Activities Capital Assets, Net	<u>\$ 152,247,421</u>	<u>\$ 417,510</u>	<u>\$ -</u>	<u>\$ 152,664,931</u>
	Balance at June 30, 2015	Additions	Retirements	Balance at June 30, 2016
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 3,565,179	\$ -	\$ -	\$ 3,565,179
Construction in Progress	31,010,942	2,366,697		33,377,639
Total capital assets not being depreciated	34,576,121	2,366,697		36,942,818
Capital assets, being depreciated:				
Buildings	65,773			65,773
Improvements	118,377,986	1,000,092		119,378,078
Equipment and Vehicles	1,267,085	36,831	(24,139)	1,279,777
Net capital assets being depreciated	119,710,844	1,036,923	(24,139)	120,723,628
Less accumulated depreciation for:				
Buildings	55,262	632		55,894
Improvements	34,370,360	2,499,113		36,869,473
Equipment and Vehicles	939,251	53,025	(24,139)	968,137
Total accumulated depreciation	35,364,873	2,552,770	(24,139)	37,893,504
Net capital assets being depreciated	84,345,971	(1,515,847)		82,830,124
Business-type Activities Capital Assets, Net	<u>\$ 118,922,092</u>	<u>\$ 850,850</u>	<u>\$ -</u>	<u>\$ 119,772,942</u>

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**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	\$ 1,135,259
Community development	176,663
Public safety	989,813
Public works	2,179,667
Culture and leisure	<u>147,618</u>
<b>Total Governmental Activities</b>	<b><u>\$ 4,629,020</u></b>
<i>Business-Type Activities</i>	
Water	\$ 1,462,835
Sewer	<u>1,089,935</u>
<b>Total Business-Type Activities</b>	<b><u>\$ 2,552,770</u></b>

**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, 2016, is as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Current</u> <u>Portion</u>
<i>Governmental Activities Long-Term Debt</i>					
<i>Capital Lease Obligation</i>					
City Hall Lease					
3.200-4.500%, due 06/30/2030	\$ 6,575,673	\$ -	\$ 6,575,673	\$ -	\$ -
2016 Lease Agreement					
2.55%, due 07/15/2029		<u>4,190,000</u>		<u>4,190,000</u>	
<b>Total Governmental Activities</b>	<b><u>\$ 6,575,673</u></b>	<b><u>\$ 4,190,000</u></b>	<b><u>\$ 6,575,673</u></b>	<b><u>\$ 4,190,000</u></b>	<b><u>\$ -</u></b>

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 5 - LONG-TERM DEBT (Continued)**

	Balance June 30, 2015	Retirements	Balance June 30, 2016	Current Portion
<b><i>Business-type Activities Long-Term Debt</i></b>				
2003 Revenue Bonds				
3.000-6.000%, due 06/01/2035	\$ 12,634,999	\$ -	\$12,634,999	\$ -
State Revolving Fund Loan				
2.3086%, due 7/1/2032	8,562,968	402,195	8,160,773	411,535
Compass Bank Loan				
3.500%, due 6/1/2029	5,373,806	303,550	5,070,256	314,267
<b>Total Business-type Activities</b>	<b>\$ 26,571,773</b>	<b>\$ 705,745</b>	<b>\$25,866,028</b>	<b>\$ 725,802</b>

**B. Debt Service Requirements**

Future principal and interest payments on all Governmental and Business-type long-term debt were as follows at June 30, 2016:

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
2017	\$ -	\$ -	\$ -	\$ 750,216	\$ 411,535	\$ 186,038	\$ 314,267	\$ 174,733
2018	265,000		415,000	750,216	421,091	176,482	325,363	163,637
2019	285,000		435,000	726,976	430,868	166,705	336,850	152,150
2020	290,000		490,000	702,180	440,872	156,701	348,743	140,257
2021	300,000		470,000	674,006	451,109	146,464	361,056	127,944
2022 - 2026	1,610,000		1,985,000	3,126,054	2,417,611	570,254	2,005,734	439,266
2027 - 2031	1,440,000		4,335,000	2,161,030	2,711,629	276,242	1,378,243	85,498
2032 - 2036			4,504,999	695,700	876,058	20,303		
<b>Total</b>	<b>\$4,190,000</b>	<b>\$ -</b>	<b>\$12,634,999</b>	<b>\$9,586,378</b>	<b>\$8,160,773</b>	<b>\$1,699,189</b>	<b>\$5,070,256</b>	<b>\$1,283,485</b>

**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 was from July 1, 2005 to June 30, 2030, with a right to purchase at the end of the lease term. In June 2016, the City repaid this lease by entering into a new lease agreement, 2016 Lease Agreement.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 5 - LONG-TERM DEBT (Continued)**

**2016 Lease Agreement** – On June 1, 2016, the City entered into a capital lease with the Lathrop Financing Authority (Authority) for the existing City Hall building, in the amount of \$4,190,000 with a 2.55% annual interest rate. On the same date, the Authority assigned its rights under the lease agreement to Capital One Public Funding, LLC. The proceeds of the capital lease, together with available funds from the City, were used to advance refund the outstanding 2004 Capital Lease Obligation amounted to \$6,640,000. A total of \$6,787,680 was deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded 2004 Capital Lease. As a result, the 2004 Capital Lease was considered defeased and the liability for the 2004 Capital Lease has been removed from the Statement of Net Position as of June 30, 2016. On July 15, 2016, the 2004 Capital Lease Obligation was prepaid fully. This advance refunding reduced the City's total debt service payments over 15 years by \$2,901,765 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$950,783.

**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.

**C. *Description of the City's Long-Term Debt Issues (continued)***

**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, 2016

**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, 2016 is as follows:

CSCDA Lease Revenue Bonds	\$ 6,640,000
Louise Avenue	55,000
Mossdale Village Assessment District 2003-1	11,075,000
Mossdale Assessment District Refunding 2015	6,545,000 *
Crossroads Assessments	2,245,000
Crossroad Assessment District Series 2015	10,084,444
Joint Wastewater Project	6,175,000
North Harlan Water	375,000
Lathrop Sanitary Sewer Assessment District No.1	830,000
Community Facilities District No. 2006	49,750,000 **

\* The Mossdale Assessment District Refunding 2015 bond issue refunded the Mossdale Village Assessment District No. 03-1 Series 2005 bond issue.

\*\* 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, 2016**

**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, 2016

**NOTE 7 - NET POSITION AND FUND BALANCES (Continued)**

Detailed classifications of the City's fund balances, as of June 30, 2016, are below:

	General Fund	Landscape Maintenance	Developer Projects	Capital Facilities Fee	Measure K	Streets and Roads	Capital Projects	Other Governmental Funds	Total
<b>Nonspendables:</b>									
Items not in spendable form:									
Loans	\$ 201,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,708
Advance to other funds	6,463,969								6,463,969
<b>Total Nonspendable</b>	<b>6,665,677</b>								<b>6,665,677</b>
<b>Restricted for:</b>									
Capital projects								61,592	61,592
Recycling projects								397,083	397,083
Community improvements								2,348	2,348
Public safety								(10,309)	(10,309)
Traffic and transportation								38,406	38,406
MBR operations and maintenance								51,195	51,195
Parks and recreation								268,167	268,167
Streets and roads contracts					825,519			2,879,321	3,704,840
Measure C									-
<b>Total Restricted</b>					<b>825,519</b>			<b>3,687,803</b>	<b>4,513,322</b>
<b>Committed to:</b>									
Traffic and transportation								2,893,024	2,893,024
Storm drains operation and maintenance								571,879	571,879
Community Facility Districts								(12,740)	(12,740)
Capital projects			108,681	13,477,426		4,722,776	616,696		18,925,579
Street lighting contract								1,505,551	1,505,551
Storm drain contracts								405,567	405,567
Code enforcement								9,324	9,324
Building permits								237,618	237,618
North Lathrop Transportation								765,804	765,804
Stewart Economic Development Fee 80%								28,672	28,672
Stewart Economic Development Fee 20%								354,858	354,858
River Islands CFD 2013-1								144,338	144,338
<b>Total Committed</b>			<b>108,681</b>	<b>13,477,426</b>		<b>4,722,776</b>	<b>616,696</b>	<b>6,903,895</b>	<b>25,829,474</b>
<b>Assigned to:</b>									
Landscape maintenance		975,042							975,042
<b>Total Assigned</b>		<b>975,042</b>							<b>975,042</b>
<b>Unassigned:</b>									
Fund balance deficits								(233)	(233)
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	5,655,829								5,655,829
<b>Total Unassigned</b>	<b>12,861,107</b>							<b>(233)</b>	<b>12,860,874</b>
<b>Total Fund Balances</b>	<b>\$ 19,526,784</b>	<b>\$ 975,042</b>	<b>\$ 108,681</b>	<b>\$ 13,477,426</b>	<b>\$ 825,519</b>	<b>\$ 4,722,776</b>	<b>\$ 616,696</b>	<b>\$ 10,591,465</b>	<b>\$ 50,844,389</b>



**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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, 2016, 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, 2016, the Exposure and Emergency Reserves amounted to \$1,761,384.

**D. *Encumbrances***

The City utilized an encumbrance system during fiscal year 2016 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, 2016, that will be carried over to fiscal year 2016:

General Fund	\$ 2,765,957
Landscape Maintenance Fund	96,378
General Capital Projects Fund	72,512
Streets and Roads Fund	18,903
Non-major Funds	345,735

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 8 – PENSION PLAN**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s California Public Employees’ Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**A. General Information about the Pension Plan**

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous Tier I, Tier II and PEPRAs Employee Pension Rate Plan. The City’s Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan 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 Plan’s provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous		
	Misc - Tier I	Misc - Tier II	Misc - PEPRAs
Hire date	Prior to 7/1/2010	7/1/2010 to 12/31/2012	After 12/31/2012
Benefit Formula	2% at 55	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	7%	7%	6.250%
Required employer contribution rates	8.003%	6.709%	6.237%

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 8 - PENSION PLAN (Continued)**

*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 the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the City’s contributions to the Plan were as follows:

	Miscellaneous
Contributions - employer	\$ 369,225

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

As of June 30, 2016, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 3,127,249
Total Net Pension Liability	\$ 3,127,249

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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 plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

	Miscellaneous
Proportion - June 30, 2014	0.1453%
Proportion - June 30, 2015	0.1140%
Change - Increase (Decrease)	-0.0313%

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 8 - PENSION PLAN (Continued)**

For the year ended June 30, 2016, the City recognized pension expense of \$1,179,586. At June 30, 2016, 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	\$ 369,225	\$ -
Differences between actual and expected experience		(299,641)
Changes in assumptions	31,671	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	191,916	(145,661)
Net differences between projected and actual earnings on plan investments		(\$150,215)
Total	\$ 592,812	\$ (595,517)

\$369,225 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, 2017. 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	Increase (Decrease)
June 30	In Pension Expense
2017	\$ (202,819)
2018	(197,465)
2019	(163,653)
2020	192,007

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 8 - PENSION PLAN (Continued)**

**Actuarial Assumptions** – For the measurement period ended June 30, 2015, the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liability is based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.2% - 12.2% (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.

All other actuarial assumptions used in the June 30, 2014 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 be found on the CalPERS website under Forms and Publications.

**Change of Assumptions** – GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% 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, 2016

**NOTE 8 - PENSION PLANS (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, 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	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	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, 2016

**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 the Plan, calculated using the discount rate for the 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:

	<u>Miscellaneous</u>
1% Decrease	6.65%
Net Pension Liability	\$ 5,697,072
Current Discount Rate	7.65%
Net Pension Liability	\$ 3,127,249
1% Increase	8.65%
Net Pension Liability	\$ 1,005,564

***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, 2016

**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)	\$	170,866
Interest on net OPEB obligation		71,337
Adjustment to Annual Required Contribution		<u>(64,760)</u>
Annual pension cost		177,443
Contributions:		
Benefit Payments		<u>(27,941)</u>
De(In)crease in net OPEB obligation		149,502
Net OPEB obligation at June 30, 2015		<u>927,210</u>
<b>Net OPEB obligation at June 30, 2016</b>	<b>\$</b>	<b><u>1,076,712</u></b>
Percentage of ARC Contributed		<u>15.75%</u>

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, 2016 actuarial study is presented below:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability</u>
6/30/2014	\$ 988,886	\$ 110,671	11.19%	\$ 3,810,901
6/30/2015	370,040	3,253,731	879.29%	927,210
6/30/2016	177,443	27,941	15.7%	1,076,712

*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 July 1, 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, 2016**

**NOTE 9 – POST EMPLOYMENT BENEFITS (Continued)**

*Funded Status and Funding Progress* – As of July 1, 2014 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:

<u>Coverage</u>	<u>Deductible</u>	<u>CSJVRMA</u>	<u>Excess Liability</u>	<u>ERMA</u>
Workers' compensation	\$ 25,000	\$ 500,000	\$ 5,000,000	\$ -
General and automobile liability	25,000	1,000,000	29,000,000	
Property damage	5,000 or 10,000	25,000	1,000,000,000	
Physical damage	2,000	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 \$753,669 during the fiscal year ended June 30, 2016. 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, 2016

**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 major construction contracts-in-progress as follows:

Vendor	Project	Project Authorization
City of Manteca	Wastewater Treatment Plant	\$ 1,301,072
Vali Cooper & Associates Inc.	RI Phase IB Improvements Construction	397,742
Gossett Civil Engineering	RI Development Plan Check Services	379,059
Nurisso/Industrial Park Association	CAM 12A & 12B Maintenance FY 2011 through 2016	109,116

**NOTE 12 – SUBSEQUENT EVENT**

In December 2016, CalPERS' Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over the following three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates from employers beginning in fiscal year 2019, and result in increases to employers' normal costs and unfunded actuarial liabilities.

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**REQUIRED SUPPLEMENTAL INFORMATION**

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**City of Lathrop**  
**Cost-Sharing Multiple-Employer Defined Pension Plan – Miscellaneous Plan**  
**As of June 30, 2016**

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

	<b>6/30/2014</b>	<b>6/30/2015</b>
Plan's proportion of the Net Pension Liability (Asset)	0.1453%	0.1140%
Plan's proportion share of the Net Pension Liability (Asset)	\$ 3,590,219	\$ 3,127,249
Plan's Covered Employee Payroll	\$ 4,501,607	\$ 4,364,310
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	79.75%	71.66%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.08%	83.43%

**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.

**City of Lathrop**  
**Cost-Sharing Multiple Employer Defined Pension Plan – Miscellaneous Plans**  
**For the Fiscal Year Ended June 30, 2016**

**Schedule of Contributions**  
**Last 10 Years \***

<u>Fiscal Year Ended June 30</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 523,329	\$ 369,225
Contributions in relation to the actuarially determined contributions	<u>(523,329)</u>	<u>(369,225)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,364,310	\$ 5,148,017
Contributions as a percentage of covered-employee payroll	11.99%	7.17%

\* - Fiscal year 2015 was the 1st year of implementation.

**City of Lathrop**  
**Other Post-Employment Retirement Benefits**  
**For the Fiscal Year Ended June 30, 2016**

**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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 3,330,000	\$ 3,330,000	\$ 3,566,656	\$ 236,656
Sales and use taxes	5,200,000	5,200,000	6,209,105	1,009,105
Transient occupancy taxes	400,000	400,000	518,183	118,183
Franchise taxes	690,000	690,000	743,896	53,896
Licenses and permits	1,833,016	1,833,016	1,283,193	(549,823)
Fines, forfeitures, and penalties	66,000	66,000	85,900	19,900
Intergovernmental	1,160,000	1,160,000	1,349,344	189,344
Use of money and property	58,557	58,557	166,408	107,851
Charges for current services	3,413,099	3,428,099	3,725,964	297,865
Other	380,550	410,850	1,399,829	988,979
Total Revenues	<u>16,531,222</u>	<u>16,576,522</u>	<u>19,048,478</u>	<u>2,471,956</u>
Expenditures				
Current				
General government				
City council	60,675	60,675	53,487	7,188
City manager	613,005	688,005	573,373	114,632
City clerk	145,038	145,038	142,847	2,191
City attorney	583,091	683,091	749,315	(66,224)
Personnel	222,236	311,586	283,252	28,334
Central services	436,911	514,561	392,367	122,194
Finance	1,189,697	1,234,697	1,278,491	(43,794)
Information systems	907,351	963,676	924,047	39,629
Animal control	307,709	278,732	278,719	13
Total General Government	<u>4,465,713</u>	<u>4,880,061</u>	<u>4,675,898</u>	<u>204,163</u>
Public safety				
Administration	<u>6,290,773</u>	<u>6,491,248</u>	<u>5,763,733</u>	<u>727,515</u>
Total Public Safety	<u>6,290,773</u>	<u>6,491,248</u>	<u>5,763,733</u>	<u>727,515</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, 2016  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current				
Community development				
Planning	\$ 732,397	\$ 828,953	\$ 546,723	\$ 282,230
Building	1,017,175	1,141,028	959,048	181,980
Code Enforcement	204,826	189,727	151,407	38,320
Total Community Development	<u>1,954,398</u>	<u>2,159,708</u>	<u>1,657,178</u>	<u>502,530</u>
Public works				
Administration	849,897	885,797	535,513	350,284
Construction management	1,383,417	1,441,907	1,031,619	410,288
Land development engineering	561,484	951,075	523,481	427,594
City hall	237,670	319,314	204,069	115,245
Utility engineering	245,194	245,971	240,323	5,648
Building maintenance	194,057	185,795	132,050	53,745
Park and landscape maintenance	253,579	232,375	148,319	84,056
Total Public Works	<u>3,725,298</u>	<u>4,262,234</u>	<u>2,815,374</u>	<u>1,446,860</u>
Culture and leisure				
Administration	399,968	461,770	350,818	110,952
Senior center	118,957	145,349	142,562	2,787
Recreation programs	217,973	191,779	190,236	1,543
Special events	42,636	66,716	64,835	1,881
Day camp kid's club	306,921	293,605	287,125	6,480
Youth development teens	166,404	162,614	161,530	1,084
Youth and adult sports	83,509	94,939	94,025	914
Library	7,465	5,715	5,239	476
Total Culture and Leisure	<u>1,343,833</u>	<u>1,422,487</u>	<u>1,296,370</u>	<u>126,117</u>
Capital outlay	<u>412,600</u>	<u>1,426,750</u>	<u>912,341</u>	<u>514,409</u>
Debt service				
Principal	626,250	2,074,250	1,683,347	390,903
Interest			390,710	(390,710)
Total Debt Service	<u>626,250</u>	<u>2,074,250</u>	<u>2,074,057</u>	<u>193</u>
Total Expenditures	<u>18,818,865</u>	<u>22,716,738</u>	<u>19,194,951</u>	<u>3,521,787</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,287,643)</u>	<u>(6,140,216)</u>	<u>(146,473)</u>	<u>5,993,743</u>
Other Financing Sources (Uses)				
Transfers in	3,670,235	5,170,235	5,163,716	(6,519)
Transfers (out)	(1,839,935)	(2,054,935)	(2,202,108)	(147,173)
Payment to refunded lease escrow agent			(5,381,652)	(5,381,652)
Capital lease			4,190,000	4,190,000
Total Other Financing Sources (Uses)	<u>1,830,300</u>	<u>3,115,300</u>	<u>1,769,956</u>	<u>(1,345,344)</u>
Net Changes in Fund Balance	<u>\$ (457,343)</u>	<u>\$ (3,024,916)</u>	1,623,483	<u>\$ 4,648,399</u>
Fund Balance, Beginning of the Year			<u>20,136,535</u>	
Fund Balance, End of the Year			<u>\$ 21,760,018</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, 2016

	<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	\$ 2,356,586	\$ 2,356,586	\$ 2,353,286	\$ (3,300)
Use of money and property	9,000	9,000	9,291	291
Total Revenues	<u>2,365,586</u>	<u>2,365,586</u>	<u>2,362,577</u>	<u>(3,009)</u>
Expenditures:				
Current				
Public works	2,230,137	2,280,379	1,945,754	334,625
Capital outlay	<u>32,200</u>	<u>57,180</u>	<u>25,825</u>	<u>31,355</u>
Total Expenditures	<u>2,262,337</u>	<u>2,337,559</u>	<u>1,971,579</u>	<u>365,980</u>
Excess of Revenues over Expenditures	<u>103,249</u>	<u>28,027</u>	<u>390,998</u>	<u>362,971</u>
Other Financing Sources (Uses)				
Transfers in		42,986	42,986	
Transfers (out)	<u>(339,325)</u>	<u>(339,325)</u>	<u>(339,325)</u>	
Total Other Financing Sources (Uses)	<u>(339,325)</u>	<u>(296,339)</u>	<u>(296,339)</u>	
Net Changes in Fund Balance	<u>\$ (236,076)</u>	<u>\$ (268,312)</u>	94,659	<u>\$ 362,971</u>
Fund Balance, Beginning of the Year			<u>880,383</u>	
Fund Balance, End of the Year			<u>\$ 975,042</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Use of money and property	\$ 200	\$ 200	\$ 11,625	\$ 11,425
Developer contribution	6,449,300	6,503,373		(6,503,373)
Other	24,314,097	24,397,190	2,108,643	(22,288,547)
Total Revenues	<u>30,763,597</u>	<u>30,900,763</u>	<u>2,120,268</u>	<u>(28,780,495)</u>
Expenditures:				
Current				
Public works	185,000	185,000	19,960	165,040
Capital outlay	5,885,000	5,939,073		5,939,073
Debt service:				
Interest and fiscal charges	389,500	389,500		389,500
Total Expenditures	<u>6,459,500</u>	<u>6,513,573</u>	<u>19,960</u>	<u>6,493,613</u>
Other Financing Sources (Uses):				
Transfers (out)	(24,304,741)	(24,476,469)	(3,117,071)	21,359,398
Total Other Financing Sources (Uses)	<u>(24,304,741)</u>	<u>(24,476,469)</u>	<u>(3,117,071)</u>	<u>21,359,398</u>
Net Changes in Fund Balance	<u>\$ (644)</u>	<u>\$ (89,279)</u>	(1,016,763)	<u>\$ (927,484)</u>
Fund Balance, Beginning of the Year			<u>1,125,444</u>	
Fund Balance, End of the Year			<u>\$ 108,681</u>	

CAPITAL FACILITIES FEE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ 5,065,795	\$ 5,065,795	\$ 3,589,543	\$ (1,476,252)
Use of money and property			89,530	89,530
Total Revenues	<u>5,065,795</u>	<u>5,065,795</u>	<u>3,679,073</u>	<u>(1,386,722)</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(2,580,950)</u>	<u>(2,580,950)</u>	<u>(2,580,950)</u>	
Total Other Financing Sources (Uses)	<u>(2,580,950)</u>	<u>(2,580,950)</u>	<u>(2,580,950)</u>	
Net Changes in Fund Balance	<u>\$ 2,484,845</u>	<u>\$ 2,484,845</u>	1,098,123	<u>\$ (1,386,722)</u>
Fund Balance, Beginning of the Year			<u>12,379,303</u>	
Fund Balance, End of the Year			<u>\$ 13,477,426</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue	\$ 2,918,902	\$ 2,918,902	\$ 1,862,457	\$ (1,056,445)
Use of money and property			4,747	4,747
Total Revenues	<u>2,918,902</u>	<u>2,918,902</u>	<u>1,867,204</u>	<u>(1,051,698)</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(2,967,504)</u>	<u>(2,967,504)</u>	<u>(2,585,062)</u>	<u>382,442</u>
Total Other Financing Sources (Uses)	<u>(2,967,504)</u>	<u>(2,967,504)</u>	<u>(2,585,062)</u>	<u>382,442</u>
Net Changes in Fund Balance	<u>\$ (48,602)</u>	<u>\$ (48,602)</u>	(717,858)	<u>\$ (669,256)</u>
Fund Balance, Beginning of the Year			<u>1,543,377</u>	
Fund Balance, End of the Year			<u>\$ 825,519</u>	

<b>NOTES TO REQUIRED SUPPLEMENTAL INFORMATION</b>
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***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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<b>GENERAL FUND</b>
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The general Fund is the City's primary Operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is comprised of the following:

**GENERAL PURPOSE 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.

**MEASURE C ESSENTIAL CITY SERVICES FUND**

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

CITY OF LATHROP  
GENERAL FUND  
COMBINING BALANCE SHEET  
JUNE 30, 2016

	General Purpose Fund	Measure C	Totals
<b>Assets</b>			
Cash and investments (Note 2)	\$ 16,142,359	\$ 1,791,689	\$ 17,934,048
Receivables:			
Accounts	1,436,957	516,400	1,953,357
Interest	13,644	1,436	15,080
Due from other funds (Note 3D)	24,470		24,470
Loans	201,708		201,708
Advances to other funds (Note 3A)	6,463,969		6,463,969
	<u>\$ 24,283,107</u>	<u>\$ 2,309,525</u>	<u>\$ 26,592,632</u>
<b>Liabilities</b>			
Accounts payable	\$ 1,023,477	\$ 76,291	\$ 1,099,768
Accrued payroll and benefits	224,008		224,008
Due to other funds (Note 3D)			
Deposits payable	569,185		569,185
Unearned revenue	2,939,653		2,939,653
	<u>4,756,323</u>	<u>76,291</u>	<u>4,832,614</u>
<b>Fund Balances</b>			
Nonspendable	6,665,677		6,665,677
Restricted			
Committed		2,233,234	2,233,234
Assigned			
Unassigned	12,861,107		12,861,107
	<u>19,526,784</u>	<u>2,233,234</u>	<u>21,760,018</u>
Total Fund Balances	<u>\$ 24,283,107</u>	<u>\$ 2,309,525</u>	<u>\$ 26,592,632</u>
Total Liabilities and Fund Balances	<u>\$ 24,283,107</u>	<u>\$ 2,309,525</u>	<u>\$ 26,592,632</u>

CITY OF LATHROP  
GENERAL FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016

	General Purpose Fund	Measure C	Totals
<b>Revenues</b>			
Taxes and assessments	\$ 7,809,908	\$ 3,227,932	\$ 11,037,840
Licenses and permits	1,283,193		1,283,193
Fines, forfeitures, and penalties	85,900		85,900
Intergovernmental	1,349,344		1,349,344
Use of money and property	154,023	12,385	166,408
Charges for current services	3,725,964		3,725,964
Other	1,399,829		1,399,829
<b>Total Revenues</b>	<b>15,808,161</b>	<b>3,240,317</b>	<b>19,048,478</b>
<b>Expenditures</b>			
Current:			
General government	4,675,898		4,675,898
Community development	1,657,178		1,657,178
Public safety	4,547,934	1,215,799	5,763,733
Public works	2,815,374	58,232	2,873,606
Culture and leisure	1,296,370		1,296,370
Capital outlay	854,109		854,109
Debt service:			
Principal	1,683,347		1,683,347
Interest	390,710		390,710
<b>Total Expenditures</b>	<b>17,920,920</b>	<b>1,274,031</b>	<b>19,194,951</b>
Excess (Deficiency) of Revenues over Expenditures	(2,112,759)	1,966,286	(146,473)
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 3B)	5,163,716		5,163,716
Transfers out (Note 3B)	(277,072)	(1,925,036)	(2,202,108)
Payment to refunded lease escrow agent	(5,381,652)		(5,381,652)
Lease proceeds	4,190,000		4,190,000
<b>Total Other Financing Sources (Uses)</b>	<b>3,694,992</b>	<b>(1,925,036)</b>	<b>1,769,956</b>
Net Change in Fund Balances	1,582,233	41,250	1,623,483
Fund Balances, Beginning of the Year	17,944,551	2,191,984	20,136,535
Fund Balances, End of the Year	<u>\$ 19,526,784</u>	<u>\$ 2,233,234</u>	<u>\$ 21,760,018</u>

CITY OF LATHROP  
 BUDGETED GENERAL FUND  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	General Purpose Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Taxes				
Property taxes	\$ 3,330,000	\$ 3,330,000	\$ 3,566,656	\$ 236,656
Sales and use taxes	2,400,000	2,400,000	2,981,173	581,173
Transient occupancy taxes	400,000	400,000	518,183	118,183
Franchise taxes	690,000	690,000	743,896	53,896
Licenses and permits	1,833,016	1,833,016	1,283,193	(549,823)
Fines, forfeitures, and penalties	66,000	66,000	85,900	19,900
Intergovernmental	1,160,000	1,160,000	1,349,344	189,344
Use of money and property	58,557	58,557	154,023	95,466
Charges for current services	3,413,099	3,428,099	3,725,964	297,865
Other	325,550	355,850	1,399,829	1,043,979
Total Revenues	<u>13,676,222</u>	<u>13,721,522</u>	<u>15,808,161</u>	<u>2,086,639</u>
<b>Expenditures</b>				
Current				
General government				
City council	60,675	60,675	53,487	7,188
City manager	613,005	688,005	573,373	114,632
City clerk	145,038	145,038	142,847	2,191
City attorney	583,091	683,091	749,315	(66,224)
Personnel	222,236	311,586	283,252	28,334
Central services	436,911	514,561	392,367	122,194
Finance	1,189,697	1,234,697	1,278,491	(43,794)
Information systems	907,351	963,676	924,047	39,629
Animal control	307,709	278,732	278,719	13
Total General Government	<u>4,465,713</u>	<u>4,880,061</u>	<u>4,675,898</u>	<u>204,163</u>
Public safety				
Administration	4,848,793	5,049,268	4,547,934	501,334
Total Public Safety	<u>4,848,793</u>	<u>5,049,268</u>	<u>4,547,934</u>	<u>501,334</u>
Community development				
Planning	732,397	828,953	546,723	282,230
Building	1,017,175	1,141,028	959,048	181,980
Code Enforcement	204,826	189,727	151,407	38,320
Total Community Development	<u>1,954,398</u>	<u>2,159,708</u>	<u>1,657,178</u>	<u>502,530</u>

CITY OF LATHROP  
 BUDGETED GENERAL FUND  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public works				
Administration	849,897	885,797	535,513	350,284
Construction management	1,383,417	1,441,907	1,031,619	410,288
Land development engineering	561,484	951,075	523,481	427,594
City hall	237,670	319,314	204,069	115,245
Utility engineering	245,194	245,971	240,323	5,648
Building maintenance	194,057	185,795	132,050	53,745
Park and landscape maintenance	253,579	232,375	148,319	84,056
<b>Total Public Works</b>	<b><u>3,725,298</u></b>	<b><u>4,262,234</u></b>	<b><u>2,815,374</u></b>	<b><u>1,446,860</u></b>
Culture and leisure				
Administration	399,968	461,770	350,818	110,952
Senior center	118,957	145,349	142,562	2,787
Recreation programs	217,973	191,779	190,236	1,543
Special events	42,636	66,716	64,835	1,881
Day camp kid's club	306,921	293,605	287,125	6,480
Youth development teens	166,404	162,614	161,530	1,084
Youth and adult sports	83,509	94,939	94,025	914
Library	7,465	5,715	5,239	476
<b>Total Culture and Leisure</b>	<b><u>1,343,833</u></b>	<b><u>1,422,487</u></b>	<b><u>1,296,370</u></b>	<b><u>126,117</u></b>
Capital outlay	<u>276,100</u>	<u>1,290,250</u>	<u>854,109</u>	<u>436,141</u>
Debt service				
Principal	626,250	2,074,250	1,683,347	390,903
Interest			390,710	(390,710)
<b>Total Debt Service</b>	<b><u>626,250</u></b>	<b><u>2,074,250</u></b>	<b><u>2,074,057</u></b>	<b><u>193</u></b>
<b>Total Expenditures</b>	<b><u>17,240,385</u></b>	<b><u>21,138,258</u></b>	<b><u>17,920,920</u></b>	<b><u>3,217,338</u></b>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,564,163)</u>	<u>(7,416,736)</u>	<u>(2,112,759)</u>	<u>5,303,977</u>
Other Financing Sources (Uses):				
Transfers in	3,670,235	5,170,235	5,163,716	(6,519)
Transfers (out)	(86,072)	(301,072)	(277,072)	24,000
Payment to refunded lease escrow agent			(5,381,652)	(5,381,652)
Capital lease			4,190,000	4,190,000
<b>Total Other Financing Sources (Uses)</b>	<b><u>3,584,163</u></b>	<b><u>4,869,163</u></b>	<b><u>3,694,992</u></b>	<b><u>(1,174,171)</u></b>
<b>Net Change in Fund Balances</b>	<b><u>\$ 20,000</u></b>	<b><u>\$ (2,547,573)</u></b>	<b><u>1,582,233</u></b>	<b><u>\$ 4,129,806</u></b>
Fund Balances, Beginning of the Year			<u>17,944,551</u>	
Fund Balances, End of the Year			<u>\$ 19,526,784</u>	

CITY OF LATHROP  
 BUDGETED GENERAL FUND  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	Measure C			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	2,800,000	2,800,000	3,227,932	427,932
Transient occupancy taxes				
Franchise taxes				
Licenses and permits				
Fines, forfeitures, and penalties				
Intergovernmental				
Use of money and property			12,385	12,385
Charges for current services				
Other	55,000	55,000		(55,000)
Total Revenues	2,855,000	2,855,000	3,240,317	385,317
<b>Expenditures</b>				
Current				
General government				
City council				
City manager				
City clerk				
City attorney				
Personnel				
Central services				
Finance				
Information systems				
Animal control				
Total General Government				
Public safety				
Administration	1,441,980	1,441,980	1,215,799	226,181
Total Public Safety	1,441,980	1,441,980	1,215,799	226,181
Community development				
Planning				
Building				
Code Enforcement				
Total Community Development	-	-	-	-

CITY OF LATHROP  
 BUDGETED GENERAL FUND  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Public works				
Administration				
Construction management				
Land development engineering				
City hall				
Utility engineering				
Building maintenance				
Park and landscape maintenance				
<b>Total Public Works</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Culture and leisure				
Administration				
Senior center				
Recreation programs				
Special events				
Day camp kid's club				
Youth development teens				
Youth and adult sports				
Library				
<b>Total Culture and Leisure</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	<u>136,500</u>	<u>136,500</u>	<u>58,232</u>	<u>78,268</u>
Debt service				
Principal				
Interest				
<b>Total Debt Service</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>1,578,480</u>	<u>1,578,480</u>	<u>1,274,031</u>	<u>304,449</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,276,520</u>	<u>1,276,520</u>	<u>1,966,286</u>	<u>689,766</u>
Other Financing Sources (Uses):				
Transfers in				
Transfers (out)	(1,753,863)	(1,753,863)	(1,925,036)	(171,173)
Payment to refunded lease escrow agent				
Capital lease				
<b>Total Other Financing Sources (Uses)</b>	<u>(1,753,863)</u>	<u>(1,753,863)</u>	<u>(1,925,036)</u>	<u>(171,173)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (477,343)</u>	<u>\$ (477,343)</u>	<u>41,250</u>	<u>\$ 518,593</u>
Fund Balances, Beginning of the Year			<u>2,191,984</u>	
Fund Balances, End of the Year			<u>\$ 2,233,234</u>	



CITY OF LATHROP  
 BUDGETED GENERAL FUND  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	Total			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original Budget	Final Budget		
<b>Revenues:</b>				
Taxes				
Property taxes	\$ 3,330,000	\$ 3,330,000	\$ 3,566,656	\$ 236,656
Sales and use taxes	5,200,000	5,200,000	6,209,105	1,009,105
Transient occupancy taxes	400,000	400,000	518,183	118,183
Franchise taxes	690,000	690,000	743,896	53,896
Licenses and permits	1,833,016	1,833,016	1,283,193	(549,823)
Fines, forfeitures, and penalties	66,000	66,000	85,900	19,900
Intergovernmental	1,160,000	1,160,000	1,349,344	189,344
Use of money and property	58,557	58,557	166,408	107,851
Charges for current services	3,413,099	3,428,099	3,725,964	297,865
Other	380,550	410,850	1,399,829	988,979
Total Revenues	<u>16,531,222</u>	<u>16,576,522</u>	<u>19,048,478</u>	<u>2,471,956</u>
<b>Expenditures</b>				
Current				
General government				
City council	60,675	60,675	53,487	7,188
City manager	613,005	688,005	573,373	114,632
City clerk	145,038	145,038	142,847	2,191
City attorney	583,091	683,091	749,315	(66,224)
Personnel	222,236	311,586	283,252	28,334
Central services	436,911	514,561	392,367	122,194
Finance	1,189,697	1,234,697	1,278,491	(43,794)
Information systems	907,351	963,676	924,047	39,629
Animal control	307,709	278,732	278,719	13
Total General Government	<u>4,465,713</u>	<u>4,880,061</u>	<u>4,675,898</u>	<u>204,163</u>
Public safety				
Administration	6,290,773	6,491,248	5,763,733	727,515
Total Public Safety	<u>6,290,773</u>	<u>6,491,248</u>	<u>5,763,733</u>	<u>727,515</u>
Community development				
Planning	732,397	828,953	546,723	282,230
Building	1,017,175	1,141,028	959,048	181,980
Code Enforcement	204,826	189,727	151,407	38,320
Total Community Development	<u>1,954,398</u>	<u>2,159,708</u>	<u>1,657,178</u>	<u>502,530</u>

CITY OF LATHROP  
 BUDGETED GENERAL FUND  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Public works				
Administration	849,897	885,797	535,513	350,284
Construction management	1,383,417	1,441,907	1,031,619	410,288
Land development engineering	561,484	951,075	523,481	427,594
City hall	237,670	319,314	204,069	115,245
Utility engineering	245,194	245,971	240,323	5,648
Building maintenance	194,057	185,795	132,050	53,745
Park and landscape maintenance	253,579	232,375	148,319	84,056
<b>Total Public Works</b>	<b>3,725,298</b>	<b>4,262,234</b>	<b>2,815,374</b>	<b>1,446,860</b>
Culture and leisure				
Administration	399,968	461,770	350,818	110,952
Senior center	118,957	145,349	142,562	2,787
Recreation programs	217,973	191,779	190,236	1,543
Special events	42,636	66,716	64,835	1,881
Day camp kid's club	306,921	293,605	287,125	6,480
Youth development teens	166,404	162,614	161,530	1,084
Youth and adult sports	83,509	94,939	94,025	914
Library	7,465	5,715	5,239	476
<b>Total Culture and Leisure</b>	<b>1,343,833</b>	<b>1,422,487</b>	<b>1,296,370</b>	<b>126,117</b>
Capital outlay	412,600	1,426,750	912,341	514,409
Debt service				
Principal	626,250	2,074,250	1,683,347	390,903
Interest			390,710	(390,710)
<b>Total Debt Service</b>	<b>626,250</b>	<b>2,074,250</b>	<b>2,074,057</b>	<b>193</b>
<b>Total Expenditures</b>	<b>18,818,865</b>	<b>22,716,738</b>	<b>19,194,951</b>	<b>3,521,787</b>
Excess (Deficiency) of Revenues over Expenditures	(2,287,643)	(6,140,216)	(146,473)	5,993,743
Other Financing Sources (Uses):				
Transfers in	3,670,235	5,170,235	5,163,716	(6,519)
Transfers (out)	(1,839,935)	(2,054,935)	(2,202,108)	(147,173)
Payment to refunded lease escrow agent			(5,381,652)	(5,381,652)
Capital lease			4,190,000	4,190,000
<b>Total Other Financing Sources (Uses)</b>	<b>1,830,300</b>	<b>3,115,300</b>	<b>1,769,956</b>	<b>(1,345,344)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (457,343)</b>	<b>\$ (3,024,916)</b>	<b>1,623,483</b>	<b>\$ 4,648,399</b>
Fund Balances, Beginning of the Year			20,136,535	
Fund Balances, End of the Year			<u>\$ 21,760,018</u>	

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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.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**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.

**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 SHEET  
JUNE 30, 2016

	SPECIAL REVENUE FUNDS				
	Gas Tax	Traffic Safety	Local Street	Public Nuisance	Asset Forfeiture
<b>Assets</b>					
Cash and investments	\$ 667,486	\$ 36,245	\$ 419,323	\$ 9,799	\$ 2
Receivables:					
Accounts	129,669	2,130	11,437		
Interest	458	31	389	6	
Loans					
Total Assets	\$ 797,613	\$ 38,406	\$ 431,149	\$ 9,805	\$ 2
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 24,301	\$ 481	\$ -
Due to other funds					
Deposits payable					
Unearned revenue					
Total Liabilities			24,301	481	
<b>Fund Balances</b>					
Restricted	797,613	38,406	406,848		2
Committed				9,324	
Unassigned					
Total Fund Balances	797,613	38,406	406,848	9,324	2
Total Liabilities and Fund Balances	\$ 797,613	\$ 38,406	\$ 431,149	\$ 9,805	\$ 2

SPECIAL REVENUE FUNDS

Transit LTF	Streets and Roads	Federal Grant	HLLP	Storm Drain	Street Light	AB939 Recycling
\$ 19,898	\$ 1,337,630	\$ 24	\$ 217,099	\$ 410,104	\$ 1,551,883	\$ 388,827
	40,262	61,568				8,006
16	747		169	297	1,144	291
			20,350			
<u>\$ 19,914</u>	<u>\$ 1,378,639</u>	<u>\$ 61,592</u>	<u>\$ 237,618</u>	<u>\$ 410,401</u>	<u>\$ 1,553,027</u>	<u>\$ 397,124</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,834	\$ 47,476	\$ 41
20,147						
20,147				4,834	47,476	41
	1,378,639	61,592				397,083
(233)			237,618	405,567	1,505,551	
(233)	1,378,639	61,592	237,618	405,567	1,505,551	397,083
<u>\$ 19,914</u>	<u>\$ 1,378,639</u>	<u>\$ 61,592</u>	<u>\$ 237,618</u>	<u>\$ 410,401</u>	<u>\$ 1,553,027</u>	<u>\$ 397,124</u>

(Continued)



CITY OF LATHROP  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016

	SPECIAL REVENUE FUNDS				
	CDBG	Mossdale Standby 2005-1	Scholarship	COPS	Universal Hiring Grant
<b>Assets</b>					
Cash and investments	\$ 2,346	\$ 3,999	\$ 9,093	\$ -	\$ -
Receivables:					
Accounts		46,875	117	1	3,013
Interest	2	321	10		
Loans					
Total Assets	\$ 2,348	\$ 51,195	\$ 9,220	\$ 1	\$ 3,013
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds				4,314	9,011
Deposits payable					
Unearned revenue					
Total Liabilities				4,314	9,011
<b>Fund Balances</b>					
Restricted	2,348	51,195	9,220	(4,313)	(5,998)
Committed					
Unassigned					
Total Fund Balances	2,348	51,195	9,220	(4,313)	(5,998)
Total Liabilities and Fund Balances	\$ 2,348	\$ 51,195	\$ 9,220	\$ 1	\$ 3,013

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
\$ 73,276	\$ 2,284,718	\$ 109,915	\$ 422,963	\$ 66	\$ 1	\$ 296,022
40	1,710	74	328	32		198
<u>\$ 73,316</u>	<u>\$ 2,286,428</u>	<u>\$ 109,989</u>	<u>\$ 423,291</u>	<u>\$ 98</u>	<u>\$ 1</u>	<u>\$ 296,220</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,693 11,145	\$ -	\$ -
				<u>12,838</u>		
73,316	2,286,428	109,989	423,291	(12,740)	1	296,220
<u>73,316</u>	<u>2,286,428</u>	<u>109,989</u>	<u>423,291</u>	<u>(12,740)</u>	<u>1</u>	<u>296,220</u>
<u>\$ 73,316</u>	<u>\$ 2,286,428</u>	<u>\$ 109,989</u>	<u>\$ 423,291</u>	<u>\$ 98</u>	<u>\$ 1</u>	<u>\$ 296,220</u>

(Continued)

CITY OF LATHROP  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	North Lathrop Transportation CFF	Stewart Economic Development Fee 80% CFF	Citywide Economic Development Fee 20% CFF	River Islands CFD 2013-1
<b>Assets</b>				
Cash and investments	\$ 765,212	\$ 28,620	\$ 354,603	\$ 144,238
Receivables:				
Accounts				
Interest	592	52	255	100
Loans				
<b>Total Assets</b>	<u>\$ 765,804</u>	<u>\$ 28,672</u>	<u>\$ 354,858</u>	<u>\$ 144,338</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds				
Deposits payable				
Unearned revenue				
<b>Total Liabilities</b>				
<b>Fund Balances</b>				
Restricted				
Committed	765,804	28,672	354,858	144,338
Unassigned				
<b>Total Fund Balances</b>	<u>765,804</u>	<u>28,672</u>	<u>354,858</u>	<u>144,338</u>
<b>Total Liabilities Fund Balances</b>	<u>\$ 765,804</u>	<u>\$ 28,672</u>	<u>\$ 354,858</u>	<u>\$ 144,338</u>

SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS			
Lathrop Land Acquisitions	Storm Drainage	Park In-Lieu Fees	Totals	
\$ 13,049	\$ 602,803	\$ 258,747	\$ 10,427,991	
11	506	200	303,078	
			7,979	
			20,350	
<u>\$ 13,060</u>	<u>\$ 603,309</u>	<u>\$ 258,947</u>	<u>\$ 10,759,398</u>	
\$ -	\$ 31,624	\$ -	\$ 110,450	
12,866			24,470	
			12,866	
			20,147	
<u>12,866</u>	<u>31,624</u>		<u>167,933</u>	
194	571,685	258,947	3,687,803	
			6,903,895	
			(233)	
<u>194</u>	<u>571,685</u>	<u>258,947</u>	<u>10,591,465</u>	
<u>\$ 13,060</u>	<u>\$ 603,309</u>	<u>\$ 258,947</u>	<u>\$ 10,759,398</u>	

CITY OF LATHROP  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS				
	Gas Tax	Traffic Safety	Local Street	Public Nuisance	Asset Forfeiture
<b>Revenues</b>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties		20,569			
Intergovernmental	1,057,767				
Use of money and property	4,351	276	2,442	62	2
Other			13,979		
<b>Total Revenues</b>	<b>1,062,118</b>	<b>20,845</b>	<b>16,421</b>	<b>62</b>	<b>2</b>
<b>Expenditures</b>					
<b>Current</b>					
Public safety		25,436			551
Public works			553,728		
<b>Total Expenditures</b>		<b>25,436</b>	<b>553,728</b>		<b>551</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>1,062,118</b>	<b>(4,591)</b>	<b>(537,307)</b>	<b>62</b>	<b>(549)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in			670,000		
Transfers (out)	(1,251,382)	(7,181)	(117,146)	(959)	(36)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,251,382)</b>	<b>(7,181)</b>	<b>552,854</b>	<b>(959)</b>	<b>(36)</b>
<b>Net Change in Fund Balances</b>	<b>(189,264)</b>	<b>(11,772)</b>	<b>15,547</b>	<b>(897)</b>	<b>(585)</b>
<b>Fund Balances, Beginning of the Year</b>	<b>986,877</b>	<b>50,178</b>	<b>391,301</b>	<b>10,221</b>	<b>587</b>
<b>Fund Balances, End of the Year</b>	<b>\$ 797,613</b>	<b>\$ 38,406</b>	<b>\$ 406,848</b>	<b>\$ 9,324</b>	<b>\$ 2</b>

SPECIAL REVENUE FUNDS

Transit LTF	Streets and Roads	Federal Grant	HLLP	Storm Drain	Street Light	AB939 Recycling
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,304
	920,262	186,012		351,784	865,044	
131	4,920		1,432	2,451	9,592	2,439
131	925,182	186,012	1,432	354,235	874,636	98,743
				248,434	120,658 493,754	40,110
				248,434	614,412	40,110
131	925,182	186,012	1,432	105,801	260,224	58,633
	(182,315)	(198,726)		9,860 (79,822)	26,726 (125,037)	(9,916)
	(182,315)	(198,726)		(69,962)	(98,311)	(9,916)
131	742,867	(12,714)	1,432	35,839	161,913	48,717
(364)	635,772	74,306	236,186	369,728	1,343,638	348,366
\$ (233)	\$ 1,378,639	\$ 61,592	\$ 237,618	\$ 405,567	\$ 1,505,551	\$ 397,083

(Continued)

CITY OF LATHROP  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS				
	CDBG	Mossdale Standby 2005-1	Scholarship	COPS	Universal Hiring Grant
Revenues					
Taxes and assessments	\$ -	\$ 435,515	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties					
Intergovernmental			3,847	97,952	11,905
Use of money and property	16	1,758	65	5	
Other			1,097		
Total Revenues	<u>16</u>	<u>437,273</u>	<u>5,009</u>	<u>97,957</u>	<u>11,905</u>
Expenditures					
Current					
Public safety				100,037	17,903
Public works				8,500	
Total Expenditures				<u>108,537</u>	<u>17,903</u>
Excess (Deficiency) of Revenues over Expenditures	<u>16</u>	<u>437,273</u>	<u>5,009</u>	<u>(10,580)</u>	<u>(5,998)</u>
Other Financing Sources (Uses)					
Transfers in					
Transfers (out)		(441,004)	(2,730)		(65)
Total Other Financing Sources (Uses)		<u>(441,004)</u>	<u>(2,730)</u>		<u>(65)</u>
Net Change in Fund Balances	16	(3,731)	2,279	(10,580)	(6,063)
Fund Balances, Beginning of the Year	<u>2,332</u>	<u>54,926</u>	<u>6,941</u>	<u>6,267</u>	<u>65</u>
Fund Balances, End of the Year	<u>\$ 2,348</u>	<u>\$ 51,195</u>	<u>\$ 9,220</u>	<u>\$ (4,313)</u>	<u>\$ (5,998)</u>

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
\$ 71,057	\$ 506,069	\$ 106,586	\$ 15,810	\$ - 221,400	\$ -	\$ -
396	14,084	595	2,927	311		1,443
<u>71,453</u>	<u>520,153</u>	<u>107,181</u>	<u>18,737</u>	<u>221,711</u>		<u>1,443</u>
						1,269,554
	2,974		184,983	252,490		
	<u>2,974</u>		<u>184,983</u>	<u>252,490</u>		<u>1,269,554</u>
71,453	517,179	107,181	(166,246)	(30,779)		(1,268,111)
	(57,350)			(40,305)		1,291,173
	<u>(57,350)</u>			<u>(40,305)</u>		<u>1,291,173</u>
71,453	459,829	107,181	(166,246)	(71,084)		23,062
1,863	1,826,599	2,808	589,537	58,344	1	273,158
<u>\$ 73,316</u>	<u>\$ 2,286,428</u>	<u>\$ 109,989</u>	<u>\$ 423,291</u>	<u>\$ (12,740)</u>	<u>\$ 1</u>	<u>\$ 296,220</u>

(Continued)



CITY OF LATHROP  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	North Lathrop Transportation CFF	Stewart Economic Development Fee 80% CFF	Citywide Economic Development Fee 20% CFF	River Islands CFD 2013-1
Revenues				
Taxes and assessments	\$ 47,450	\$ -	\$ 235,000	\$ -
Fines, forfeitures, and penalties				113,942
Intergovernmental				
Use of money and property	4,975	412	1,758	617
Other				
Total Revenues	<u>52,425</u>	<u>412</u>	<u>236,758</u>	<u>114,559</u>
Expenditures				
Current				
Public safety				
Public works		56,000		6,982
Total Expenditures		<u>56,000</u>		<u>6,982</u>
Excess (Deficiency) of Revenues over Expenditures	<u>52,425</u>	<u>(55,588)</u>	<u>236,758</u>	<u>107,577</u>
Other Financing Sources (Uses)				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	52,425	(55,588)	236,758	107,577
Fund Balances, Beginning of the Year	<u>713,379</u>	<u>84,260</u>	<u>118,100</u>	<u>36,761</u>
Fund Balances, End of the Year	<u>\$ 765,804</u>	<u>\$ 28,672</u>	<u>\$ 354,858</u>	<u>\$ 144,338</u>

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		
Lathrop Land Acquisitions	Storm Drainage	Park In-Lieu Fees	Totals	
\$ -	\$ -	\$ -	\$ 1,513,791	
			1,572,739	
			2,277,745	
86	4,841	1,707	64,094	
			15,076	
86	4,841	1,707	5,443,445	
			1,534,139	
	491,009		2,338,964	
	491,009		3,873,103	
86	(486,168)	1,707	1,570,342	
	144,073		2,141,832	
	(58)		(2,514,032)	
	144,015		(372,200)	
86	(342,153)	1,707	1,198,142	
108	913,838	257,240	9,393,323	
\$ 194	\$ 571,685	\$ 258,947	\$ 10,591,465	

CITY OF LATHROP  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	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				16,000	20,569	4,569
Intergovernmental	1,559,419	1,057,767	(501,652)			
Use of money and property		4,351	4,351		276	276
Other						
Total Revenues	<u>1,559,419</u>	<u>1,062,118</u>	<u>(497,301)</u>	<u>16,000</u>	<u>20,845</u>	<u>4,845</u>
Expenditures:						
Current:						
Public safety				48,599	25,436	23,163
Public works						
Capital outlay				4,400		4,400
Total Expenditures				<u>52,999</u>	<u>25,436</u>	<u>27,563</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,559,419</u>	<u>1,062,118</u>	<u>(497,301)</u>	<u>(36,999)</u>	<u>(4,591)</u>	<u>32,408</u>
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)	<u>(1,381,051)</u>	<u>(1,251,382)</u>	129,669	<u>(7,181)</u>	<u>(7,181)</u>	
Total Other Financing Sources (Uses)	<u>(1,381,051)</u>	<u>(1,251,382)</u>	129,669	<u>(7,181)</u>	<u>(7,181)</u>	
Net Change in Fund Balances	<u>\$ 178,368</u>	(189,264)	<u>\$ (367,632)</u>	<u>\$ (44,180)</u>	(11,772)	<u>\$ 32,408</u>
Fund Balances, Beginning of the Year		<u>986,877</u>			<u>50,178</u>	
Fund Balances, End of the Year		<u>\$ 797,613</u>			<u>\$ 38,406</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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2,442	2,442		62	62		2	2
11,028	13,979	2,951						
11,028	16,421	5,393		62	62		2	2
			25,000		25,000	551	551	
718,683	553,728	164,955						
66,000		(66,000)						
784,683	553,728	98,955	25,000		25,000	551	551	
(773,655)	(537,307)	236,348	(25,000)	62	25,062	(551)	(549)	2
670,000	670,000		24,000		(24,000)			
(117,146)	(117,146)		(959)	(959)		(36)	(36)	
552,854	552,854		23,041	(959)	(24,000)	(36)	(36)	
<u>\$ (220,801)</u>	15,547	<u>\$ 236,348</u>	<u>\$ (1,959)</u>	(897)	<u>\$ 1,062</u>	<u>\$ (587)</u>	(585)	<u>\$ 2</u>
	391,301			10,221			587	
	<u>\$ 406,848</u>			<u>\$ 9,324</u>			<u>\$ 2</u>	

(Continued)

CITY OF LATHROP  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	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				1,053,197	920,262	(132,935)
Use of money and property		131	131		4,920	4,920
Other						
Total Revenues		131	131	1,053,197	925,182	(128,015)
Expenditures:						
Current:						
Public safety						
Public works	20,200		20,200			
Capital outlay						
Total Expenditures	20,200		20,200			
Excess (Deficiency) of Revenues over Expenditures	(20,200)	131	20,331	1,053,197	925,182	(128,015)
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)				(1,460,736)	(182,315)	1,278,421
Total Other Financing Sources (Uses)				(1,460,736)	(182,315)	1,278,421
Net Change in Fund Balances	<u>\$ (20,200)</u>	131	<u>\$ 20,331</u>	<u>\$ (407,539)</u>	742,867	<u>\$ 1,150,406</u>
Fund Balances, Beginning of the Year		(364)			635,772	
Fund Balances, End of the Year		<u>\$ (233)</u>			<u>\$ 1,378,639</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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,126,182	186,012	(3,940,170)		1,432	1,432	351,687	351,784	97
						10,535	2,451	2,451
								(10,535)
<u>4,126,182</u>	<u>186,012</u>	<u>(3,940,170)</u>		<u>1,432</u>	<u>1,432</u>	<u>362,222</u>	<u>354,235</u>	<u>(7,987)</u>
						323,074	248,434	74,640
						38,780		38,780
						361,854	248,434	113,420
<u>4,126,182</u>	<u>186,012</u>	<u>(3,940,170)</u>		<u>1,432</u>	<u>1,432</u>	<u>368</u>	<u>105,801</u>	<u>105,433</u>
<u>(4,126,182)</u>	<u>(198,726)</u>	<u>3,927,456</u>				9,860	9,860	
						(79,822)	(79,822)	
<u>(4,126,182)</u>	<u>(198,726)</u>	<u>3,927,456</u>				<u>(69,962)</u>	<u>(69,962)</u>	
<u>\$ -</u>	<u>(12,714)</u>	<u>\$ (12,714)</u>	<u>\$ -</u>	<u>1,432</u>	<u>\$ 1,432</u>	<u>\$ (69,594)</u>	<u>35,839</u>	<u>\$ 105,433</u>
	<u>74,306</u>			<u>236,186</u>			<u>369,728</u>	
	<u>\$ 61,592</u>			<u>\$ 237,618</u>			<u>\$ 405,567</u>	

(Continued)

CITY OF LATHROP  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS					
	STREET LIGHT			AB939 RECYCLING		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ -	\$ -	\$ -	\$ 80,000	\$ 96,304	\$ 16,304
Fines, forfeitures, and penalties	865,545	865,044	(501)			
Intergovernmental				5,000		(5,000)
Use of money and property		9,592	9,592		2,439	2,439
Other	3,200		(3,200)			
Total Revenues	<u>868,745</u>	<u>874,636</u>	<u>5,891</u>	<u>85,000</u>	<u>98,743</u>	<u>13,743</u>
Expenditures:						
Current:						
Public safety	159,401	120,658	38,743			
Public works	736,190	493,754	242,436	51,090	40,110	10,980
Capital outlay						
Total Expenditures	<u>895,591</u>	<u>614,412</u>	<u>281,179</u>	<u>51,090</u>	<u>40,110</u>	<u>10,980</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(26,846)</u>	<u>260,224</u>	<u>287,070</u>	<u>33,910</u>	<u>58,633</u>	<u>24,723</u>
Other Financing Sources (Uses):						
Transfers in	26,726	26,726				
Transfers (out)	(125,037)	(125,037)		(9,916)	(9,916)	
Total Other Financing Sources (Uses)	<u>(98,311)</u>	<u>(98,311)</u>		<u>(9,916)</u>	<u>(9,916)</u>	
Net Change in Fund Balances	<u>\$ (125,157)</u>	161,913	<u>\$ 287,070</u>	<u>\$ 23,994</u>	48,717	<u>\$ 24,723</u>
Fund Balances, Beginning of the Year		<u>1,343,638</u>			<u>348,366</u>	
Fund Balances, End of the Year		<u>\$ 1,505,551</u>			<u>\$ 397,083</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)
\$ -	\$ -	\$ -	\$ 440,946	\$ 435,515	\$ (5,431)	\$ -	\$ -	\$ -
68,500	16	(68,500) 16		1,758	1,758	1,000	3,847 65	2,847 65
						1,000	1,097	97
68,500	16	(68,484)	440,946	437,273	(3,673)	2,000	5,009	3,009
68,500	16	(68,484)	440,946	437,273	(3,673)	2,000	5,009	3,009
(68,500)		68,500	(441,004)	(441,004)		(6,500)	(2,730)	3,770
(68,500)		68,500	(441,004)	(441,004)		(6,500)	(2,730)	3,770
<u>\$ -</u>	<u>16</u>	<u>\$ 16</u>	<u>\$ (58)</u>	<u>(3,731)</u>	<u>\$ (3,673)</u>	<u>\$ (4,500)</u>	<u>2,279</u>	<u>\$ 6,779</u>
	<u>2,332</u>			<u>54,926</u>			<u>6,941</u>	
	<u>\$ 2,348</u>			<u>\$ 51,195</u>			<u>\$ 9,220</u>	

(Continued)



CITY OF LATHROP  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	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	114,618	97,952	(16,666)	30,000	11,905	(18,095)
Use of money and property		5	5			
Other						
Total Revenues	<u>114,618</u>	<u>97,957</u>	<u>(16,661)</u>	<u>30,000</u>	<u>11,905</u>	<u>(18,095)</u>
Expenditures:						
Current:						
Public safety	100,037	100,037		30,000	17,903	12,097
Public works						
Capital outlay	<u>8,500</u>	<u>8,500</u>				
Total Expenditures	<u>108,537</u>	<u>108,537</u>		<u>30,000</u>	<u>17,903</u>	<u>12,097</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,081</u>	<u>(10,580)</u>	<u>(16,661)</u>		<u>(5,998)</u>	<u>(5,998)</u>
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)				(65)	(65)	
Total Other Financing Sources (Uses)				<u>(65)</u>	<u>(65)</u>	
Net Change in Fund Balances	<u>\$ 6,081</u>	<u>(10,580)</u>	<u>\$ (16,661)</u>	<u>\$ (65)</u>	<u>(6,063)</u>	<u>\$ (5,998)</u>
Fund Balances, Beginning of the Year		<u>6,267</u>			<u>65</u>	
Fund Balances, End of the Year		<u>\$ (4,313)</u>			<u>\$ (5,998)</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)
\$ 124,986	\$ 71,057	\$ (53,929)	\$ 904,723	\$ 506,069	\$ (398,654)	\$ 187,479	\$ 106,586	\$ (80,893)
	396	396		14,084	14,084		595	595
<u>124,986</u>	<u>71,453</u>	<u>(53,533)</u>	<u>904,723</u>	<u>520,153</u>	<u>(384,570)</u>	<u>187,479</u>	<u>107,181</u>	<u>(80,298)</u>
124,986		124,986	5,000	2,974	2,026	187,479		187,479
<u>124,986</u>		<u>124,986</u>	<u>5,000</u>	<u>2,974</u>	<u>2,026</u>	<u>187,479</u>		<u>187,479</u>
	71,453	71,453	899,723	517,179	(382,544)		107,181	107,181
			(57,350)	(57,350)				
			(57,350)	(57,350)				
<u>\$ -</u>	<u>71,453</u>	<u>\$ 71,453</u>	<u>\$ 842,373</u>	<u>459,829</u>	<u>\$ (382,544)</u>	<u>\$ -</u>	<u>107,181</u>	<u>\$ 107,181</u>
	1,863			1,826,599			2,808	
	<u>\$ 73,316</u>			<u>\$ 2,286,428</u>			<u>\$ 109,989</u>	

(Continued)

CITY OF LATHROP  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	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	\$ 13,923	\$ 15,810	\$ 1,887	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties				321,500	221,400	(100,100)
Intergovernmental						
Use of money and property		2,927	2,927		311	311
Other						
Total Revenues	<u>13,923</u>	<u>18,737</u>	<u>4,814</u>	<u>321,500</u>	<u>221,711</u>	<u>(99,789)</u>
Expenditures:						
Current:						
Public safety						
Public works	187,009	184,983	2,026	252,490	252,490	
Capital outlay						
Total Expenditures	<u>187,009</u>	<u>184,983</u>	<u>2,026</u>	<u>252,490</u>	<u>252,490</u>	
Excess (Deficiency) of Revenues over Expenditures	<u>(173,086)</u>	<u>(166,246)</u>	<u>6,840</u>	<u>69,010</u>	<u>(30,779)</u>	<u>(99,789)</u>
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)				(40,305)	(40,305)	
Total Other Financing Sources (Uses)				<u>(40,305)</u>	<u>(40,305)</u>	
Net Change in Fund Balances	<u>\$ (173,086)</u>	<u>(166,246)</u>	<u>\$ 6,840</u>	<u>\$ 28,705</u>	<u>(71,084)</u>	<u>\$ (99,789)</u>
Fund Balances, Beginning of the Year,		<u>589,537</u>			<u>58,344</u>	
Fund Balances, End of the Year		<u>\$ 423,291</u>			<u>\$ (12,740)</u>	

SPECIAL REVENUE FUNDS

LATHROP MANTECA

FIRE DISTRICT MEASURE C

STIP AUGMENTATION			LATHROP MANTECA FIRE DISTRICT MEASURE C			NORTH LATHROP TRANSPORTATION		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 401,332	\$ 47,450	\$ (353,882)
	-			1,443	1,443		4,975	4,975
-	-	-		1,443	1,443	401,332	52,425	(348,907)
			1,120,000	1,269,554	(149,554)			
			1,120,000	1,269,554	(149,554)			
-	-	-	(1,120,000)	(1,268,111)	(148,111)	401,332	52,425	(348,907)
			1,120,000	1,291,173	171,173			
-	-		1,120,000	1,291,173	171,173			
<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>23,062</u>	<u>\$ 23,062</u>	<u>\$ 401,332</u>	<u>52,425</u>	<u>\$ (348,907)</u>
	<u>1</u>			<u>273,158</u>			<u>713,379</u>	
	<u>\$ 1</u>			<u>\$ 296,220</u>			<u>\$ 765,804</u>	

(Continued)

CITY OF LATHROP  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS					
	STEWART ECONOMIC DEVELOPMENT FEE 80% CFF			CITYWIDE ECONOMIC DEVELOPMENT FEE 20% CFF		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ 1,400,000	\$ -	\$(1,400,000)	\$ 350,000	\$ 235,000	\$ (115,000)
Fines, forfeitures, and penalties						
Intergovernmental						
Use of money and property		412	412		1,758	1,758
Other						
Total Revenues	<u>1,400,000</u>	<u>412</u>	<u>(1,399,588)</u>	<u>350,000</u>	<u>236,758</u>	<u>(113,242)</u>
Expenditures:						
Current:						
Public safety						
Public works		56,000	(56,000)			
Capital outlay						
Total Expenditures		<u>56,000</u>	<u>(56,000)</u>			
Excess (Deficiency) of Revenues over Expenditures	<u>1,400,000</u>	<u>(55,588)</u>	<u>(1,455,588)</u>	<u>350,000</u>	<u>236,758</u>	<u>(113,242)</u>
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
Net Change in Fund Balances	<u>\$ 1,400,000</u>	<u>(55,588)</u>	<u>\$(1,455,588)</u>	<u>\$ 350,000</u>	<u>236,758</u>	<u>\$ (113,242)</u>
Fund Balances, Beginning of the Year		<u>84,260</u>			<u>118,100</u>	
Fund Balances, End of the Year		<u>\$ 28,672</u>			<u>\$ 354,858</u>	

SPECIAL REVENUE FUNDS

RIVER ISLANDS CFD 2013-1			LATHROP LAND ACQUISITIONS		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
83,141	113,942	30,801			
	617	617		86	86
<u>83,141</u>	<u>114,559</u>	<u>31,418</u>		<u>86</u>	<u>86</u>
7,891	6,982	909			
<u>7,891</u>	<u>6,982</u>	<u>909</u>			
<u>75,250</u>	<u>107,577</u>	<u>32,327</u>		<u>86</u>	<u>86</u>
<u>\$ 75,250</u>	<u>107,577</u>	<u>\$ 32,327</u>	<u>\$ -</u>	<u>86</u>	<u>\$ 86</u>
	<u>36,761</u>			<u>108</u>	
	<u>\$ 144,338</u>			<u>\$ 194</u>	

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## 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 Mossdale 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.

### PILOT FLYING J FUND

To account for the deposits held from the developer related to the Pilot Flying J project.

### MOSSDALE VILLAGE REASSESSMENT 2015 – 1 FUND

To account for the special assessments associated with the payment of bonds for the Mossdale Village District.



CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 JUNE 30, 2016

	CSCDA Lease Revenue Bonds	Louise Avenue	Mossdale Village Assessment District	Crossroads Assessments	Joint Wastewater Community Facilities District
<b>ASSETS</b>					
Cash and investments	\$ -	\$ -	\$ 965,681	\$ 1,262,978	\$ 606,345
Cash and investments with fiscal agents			947,046	5,588,536	737,638
Accounts receivable		119,698			9,715
Interest receivable		-	643	845	410
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 119,698</b>	<b>\$ 1,913,370</b>	<b>\$ 6,852,359</b>	<b>\$ 1,354,108</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 111	\$ 3,880,562	\$ 131,096
Deposits payable					
Due to developers					
Due to bondholders		119,698	1,913,259	2,971,797	1,223,012
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 119,698</b>	<b>\$ 1,913,370</b>	<b>\$ 6,852,359</b>	<b>\$ 1,354,108</b>

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	Mossdale Village Reassessment 2015-1	Totals
\$ 155,596	\$ (1,388)	\$ 618,122	\$ 108,313	\$ 1,907,848	\$ 43,186	\$ 571,253	\$ 6,237,934
92,176	296,266		1,828,851			244,034	9,734,547
		9,386		978,504			1,117,303
113	5	470	96	2,023	62	640	5,307
<u>\$ 247,885</u>	<u>\$ 294,883</u>	<u>\$ 627,978</u>	<u>\$ 1,937,260</u>	<u>\$ 2,888,375</u>	<u>\$ 43,248</u>	<u>\$ 815,927</u>	<u>\$ 17,095,091</u>
\$ 232,344	\$ -	\$ -	\$ -	\$ 1,112	\$ 3,529	\$ 56,818	\$ 4,305,572
	294,883						294,883
				2,887,263	39,719	759,109	3,686,091
15,541		627,978	1,937,260				8,808,545
<u>\$ 247,885</u>	<u>\$ 294,883</u>	<u>\$ 627,978</u>	<u>\$ 1,937,260</u>	<u>\$ 2,888,375</u>	<u>\$ 43,248</u>	<u>\$ 815,927</u>	<u>\$ 17,095,091</u>

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 01, 2015	Additions	Deletions	Balance June 30, 2016
<b><u>CSCDA Lease Revenue Bonds</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Cash and investments with fiscal agents	1,240,291		1,240,291	
<b>Total Assets</b>	<b>\$ 1,240,291</b>	<b>\$ -</b>	<b>\$ 1,240,291</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Due to bondholders	\$ 1,240,291	\$ -	\$ 1,240,291	\$ -
<b>Total Liabilities</b>	<b>\$ 1,240,291</b>	<b>\$ -</b>	<b>\$ 1,240,291</b>	<b>\$ -</b>
<b><u>Louise Avenue</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 32,746	\$ -	\$ 32,746	\$ -
Accounts receivable		119,698		119,698
Interest receivable	16		16	
<b>Total Assets</b>	<b>\$ 32,762</b>	<b>\$ 119,698</b>	<b>\$ 32,762</b>	<b>\$ 119,698</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 17,262	\$ -	\$ 17,262	\$ -
Due to bondholders	15,500	119,698	15,500	119,698
<b>Total Liabilities</b>	<b>\$ 32,762</b>	<b>\$ 119,698</b>	<b>\$ 32,762</b>	<b>\$ 119,698</b>
<b><u>Mossdale Village Assessment District</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,183,567	\$ 965,681	\$ 2,183,567	\$ 965,681
Cash and investments with fiscal agents	1,531,094		584,048	947,046
Interest receivable	914	643	914	643
<b>Total Assets</b>	<b>\$ 3,715,575</b>	<b>\$ 966,324</b>	<b>\$ 2,768,529</b>	<b>\$ 1,913,370</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 329,509	\$ 111	\$ 329,509	\$ 111
Due to bondholders	3,386,066	966,213	2,439,020	1,913,259
<b>Total Liabilities</b>	<b>\$ 3,715,575</b>	<b>\$ 966,324</b>	<b>\$ 2,768,529</b>	<b>\$ 1,913,370</b>

(Continued)

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

<u>Crossroads Assessments</u>	Balance July 01, 2015	Additions	Deletions	Balance June 30, 2016
<b>ASSETS</b>				
Cash and investments	\$ 1,582,991	\$ 1,262,978	\$ 1,582,991	\$ 1,262,978
Cash and investments with fiscal agents	964,039	4,624,497		5,588,536
Accounts receivable	8,823		8,823	
Interest receivable	567	845	567	845
<b>Total Assets</b>	<b>\$ 2,556,420</b>	<b>\$ 5,888,320</b>	<b>\$ 1,592,381</b>	<b>\$ 6,852,359</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 3,880,562	\$ -	\$ 3,880,562
Due to bondholders	2,556,420	2,007,758	1,592,381	2,971,797
<b>Total Liabilities</b>	<b>\$ 2,556,420</b>	<b>\$ 5,888,320</b>	<b>\$ 1,592,381</b>	<b>\$ 6,852,359</b>
 <b><u>Joint Wastewater Community Facilities District</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 588,652	\$ 17,693	\$ -	\$ 606,345
Cash and investments with fiscal agents	736,116	737,638	736,116	737,638
Accounts receivable		9,715		9,715
Interest receivable	239	410	239	410
<b>Total Assets</b>	<b>\$ 1,325,007</b>	<b>\$ 765,456</b>	<b>\$ 736,355</b>	<b>\$ 1,354,108</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 131,096			\$ 131,096
Due to bondholders	1,193,911	765,456	736,355	1,223,012
<b>Total Liabilities</b>	<b>\$ 1,325,007</b>	<b>\$ 765,456</b>	<b>\$ 736,355</b>	<b>\$ 1,354,108</b>
 <b><u>North Harlan Water Improvement</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 146,809	\$ 155,596	\$ 146,809	\$ 155,596
Cash and investments with fiscal agents	95,275	92,176	95,275	92,176
Interest receivable	65	113	65	113
<b>Total Assets</b>	<b>\$ 242,149</b>	<b>\$ 247,885</b>	<b>\$ 242,149</b>	<b>\$ 247,885</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 227,161	\$ 5,183	\$ -	\$ 232,344
Due to bondholders	14,988	242,702	242,149	15,541
<b>Total Liabilities</b>	<b>\$ 242,149</b>	<b>\$ 247,885</b>	<b>\$ 242,149</b>	<b>\$ 247,885</b>

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

	Balance July 01, 2015	Additions	Deletions	Balance June 30, 2016
<b><u>Lathrop Sanitary Sewer Assessment District No.1</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ -		\$ 1,388	\$ (1,388)
Cash and investments with fiscal agents	277,154	296,266	277,154	296,266
Interest receivable		5		5
<b>Total Assets</b>	<b>\$ 277,154</b>	<b>\$ 296,271</b>	<b>\$ 278,542</b>	<b>\$ 294,883</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 10,831	\$ -	\$ 10,831	\$ -
Deposits payable	266,323	296,271	267,711	294,883
<b>Total Liabilities</b>	<b>\$ 277,154</b>	<b>\$ 296,271</b>	<b>\$ 278,542</b>	<b>\$ 294,883</b>
<b><u>TOT Trust</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 550,731	\$ 67,391	\$ -	\$ 618,122
Accounts receivable	8,508	9,386	8,508	9,386
Interest receivable	260	470	260	470
<b>Total Assets</b>	<b>\$ 559,499</b>	<b>\$ 77,247</b>	<b>\$ 8,768</b>	<b>\$ 627,978</b>
<b>LIABILITIES</b>				
Due to bondholders	\$ 559,499	\$ 77,247	\$ 8,768	\$ 627,978
<b>Total Liabilities</b>	<b>\$ 559,499</b>	<b>\$ 77,247</b>	<b>\$ 8,768</b>	<b>\$ 627,978</b>
<b><u>Community Facilities District 2006-1 CLSP Infrastructure</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 127,211	\$ -	\$ 18,898	\$ 108,313
Cash and investments with fiscal agents	1,933,079		104,228	1,828,851
Interest receivable	69	96	69	96
<b>Total Assets</b>	<b>\$ 2,060,359</b>	<b>\$ 96</b>	<b>\$ 123,195</b>	<b>\$ 1,937,260</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 19	\$ -	\$ 19	\$ -
Due to bondholders	2,060,340	96	123,176	1,937,260
<b>Total Liabilities</b>	<b>\$ 2,060,359</b>	<b>\$ 96</b>	<b>\$ 123,195</b>	<b>\$ 1,937,260</b>

(Continued)

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

	Balance July 01, 2015	Additions	Deletions	Balance June 30, 2016
<b><u>Developers' Deposits</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,927,699	\$ 1,907,848	\$ 1,927,699	\$ 1,907,848
Accounts receivable	1,110,585	978,504	1,110,585	978,504
Interest receivable	1,247	2,023	1,247	2,023
Total Assets	<u>\$ 3,039,531</u>	<u>\$ 2,888,375</u>	<u>\$ 3,039,531</u>	<u>\$ 2,888,375</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 10,852	\$ 1,112	\$ 10,852	\$ 1,112
Due to developers	3,028,679	2,887,263	3,028,679	2,887,263
Total Liabilities	<u>\$ 3,039,531</u>	<u>\$ 2,888,375</u>	<u>\$ 3,039,531</u>	<u>\$ 2,888,375</u>
<b><u>Pilot Flying J</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 9,667	\$ 43,186	\$ 9,667	\$ 43,186
Interest receivable		62		62
Total Assets	<u>\$ 9,667</u>	<u>\$ 43,248</u>	<u>\$ 9,667</u>	<u>\$ 43,248</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 3,529	\$ -	\$ 3,529
Due to developers	9,667	39,719	9,667	39,719
Total Liabilities	<u>\$ 9,667</u>	<u>\$ 43,248</u>	<u>\$ 9,667</u>	<u>\$ 43,248</u>
<b><u>Mossdale Village reassessment 2015-1</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 571,253	\$ -	\$ 571,253
Cash and investments with fiscal agents		244,034		244,034
Interest receivable		640		640
Total Assets	<u>\$ -</u>	<u>\$ 815,927</u>	<u>\$ -</u>	<u>\$ 815,927</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 56,818	\$ -	\$ 56,818
Due to developers		759,109		759,109
Total Liabilities	<u>\$ -</u>	<u>\$ 815,927</u>	<u>\$ -</u>	<u>\$ 815,927</u>

(Continued)

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

**Total Agency Funds**

**ASSETS**

Cash and investments	\$ 7,150,073	\$ 4,991,626	\$ 5,903,765	\$ 6,237,934
Cash and investments with fiscal agents	6,777,048	5,994,611	3,037,112	9,734,547
Accounts receivable	1,127,916	1,117,303	1,127,916	1,117,303
Interest receivable	3,377	5,307	3,377	5,307

Total Assets	<u>\$ 15,058,414</u>	<u>\$ 12,108,847</u>	<u>\$ 10,072,170</u>	<u>\$ 17,095,091</u>
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**LIABILITIES**

Accounts payable	\$ 726,730	\$ 3,947,315	\$ 368,473	\$ 4,305,572
Deposits payable	266,323	296,271	267,711	294,883
Due to developers	3,038,346	3,686,091	3,038,346	3,686,091
Due to bondholders	11,027,015	4,179,170	6,397,640	8,808,545

Total Liabilities	<u>\$ 15,058,414</u>	<u>\$ 12,108,847</u>	<u>\$ 10,072,170</u>	<u>\$ 17,095,091</u>
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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			
	2007	2008	2009	2010
Governmental activities:				
Net Investment in capital assets	\$ 126,924,528	\$ 119,539,561	\$ 127,328,319	\$ 127,893,609
Restricted	4,872,545	4,131,640	4,005,367	3,801,132
Unrestricted	24,234,508	42,058,837	36,894,577	33,983,648
Total governmental activities net assets	<u>\$ 156,031,581</u>	<u>\$ 165,730,038</u>	<u>\$ 168,228,263</u>	<u>\$ 165,678,389</u>
Business-type activities:				
Net Investment in capital assets	\$ 70,586,228	\$ 73,351,767	\$ 74,719,164	\$ 73,700,760
Restricted	2,777,096	2,772,966	2,771,785	3,979,788
Unrestricted	12,771,929	11,878,275	12,431,597	13,669,310
Total business-type activities net of assets	<u>\$ 86,135,253</u>	<u>\$ 88,003,008</u>	<u>\$ 89,922,546</u>	<u>\$ 91,349,858</u>
Primary government:				
Net investment in capital assets	\$ 197,510,756	\$ 192,891,328	\$ 202,047,483	\$ 201,594,369
Restricted	7,649,641	6,904,606	6,777,152	7,780,920
Unrestricted	37,006,437	53,937,112	49,326,174	47,652,958
Total Primary government net assets	<u>\$ 242,166,834</u>	<u>\$ 253,733,046</u>	<u>\$ 258,150,809</u>	<u>\$ 257,028,247</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.

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					
2011	2012	2013	2014	2015	2016
\$ 127,372,107	\$ 124,614,693	\$ 127,600,645	\$ 140,357,523	\$ 145,671,748	\$ 148,474,931
4,182,107	6,738,303	6,989,280	4,865,583	7,733,824	10,223,760
35,576,555	31,849,848	31,954,985	31,716,374	35,612,693	38,941,548
<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>	<u>\$ 197,640,239</u>
\$ 73,171,504	\$ 73,145,195	\$ 76,371,218	\$ 88,125,585	\$ 92,350,319	\$ 93,906,914
3,387,089	2,865,215	2,865,251	2,696,850	2,995,846	2,698,250
16,299,696	17,446,635	19,333,520	25,692,676	23,944,509	26,437,255
<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>	<u>\$ 123,042,419</u>
\$ 200,543,611	\$ 197,759,888	\$ 203,971,863	\$ 228,483,108	\$ 238,022,067	\$ 242,381,845
7,569,196	9,603,518	9,854,531	7,562,433	10,729,670	12,922,010
51,876,251	49,296,483	51,288,505	57,409,050	59,557,202	65,378,803
<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>	<u>\$ 320,682,658</u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Expenses:</b>				
<b>Governmental activities:</b>				
General government	\$ 5,407,768	\$ 5,800,227	\$ 4,794,711	\$ 4,901,677
Public safety	4,608,508	4,684,216	4,666,606	6,388,417
Public works	9,439,096	9,265,933	9,092,399	9,626,215
Culture and leisure	1,082,700	2,295,209	1,047,149	1,978,663
Community development	2,172,248	2,410,817	3,302,601	3,178,772
Interest on long-term debt	47,521	37,126	8,077	22,940
Total governmental activities expense	<u>22,757,841</u>	<u>24,493,528</u>	<u>22,911,543</u>	<u>26,096,684</u>
<b>Business-type activities:</b>				
Water	5,821,654	6,753,767	6,434,434	6,222,856
Wastewater	3,844,222	4,048,955	3,827,174	3,900,239
Total business-type activities expenses	<u>9,665,876</u>	<u>10,802,722</u>	<u>10,261,608</u>	<u>10,123,095</u>
Total primary government expenses	<u>\$ 32,423,717</u>	<u>\$ 35,296,250</u>	<u>\$ 33,173,151</u>	<u>\$ 36,219,779</u>
<b>Program revenues:</b>				
<b>Governmental activities:</b>				
<b>Charges for services:</b>				
General Government	857,663	200,239	185,340	729,695
Public Safety	243,033	525,821	315,634	182,863
Public Works	3,785,627	892,167	924,262	358,900
Culture and leisure	194,662	156,093	143,945	372,150
Community development	1,871,256	380,974	236,648	712,323
Operating grants and contributions	864,591	2,051,347	1,614,040	4,260,528
Capital grants and contributions	25,469,334	20,097,845	10,836,518	10,361,739
Total governmental activities program revenues	<u>33,286,166</u>	<u>24,304,486</u>	<u>14,256,387</u>	<u>16,978,198</u>
<b>Business-type activities:</b>				
<b>Charges for services:</b>				
Water	6,597,482	6,488,056	6,353,230	4,539,135
Wastewater	3,873,069	3,570,436	3,412,319	3,980,622
Operating grants and contributions	-	-	-	-
Capital grants and contributions	6,767,872	1,835,722	1,339,611	188,710
Total business-type activities program revenues	<u>17,238,423</u>	<u>11,894,214</u>	<u>11,105,160</u>	<u>8,708,467</u>
Total primary government program revenues	<u>\$ 50,524,589</u>	<u>\$ 36,198,700</u>	<u>\$ 25,361,547</u>	<u>\$ 25,686,665</u>
<b>Net revenues (expenses):</b>				
Governmental activities	10,528,325	(189,042)	(8,655,156)	(9,118,486)
Business-type activities	7,572,547	1,091,492	843,552	(1,414,628)
Total net revenues (expenses)	<u>\$ 18,100,872</u>	<u>\$ 902,450</u>	<u>\$ (7,811,604)</u>	<u>\$ (10,533,114)</u>
<b>General revenues and other changes in net assets:</b>				
<b>Governmental activities:</b>				
<b>Taxes:</b>				
Property tax	3,504,228	3,963,074	3,600,021	2,848,080
Sales and use taxes	1,794,969	1,744,162	2,810,073	2,314,007
Franchise taxes	659,265	691,679	723,827	695,644
Other taxes	220,132	257,658	267,385	230,842
Motor vehicle in lieu, unrestricted	1,139,900	1,429,314	1,364,923	1,158,133
Investment income	2,424,498	2,142,950	866,211	281,441
Other general revenues	148,993	70,898	751,456	301,700
Transfers	69,510	24,214	770,169	(371,206)
Total governmental activities	<u>9,961,495</u>	<u>10,323,949</u>	<u>11,154,065</u>	<u>7,458,641</u>
<b>Business-type activities:</b>				
Investment income	861,601	711,840	444,690	161,045
Miscellaneous	-	829,109	1,414,311	2,309,689
Transfers	(69,510)	(24,214)	(770,169)	371,206
Total business-type activities	<u>792,091</u>	<u>1,516,735</u>	<u>1,088,832</u>	<u>2,841,940</u>
Total primary government	<u>\$ 10,753,586</u>	<u>\$ 11,840,684</u>	<u>\$ 12,242,897</u>	<u>\$ 10,300,581</u>
<b>Changes in net position</b>				
Governmental activities	20,489,820	10,134,907	2,498,909	(1,659,845)
Business-type activities	8,364,638	2,608,227	1,932,384	1,427,312
Total primary government	<u>\$ 28,854,458</u>	<u>\$ 12,743,134</u>	<u>\$ 4,431,293</u>	<u>\$ (232,533)</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					
2011	2012	2013	2014	2015	2016
\$ 3,871,620	\$ 4,233,613	\$ 3,733,840	\$ 4,680,110	\$ 7,449,500	\$ 5,614,173
3,951,676	4,173,142	4,624,518	5,940,125	6,962,351	8,048,625
8,664,353	12,303,005	10,246,951	13,888,678	10,864,104	7,864,470
1,285,893	1,096,206	1,161,712	1,111,917	779,976	1,395,287
1,067,636	1,284,271	1,472,084	1,573,972	602,719	1,712,156
393,819	382,402	369,832	924,941	340,120	880,036
19,234,997	23,472,639	21,608,937	28,119,743	26,998,770	25,514,747
6,435,955	6,367,625	7,090,866	7,376,261	5,108,071	4,941,845
4,475,157	4,357,544	3,987,951	6,289,560	4,433,501	3,587,602
10,911,112	10,725,169	11,078,817	13,665,821	9,541,572	8,529,447
\$ 30,146,109	\$ 34,197,808	\$ 32,687,754	\$ 41,785,564	\$ 36,540,342	\$ 34,044,194
383,128	277,653	335,511	397,607	491,076	551,613
438,919	159,813	174,862	716,360	356,989	365,009
93,291	79,604	178,087	202,488	248,089	258,005
166,066	153,052	152,379	242,500	220,963	205,376
531,273	809,268	1,515,837	2,189,603	2,551,889	3,947,881
5,119,794	5,066,429	5,076,581	4,947,223	4,969,720	5,016,283
3,594,176	4,285,232	8,304,237	23,115,518	22,155,191	9,759,080
10,326,647	10,831,051	15,737,494	31,811,299	30,993,917	20,103,247
5,551,012	5,561,650	6,293,790	6,551,486	6,042,517	5,849,963
4,501,620	4,959,693	5,186,053	5,827,902	5,730,148	5,233,840
-	-	3,710,000	12,002,670	-	-
1,025,014	263,903	159,854	159,854	159,854	159,854
11,077,646	10,785,246	15,349,697	24,541,912	11,932,519	11,243,657
\$ 21,404,293	\$ 21,616,297	\$ 31,087,191	\$ 56,353,211	\$ 42,926,436	\$ 31,346,904
(8,908,350)	(12,641,588)	(5,871,443)	3,691,556	3,995,147	(5,411,500)
166,534	60,077	4,270,880	10,876,091	2,390,947	2,714,210
\$ (8,741,816)	\$ (12,581,511)	\$ (1,600,563)	\$ 14,567,647	\$ 6,386,094	\$ (2,697,290)
2,915,881	2,821,113	2,810,704	2,946,083	3,273,006	3,566,656
2,126,447	2,512,565	3,128,882	6,676,994	5,947,812	6,209,105
662,429	679,295	667,509	705,405	685,140	518,183
231,125	232,204	466,328	419,267	449,950	743,896
1,200,720	1,100,388	1,076,010	1,118,489	1,237,606	1,324,094
168,650	104,018	38,959	67,431	80,844	346,915
55,824	63,662	262,023	395,810	301,192	1,745,978
1,297,654	1,200,418	763,094	(5,626,465)	(84,391)	(421,353)
8,658,730	8,713,663	9,213,509	6,703,014	11,891,159	14,033,474
111,034	178,169	59,419	49,915	63,492	200,063
2,640,839	1,560,928	1,545,739	1,392,651	675,204	416,119
(1,297,654)	(1,200,418)	(763,094)	5,626,465	84,391	421,353
1,454,219	538,679	842,064	7,069,031	823,087	1,037,535
\$ 10,112,949	\$ 9,252,342	\$ 10,055,573	\$ 13,772,045	\$ 12,714,246	\$ 15,071,009
(249,620)	(3,927,925)	3,342,066	10,394,570	15,886,306	8,621,974
1,620,753	598,756	5,112,944	17,945,122	3,214,034	3,751,745
\$ 1,371,133	\$ (3,329,169)	\$ 8,455,010	\$ 28,339,692	\$ 19,100,340	\$ 12,373,719

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

	Fiscal Year			
	2007	2008	2009	2010
General fund:				
Reserved	\$ 6,175,879	\$ 6,659,478	\$ 7,514,520	\$ 7,078,292
Undesignated	13,014,826	10,181,938	8,765,019	9,672,867
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total general fund</b>	<b>\$ 19,190,705</b>	<b>\$ 16,841,416</b>	<b>\$ 16,279,539</b>	<b>\$ 16,751,159</b>
All other governmental funds:				
Reserved	\$ 834,620	\$ 2,258,039	\$ 592,526	\$ 403,736
Undesignated, reported in:				
Designated special revenue funds	27,516	-	26,883	-
Special revenue funds	26,311,010	13,387,463	20,578,392	12,202,368
Capital projects funds	3,076,816	14,045,252	3,782,691	9,659,263
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 30,249,962</b>	<b>\$ 29,690,754</b>	<b>\$ 24,980,492</b>	<b>\$ 22,265,367</b>

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.

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					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
6,371,601	7,235,931	7,175,257	6,380,018	6,852,691	6,665,677
-	-	-	-	-	-
742,197	402,197	-	-	-	2,233,234
189,925	1,248,093	1,229,504	-	-	-
10,735,806	8,038,858	9,784,715	16,234,527	11,091,860	12,861,107
<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>	<u>\$ 21,760,018</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,356,700	3,813,152	4,142,620	3,890,049	6,823,678	4,513,322
18,976,921	19,727,430	19,333,997	12,977,322	22,534,880	25,829,474
-	-	264,923	930,347	880,383	975,042
-	259,533	-	-	(364)	(233)
<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>	<u>\$ 31,317,605</u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Revenues:</b>				
Taxes and assessments	\$ 15,297,036	\$ 10,935,212	\$ 10,707,798	\$ 8,226,053
Licenses and permits	1,372,969	468,360	296,080	602,334
Fines, forfeitures, and penalties	125,625	166,350	228,331	4,258,962
Intergovernmental	4,683,123	3,480,661	4,200,824	3,474,547
Use of Money & Property	2,424,498	2,142,950	766,184	281,441
Charges for current services	5,771,897	1,520,584	1,805,829	1,410,750
Contributions	73,988	74,255	1,301,135	-
Other	4,086,332	4,444,585	247,248	2,198,731
Total revenues	<u>\$ 33,835,468</u>	<u>\$ 23,232,957</u>	<u>\$ 19,553,429</u>	<u>\$ 20,452,818</u>
<b>Expenditures</b>				
Current:				
General government	\$ 5,126,402	\$ 4,801,306	\$ 4,718,241	\$ 3,790,927
Community development	2,131,798	2,012,805	2,048,158	2,332,574
Public safety	4,443,671	3,839,819	4,374,302	4,425,923
Public works	6,841,755	7,536,447	5,883,378	9,102,647
Culture and leisure	1,011,582	2,096,831	985,869	930,548
Capital Outlay	10,679,271	5,142,010	7,285,105	552,469
Debt service:				
Principal retirement	252,479	262,874	291,923	277,060
Interest and fiscal charges	47,521	37,126	8,077	22,940
Total expenditures	<u>\$ 30,534,479</u>	<u>\$ 25,729,218</u>	<u>\$ 25,595,053</u>	<u>\$ 21,435,088</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 3,300,989	\$ (2,496,261)	\$ (6,041,624)	\$ (982,270)
<b>Other financing sources (uses):</b>				
Proceeds from issuance of long-term debt	-	-	-	-
Transfers in	9,967,357	12,751,559	7,138,360	12,323,269
Transfers out	<u>(9,897,847)</u>	<u>(12,727,345)</u>	<u>(6,368,191)</u>	<u>(12,694,475)</u>
Total other financing sources (uses)	<u>\$ 69,510</u>	<u>\$ 24,214</u>	<u>\$ 770,169</u>	<u>\$ (371,206)</u>
Net change in fund balances	<u>\$ 3,370,499</u>	<u>\$ (2,472,047)</u>	<u>\$ (5,271,455)</u>	<u>\$ (1,353,476)</u>
Debt service as a percentage of noncapital expenditures	1.5%	1.5%	1.7%	1.5%

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.

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					
2011	2012	2013	2014	2015	2016
\$ 10,144,813	\$ 10,091,942	\$ 12,092,527	\$ 15,462,332	\$ 21,268,849	\$ 18,494,460
466,256	406,819	634,934	749,845	1,373,909	1,283,193
1,655,515	1,568,643	1,564,795	1,476,258	1,486,888	1,658,639
3,981,076	3,672,978	7,107,760	13,291,995	11,177,149	5,489,546
212,076	135,177	62,939	116,968	159,262	382,724
818,899	835,195	1,449,684	2,727,193	2,207,080	3,725,964
-	-	-	9,779,408	1,094,140	-
409,088	1,633,542	1,275,270	536,779	4,202,190	3,523,548
<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>	<u>\$ 34,558,074</u>
\$ 3,685,441	\$ 3,952,670	\$ 3,318,835	\$ 4,240,661	\$ 8,063,724	\$ 4,675,898
854,670	987,494	1,222,152	1,323,932	1,254,836	1,657,178
3,802,298	4,088,676	4,510,204	5,829,809	7,030,624	7,297,872
7,488,100	9,007,812	9,197,006	17,040,900	15,482,137	6,687,275
879,453	1,043,340	1,069,332	1,063,957	1,048,531	1,296,370
989,761	480,929	3,795,717	9,334,496	1,604,530	4,361,924
237,211	249,347	262,103	274,370	289,709	1,683,347
393,819	382,402	369,832	924,941	340,120	390,710
<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>	<u>\$ 28,050,574</u>
\$ (643,030)	\$ (1,848,374)	\$ 442,728	\$ 4,107,712	\$ 7,855,256	\$ 6,507,500
-	-	-	-	-	(1,191,652)
7,402,707	11,926,959	9,379,077	18,471,301	17,566,636	12,971,420
<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>	<u>(13,392,773)</u>
\$ 1,297,654	\$ 1,200,418	\$ 763,094	\$ (5,626,465)	\$ (84,391)	\$ (1,613,005)
<u>\$ 654,624</u>	<u>\$ (647,956)</u>	<u>\$ 1,205,822</u>	<u>\$ (1,518,753)</u>	<u>\$ 7,770,865</u>	<u>\$ 4,894,495</u>
3.8%	3.3%	3.3%	4.1%	1.9%	9.6%



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

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of Levy</b>		<b>Collection in Subsequent Years</b>	<b>Total Collection to Date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>		<b>Amount</b>	<b>Percent of Levy</b>
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%
2016	3,353,607	3,353,607	100.00%	-	3,353,607	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					Net Taxable Assessed Value	Total Direct Tax Rate
	Gross Taxable Assessed Value			Less: Exemptions			
	Secured	Unsecured	Utility				
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%	
2016	2,193,673,873	198,223,989	5,070,340	(23,850,559)	2,373,117,643	0.141%	

**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 Ten Years Ago**

<u>Taxpayer</u>	<u>2016</u>		<u>2007</u>	
	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>
Tesla Motors Inc	\$ 67,457,784	2.84%	\$ -	0.00%
J.R. Simplot Company Corp.	54,861,994	2.31%	35,630,472	1.74%
Centerpoint Properties Trust	48,074,600	2.03%	-	0.00%
California Natural Products Corp.	43,739,665	1.84%	25,016,899	1.22%
Califia LLC	41,504,810	1.75%	49,717,250	2.43%
Super Stores Industries	39,873,217	1.68%	48,454,447	2.37%
LBA Realty Fund	38,435,164	1.62%	-	0.00%
Lathrop Land Acquisition LLC	32,044,962	1.35%	-	0.00%
LCP Remainder Trust ETAL	29,815,956	1.26%	-	0.00%
700 D'Arcy Parkway Investors LLC	29,000,000	1.22%	-	0.00%

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

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

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>Measure K Rate</b>	<b>Measure C General Purpose</b>	<b>Transportation Development Act Rate</b>	<b>San Joaquin County Rate</b>	<b>State of California Rate</b>	<b>Total</b>
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%
2016	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*

**CITY OF LATHROP**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	Fiscal Year			
	2007	2008	2009	2010
Gross Assessed Valuation	\$ 2,519,567,186	\$ 2,538,403,705	\$ 2,409,599,820	\$2,032,969,786
Debt Margin Ratio (1)	3.75%	3.75%	3.75%	3.75%
Debt Margin (Limit)	\$ 94,483,769	\$ 95,190,139	\$ 90,359,993	\$ 76,236,367
Less: total net debt applicable to limit: General obligation bonds	\$ -	\$ -	\$ -	\$ -
Net Legal Debt Margin	<u>\$ 94,483,769</u>	<u>\$ 95,190,139</u>	<u>\$ 90,359,993</u>	<u>\$ 76,236,367</u>
Total debt applicable to the 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					
2011	2012	2013	2014	2015	2016
\$ 1,979,034,467	\$ 1,928,673,494	\$ 1,884,764,847	\$ 1,962,577,631	\$ 2,186,850,735	\$ 2,396,968,202
3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
\$ 74,213,793	\$ 72,325,256	\$ 70,678,682	\$ 73,596,661	\$ 82,006,903	\$ 89,886,308
-	-	-	-	-	-
\$ 74,213,793	\$ 72,325,256	\$ 70,678,682	\$ 73,596,661	\$ 82,006,903	\$ 89,886,308
0%	0%	0%	0%	0%	0%

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

<b>Fiscal Year Ended June 30</b>	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>Total Governmental Activities</b>	<b>Water Revenue Bonds</b>	<b>Notes</b>	<b>Certificates of Participation</b>
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	-	6,599,319	6,599,319	12,635,000	-	-
2016	-	4,190,000	4,190,000	12,635,000	-	-

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 (3)</u>
\$ -		\$ -	\$ 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%	1,738
5,373,806		8,562,968	-	26,571,774	33,171,094	135.50%	1,630
5,070,256		8,160,773	-	25,866,029	30,056,029	106.77%	1,359



**CITY OF LATHROP**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2016**

FY 2015/16 City Assessed Valuation	\$ 2,373,117,643
Redevelopment Agency Incremental Valuation	\$ -
Adjusted Assessed Valuation	<u>\$ 2,373,117,643</u>

<u>Overlapping Tax and Assessment Debt</u>	<u>Total Debt 6/30/16</u>	<u>Percentage Applicable to City of Lathrop (1)</u>	<u>City's Share of Debt 6/30/2016</u>
San Joaquin Delta Community College District	\$ 134,126,384	3.445%	\$ 4,620,654
Manteca Unified School District	110,484,885	19.214%	21,228,566
Tracy Unified School District	41,010,000	0.85100%	348,995
Banta School District	600,000	24.250%	145,500
Manteca Unified School District Community Facility District No. 1989-2	29,275,000	20.850%	6,103,838
Banta School District Community Facilities District No. 2011-1	5,335,000	100.000%	5,335,000
River Islands Public Financing Authority Community Facilities District No. 2003-1	157,015,000	100.000%	157,015,000
City of Lathrop Community Facilities District No 2003-1	6,765,000	100.000%	6,765,000
City of Lathrop Community Facilities District No 2003-2	6,175,000	100.000%	6,175,000
City of Lathrop Community Facilities District No 2006-1	49,750,000	100.000%	49,750,000
City of Lathrop 1915 Act Bonds	30,554,444	100.000%	30,554,444
Reclamation District No. 17 Assessment District	14,961,463	48.639%	7,277,106
<b>Total Overlapping Tax and Assessment Debt</b>	<b>\$ 586,052,176</b>		<b>\$ 295,319,102</b>
<b>Ratios to FY 2015/16 Assessed Valuation:</b>			
<b>Total Overlapping Tax and Assessment Debt</b>	<b>12.44%</b>		
<u>Direct and Overlapping General Fund Obligation Debt</u>			
San Joaquin County Certificates of Participation	134,405,000	3.769%	5,065,724
Manteca Unified School District Certificates of Participation	27,958,000	19.214%	5,371,850
City of Lathrop General Fund Obligations	4,190,000	100.000%	4,190,000
<b>Total Direct and Overlapping General Fund Debt</b>			<b>14,627,575</b>
<b>Total Direct Debt</b>			<b>4,190,000</b>
<b>Total Overlapping Debt</b>			<b>305,756,677</b>
<b>Combined Total Debt</b>			<b>309,946,677</b>

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

<u>Ratios to Adjusted Assessed Valuation</u>	
<b>Total Direct Debt</b>	<b>0.18%</b>
<b>Combined Total Debt</b>	<b>13.06%</b>

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	<b>2000 Certificates of Participation/Compass Bank Loan (1)</b>					
	Water Revenue (3)	Less Operating Expenses (4)	Net Available Revenue	<b>Debt Service</b>		Coverage
Principal				Interest		
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	3,815,990	4,068,897	283,199	205,801	8.32%
2015	6,642,758	3,484,902	3,157,856	293,198	195,802	6.46%
2016	6,385,191	3,479,010	2,906,181	303,550	185,450	5.94%

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)

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>
\$ 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%
3,579,897	680,000	1,681,102	1.52%
2,668,856	728,070	954,719	1.59%
2,417,181	402,196	945,592	1.79%

**CITY OF LATHROP**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Personal Income (in thousands) (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Unemployment Rate (2)</b>
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%
2016	22,112	28,150,538	38,769	8.5%

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

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

<b>Employer</b>	<b>2016</b>		<b>2007</b>	
	<b>Number of Employees</b>	<b>Percent of Total Employment</b>	<b>Number of Employees</b>	<b>Percent of Total Employment</b>
Jc Penney Distribution Ctr	700	9.72%	0	0.00%
J R Simplot CO	200	2.78%	150	2.42%
Pflug	200	2.78%	0	0.00%
Swiss American Sausage CO	175	2.43%	165	2.66%
Pilkington North America Inc	150	2.08%	200	3.23%
Home Depot	150	2.08%	450	7.26%
Target	150	2.08%	0	0.00%
Diamond Pet Foods Inc	100	1.39%	75	1.21%
Cbc Steel Buildings	100	1.39%	0	0.00%
Carpenter CO	100	1.39%	180	2.90%
Food 4 Less	100	1.39%	0	0.00%
Smart Refrigerated Transport	100	1.39%	0	0.00%
Elma Electronic Inc	50	0.69%	0	0.00%
Utility Trailer Sales	50	0.69%	0	0.00%
In-N-Out Burger Distr Ctr	50	0.69%	0	0.00%

"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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	31.49	33.99	29.30	24.30	24.50	25.50	25.50	26.00	26.50	26.50
Neighborhood & Community Services (1)	0.00	0.00	0.00	5.00	5.00	5.00	5.00	5.40	5.10	5.10
Public Safety (2)	27.00	28.75	32.00	32.00	30.33	30.33	30.33	33.20	34.98	34.98
Public Works	21.00	28.00	26.00	26.00	26.00	26.00	26.00	25.83	29.83	29.83
Community Development	24.75	23.67	20.75	20.75	23.75	23.75	23.75	22.42	24.42	24.42
Culture & Leisure	16.36	17.20	19.12	19.12	19.64	19.64	20.64	19.74	22.53	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	9.00	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
<b>Total Positions</b>	<b>139.60</b>	<b>146.61</b>	<b>142.17</b>	<b>142.17</b>	<b>144.22</b>	<b>145.22</b>	<b>146.22</b>	<b>147.59</b>	<b>158.36</b>	<b>158.36</b>
<b>less Unfunded Positions</b>	<b>0.00</b>	<b>0.00</b>	<b>18.21</b>	<b>35.54</b>	<b>50.54</b>	<b>52.61</b>	<b>53.61</b>	<b>46.28</b>	<b>43.28</b>	<b>43.28</b>
<b>Net Employees</b>	<b>139.60</b>	<b>146.61</b>	<b>123.96</b>	<b>106.63</b>	<b>93.68</b>	<b>92.61</b>	<b>92.61</b>	<b>101.31</b>	<b>115.08</b>	<b>115.08</b>

(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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police:</b>										
Arrests	866	724	648	850	775	612	670	489	708	572
Parking Citations issues	946	1,139	1,397	1,034	759	567	291	380	444	696
<b>Code Enforcement</b>										
Housing Cases	105	233	140	144	31	21	40	20	35	29
Public Nuisance Cases	241	417	304	336	459	185	213	61	206	287
Vehicle Cases	167	80	45	85	54	21	28	12	11	67
Weed Abatement Cases	162	372	787	677	520	31	-	5	-	2
<b>Building Permits</b>										
Single Family Dwellings	334	25	34	169	87	63	146	130	350	220
<b>Parks and recreation:</b>										
Number of recreation classes	46	38	41	46	40	49	49	202	34	56
Number of facility rentals	109	86	186	192	231	302	675	1,870	542	450
<b>Water:</b>										
New connections	869	30	36	168	93	38	140	190	266	179
Average daily consumption (thousands of gallons)	3,482	3,677	3,441	3,230	3,267	3,110	4,014	3,550	3,508	3,052
<b>Sewer:</b>										
New connections	869	30	36	168	93	38	140	190	266	179

**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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
<b>Fire:</b>										
Fire Stations (1)	-	-	-	-	-	-	-	-	-	-
<b>Public works:</b>										
Streets (miles)	64	77	79.48	79.81	79.81	72.74	82.80	82.80	84.20	84.20
Streetlights	730	847	869	905	905	1,433	1,433	1,433	1,448	1,472
<b>Parks and recreation:</b>										
Parks	7	13	13	13	13	13	14	16	16	16
Community centers	1	1	1	1	1	1	1	2	2	2
Senior centers	1	1	1	1	1	1	1	1	1	1
<b>Water:</b>										
Water mains (miles)	68	72	72.75	73.08	73.08	73.08	101.40	99.60	101.80	101.80
Maximum daily capacity (thousands of gallons)	20,126	20,126	20,126	20,126	20,126	20,126	21,700	15,250	15,250	15,250
<b>Wastewater:</b>										
Sanitary sewer (miles)	54	56	56.83	57.16	57.16	57.16	60.40	62.03	71.00	71.00
Miles of Reclaimed Water Lines	18.00	18.00	18.00	18.33	18.33	18.33	18.33	21.40	21.80	21.80
Maximum daily treatment capacity (thousands of gallons)	2,140	2,140	2,140	2,140	2,140	2,140	2,416	2,416	2,200	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			
	2007	2008	2009	2010
Residential	\$ 727,884	\$ 737,570	\$ 673,212	\$ 645,140
Industrial	323,471	328,721	297,483	244,561
Commercial	65,592	83,249	72,595	73,962
Governmental	108,570	159,335	194,348	167,846
Construction	32,471	33,378	18,422	47,495
Total	\$ 1,257,988	\$ 1,342,253	\$ 1,256,060	\$ 1,179,004
Total direct rate per 1,000 gallons	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.11

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					
2011	2012	2013	2014	2015	2016
\$ 675,141	\$ 656,723	\$ 740,938	\$ 690,963	\$ 671,095	\$ 628,208
266,145	263,466	329,816	291,935	343,231	283,410
75,107	68,559	107,530	116,496	91,599	71,396
135,512	129,524	265,931	157,119	172,972	177,791
40,465	16,720	20,995	39,058	1,615	-
\$ 1,192,370	\$ 1,134,992	\$ 1,465,210	\$ 1,295,571	\$ 1,280,512	\$ 1,160,805
\$ 2.24	\$ 2.45	\$ 2.45	\$ 2.63	\$ 2.63	\$ 3.04

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

<b>Fiscal Year Ended June 30</b>	<b>Monthly Base Rate</b>	<b>Rate per 1,000 Gallons</b>	<b>CSCDA Loan (1)</b>	<b>SCSWSP Facility Charge (2)</b>
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
2016	12.80	3.04	-	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 Ten Years Ago**

<b>Water Customer</b>	<b>2016</b>		<b>2007</b>	
	<b>Water Charges</b>	<b>Percent of Total Water Revenues</b>	<b>Water Charges</b>	<b>Percent of Total Water Revenue</b>
Camino Real Mobile Estates	\$447,773	8.32%	\$ -	0.00%
City of Lathrop	343,424	6.38%	-	0.00%
Manteca Unified School District	164,192	3.05%	26,514	0.34%
Super Store Industries	105,616	1.96%	63,104	0.81%
Banta Elementary School District	47,325	0.88%	-	0.00%
River Islands Public Finance Authority	41,917	0.78%	-	0.00%
Camino Real Mobile Estates	41,373	0.77%	-	0.00%
Tesla Motors Inc	41,125	0.76%	-	0.00%
IN-N-OUT Burger #804	39,576	0.74%	-	0.00%
DSRG - Sara Elliott	39,061	0.73%	-	0.00%

*Source: City of Lathrop, California Finance Department*

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

**2016**

**2007**

<b>Business Name</b>	<b>Business Category</b>	<b>Business Name</b>	<b>Business Category</b>
Arco AM PM	Service Stations	Anderson Truss	Contractors
Boral Roofing	Contractors	Arco AM PM	Service Stations
Carpenter Co	Textiles/Furnishings	Boral Roofing	Contractors
CBC Steel Buildings	Heavy Industrial	Carpenter	Textiles/Furnishings
Chevron	Service Stations	Cascade Steel Rolling Mills	Heavy Industrial
Eagles Nest Harley Davidson	Boats/Motorcycles	CBC Steel Buildings	Heavy Industrial
Fast Lane	Service Stations	Circle K Union 76	Service Stations
Fleepride West	Trailers/Auto Parts	Delta Material Supply	Lumber/Building Materials
Hd Supply Interior Solutions	Home Furnishings	Hess Microgen	Light Industrial/Printers
Joes Travel Plaza	Service Stations	Joes Travel Plaza	Service Stations
McDonalds	Quick Service Restaurants	Kentucky Fried Chicken A&W	Quick-Service Restaurants
Medcal Sales	Medical/Biotech	Lathrop Chevron	Service Stations
Nationwide Fleet Powersports	Boats/Motorcycles	Lathrop Shell	Service Stations
Power Automation Systems	Light Industrial/Printers	Lathrop Wood Works	Lumber/Building Materials
Save Mart	Grocery Stores Liquor	Lumbermens	Lumber/Building Materials
Shell	Service Stations	Mandal Truck & Trailer	Trailers/Auto Parts
Target	Discount Dept Stores	McDonalds	Quick-Service Restaurants
Tec Equipment	Trailers/Auto Parts	Mobile Mini	Repair Shop/Equip. Rentals
Top Gun Drywall Supply	Lumber/Building Materials	Save Mart	Grocery Stores Liquor
Totten Tubes	Heavy Industrial	Super Stores Industries	Food Service Equip/Supplies
Tower Mart	Service Stations	Tower Mart	Service Stations
USAMotors.Com	Used Automotive Dealers	Two Guys Food & Fuel	Service Stations
Utility Trailer Sales	Trailers/RVs	USAMotors.Com	Used Automotive Dealers
Valero	Service Stations	Utility Trailer Sales	Trailers/RVs
Walgreens	Drug Stores	Whirlwind Building Components	Lumber/Building Materials

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