

City of Lathrop  

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California

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017



*Lathrop – Mossdale Bridge*

City of Lathrop  
390 Towne Centre Drive  
Lathrop, CA 95330





CITY OF  
**LATHROP, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2017**

Prepared  
By  
The Finance Department

Cari James  
Director of Finance

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CITY OF LATHROP, CALIFORNIA

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2017

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## City of Lathrop

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November 30, 2017

***To the Honorable Mayor, Members of the City Council and Citizens of Lathrop  
Lathrop, California 95330***

The Comprehensive Annual Financial Report of the City of Lathrop for the fiscal year (FY) ended June 30, 2017 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 unmodified opinion which state that the City's financial statements for the fiscal year ended June 30, 2017, 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.

### **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.

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.

### **INDEPENDENT AUDIT REPORT**

The City Council is responsible for: 1) assuring the City administration fulfills its responsibilities in the preparation of the financial statements and 2) engaging certified public accountants to ensure sound audit and the accounting principles are applied in financial reporting.

The Government Code of the State of California requires general law cities, such as the City of Lathrop, to have its financial statements audited by an independent certified public accountant. Accordingly, this year's audit was completed by the accounting firm of Maze & Associates. The firm was engaged by the City Administration to render an opinion of the City's financial statements in accordance with auditing standards generally accepted in the United States of America. To ensure complete independence, Maze & Associates presents the results of their assessment of the adequacy of internal accounting controls and the quality of financial reporting directly to the City Council. The auditor's report on the basic financial statements is the first item in the accompanying Financial Section.

In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements.

### **PROFILE OF LATHROP**

The City of Lathrop encompasses approximately 22 square miles. The City of Lathrop is located in San Joaquin County at the center of the Northern California metro market, close to the San Francisco Bay Area and Greater Sacramento regions, at the interchange of three major freeways: Interstate 5 (I-5), Interstate 205 (I-205), and the 120 Freeway. As of January 1, 2017, the City had an estimated population of 23,110.

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.

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 fund accounting 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 CONDITION AND FINANCIAL OUTLOOK

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. The City experienced a period of growth through the mid 2000's with 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. Development activity slowed dramatically in the latter half of 2008 as the impacts from the recession began to be felt. Conditions worsened over the course of the next several years with the City's assessed valuation (AV) dropping by almost one third. However, beginning in FY 2012/13 development activity began to pick up improving the housing market conditions in the area. Permit issuance remained strong in FY 2016/17 at 491 permits and a 14.2% AV increase. Revenues, such as property tax, development related fees, community facility district revenues and sales tax are all positively impacted from increased development activity either directly from fees received or indirectly due to increased population.

The City's sales tax revenues remained stable throughout the recession and, over the past several years, have continued to experienced annual increases. The City's sales tax revenues are expected to show modest annual increases as population and consumer activity continue to rise and businesses continue to view Lathrop as an attractive location.

While revenues fell during the recession, demand for services continued to escalate. The City has seen higher levels of expenditures due to increases in the City's pension contribution requirements, funding requirements for Other Post-Employment Benefits (OPEB) and other operational expenditure increases needed to provide necessary services to a growing population. The City, however, has remained vigilant in maintaining its fiscal strength and in recent years cost saving measures, along with one-time revenues, have allowed the City to maintain a balanced General Fund budget and Unassigned Fund Balance between 10-50% of the annual operating appropriations and transfers.

The historic drought in California has created fiscal challenges for the City's Water Enterprise Fund. State mandated reductions in water consumption have reduced revenues, while at the same time the City has incurred new drought related conservation program costs. Although the City recently completed a rate study to account for this new level of water conservation, the long-term fiscal impacts of the drought are still being determined.

### Balanced Budget

The City's Budget and Fiscal Policy requires the City to maintain a balanced General Fund budget over the annual period of the financial plan. This means that each fiscal year, current revenues must meet or exceed operating expenditures, including debt service. Use of fund balance commitments to offset non-operating expenditures may allow for current expenditures to exceed current revenues in a fiscal year. City staff will present General Fund budgets for City Council consideration that maintain an unassigned fund balance between 10-50% of the annual operating appropriations and transfers.

The June 30, 2017 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. At fiscal year-end 2017, the General Fund unassigned available fund balance was 89.5% of total expenditures.

### 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 Fiscal Model which began to address the structural deficit while minimizing the use of reserves.

The Fiscal Model has become a tool to the City Council and the City Manager to assist with the decision making process to determine the financial feasibility of any priorities or goals they may wish to adopt. Additionally, the

model alerts management and the City Council of potential shortfalls and affords them the time to develop practical solutions with minimal impacts to our citizens. The Fiscal Model has allowed the City to prepare for difficult times by managing reduced revenues and steadily increasing expenditures. Due to the timely implementation of cost containment measures, the City sustained modest but healthy reserves through the Great Recession. Using the model to forecast the years ahead, the City remains hopeful that revenue streams will maintain its current upward trend. However, continual achievement of a balanced General Fund budget will be difficult in the years to come, as most of the new revenue generated through the current economic recovery will be consumed by increasing demands for services driven by growth in population and development.

The Fiscal Model shows that over the next nine fiscal years expenditures increase more than revenues, resulting in a negative fund balance by Fiscal Year Ending 2028. In addition, the City faces increasing expenses in several areas of operations, including the potential relocation of its Police Department. The City has elected to proactively address its unfunded OPEB obligation by establishing an irrevocable trust and significantly increasing its contributions. At the same time, rising pension contribution requirements, while helping to reduce the unfunded pension liability, result in a decrease of financial resources available for other uses. The City will need to continue to explore options to increase its revenue base, while keeping expenses to a minimum.

Lastly, 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. During FY 2016/17, Measure C supported personnel and operating expenditures to manage the Lathrop Generations Center, a multipurpose facility aimed to promote healthy recreational opportunities for our youth. Furthermore, Measure C funded additional Lathrop Police personnel to strengthen prevention and intervention services around the community.

#### CERTIFICATE OF ACHIEVEMENT

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, 2016. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized report Comprehensive Annual Financial Report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

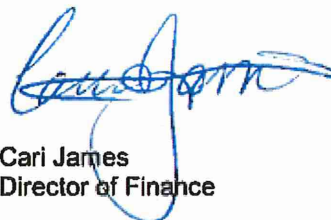
#### ACKNOWLEDGEMENTS

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.

Respectfully submitted,



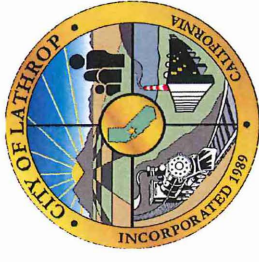
Stephen J. Salvatore  
City Manager



Cari James  
Director of Finance

# City of Lathrop Organizational Chart FY 2017-18

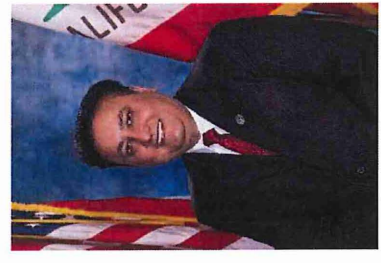
## CITIZENS OF LATHROP



Mark Elliott  
Councilmember



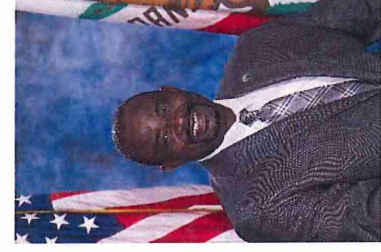
Martha Salcedo  
Councilmember



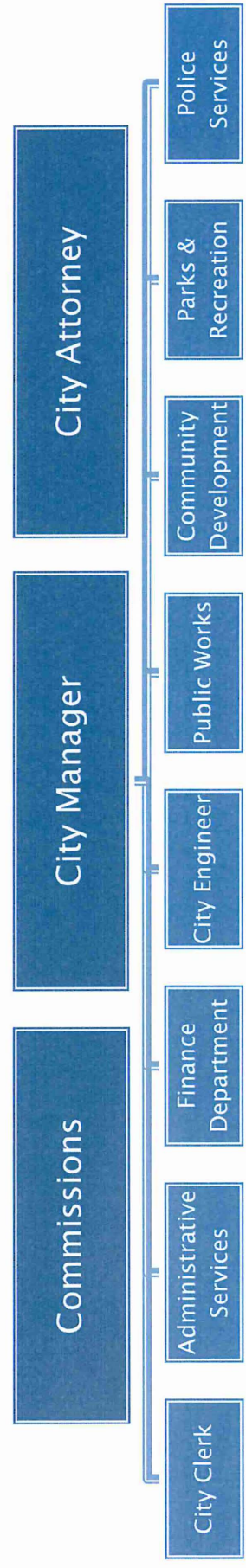
Sonny Dhaliwal  
Mayor



Steve Dresser  
Councilmember



Paul Akinjo  
Vice Mayor



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

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### **CITY COUNCIL**

Sonny Dhaliwal, Mayor  
Paul Akinjo, Vice Mayor  
Martha Salcedo, Council Member  
Mark Elliot, Council Member  
Stephen Dresser, 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	Stephen Salvatore
City Attorney	Salvador Navarrete
City Engineer	Glenn Gebhardt
City Clerk	Teresa Vargas
Director of Finance	Cari James
Director of Administrative Services	Cari James
Parks and Recreation Director	Zach Jones
Chief of Police	James Hood
Director of Public Works	Vacant
Director of Community Development	Rebecca Schmidt



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, 2016**

*Christopher P. Morill*

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, 2017, 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, 2017, 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 as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*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.



Pleasant Hill, California  
November 16, 2017



## City of Lathrop

Department of Finance  
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Lathrop, California 95330  
209-941-7320  
[www.ci.lathrop.ca.us](http://www.ci.lathrop.ca.us)

November 20, 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, 2017. 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 35.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Lathrop exceeded its liabilities at June 30, 2017 by \$357 million (net assets). Of this amount, \$84.9 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 \$34.8 million due to the Wastewater Treatment Facility expansion fully funded by the benefiting development in the area.
- The total revenue from all sources increased \$32.3 million from the prior year due to the one-time revenue received in prior year for the Wastewater Treatment Facility expansion.
- The General Fund reported excess revenues over expenditures (including transfers) of \$0.5 million, thereby increasing the fund balance.
- Sales and use tax collections increased by \$0.1 million, a 2.1 percent increase from the prior year.
- At June 30, 2017, the City's governmental funds reported combined ending fund balances of \$63.9 million, an increase of \$10.9 million in comparison with June 30, 2016. Of this \$63.9 million total amount, \$16.5 million or 25.8 percent is unassigned fund balance.
- At June 30, 2017, the unassigned fund balance for the General Fund was \$16.5 million, compared to last year's unassigned actual fund balance of \$12.9 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 – 15), (2) the basic financial statements and notes to the financial statements (Pages 17 - 62), (3) schedules of revenue, expenditures and changes in fund balance-budget to actual of major governmental funds (Pages 62 - 70), and postemployment benefits other than pensions trend information, (Page 66), (4) other combining statements for non-major governmental funds and agency funds (Pages 85 - 122) and (5) the statistical section (Pages 123 - 145).

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

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

- **Statement of Net Assets** – a statement that combines the financial position as of June 30, 2017 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, 2017 on a government-wide basis.

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

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

- **Governmental funds** statements tell how general government services, such as police and public works, were financed in the short-term, as well as what remains for future spending.
- **Proprietary funds** statements offer short and long-term financial information about the activities the City operates like businesses, such as the water and sewer utilities.
- **Fiduciary funds** statements are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Lathrop's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

### **Government-wide financial statements**

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

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

The **statement of activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences).

Both of these government-wide financial statements distinguish functions of the City of Lathrop that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Lathrop include general government, community development, public safety, public works, culture and leisure, and debt service. The business-type activities of the City of Lathrop include the City's water and sewer utility enterprise functions.

The government-wide financial statements include solely the operations of the City of Lathrop itself. There are no additional discrete or blended component units. The government-wide financial statements can be found on Pages 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 2017. 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, developer projects special revenue fund, and capital facilities special revenue fund, all of which are designated as major funds. Data from the remaining 82 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 23 - 27 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 30 – 32 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 35 - 62 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 82 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 85 - 122 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Summary of Net Assets

As noted earlier, net assets may serve as a useful indicator of a government's financial position since it represents the difference between the City's resources and its obligations. In the case of the City of Lathrop, assets exceeded liabilities by \$357 million at the close of Fiscal Year 2016/17.

Compared to the previous year, the City's total net position increased by 12 percent. This increase is primarily due to cost savings measures carried through the years.

By far the largest portion of this year's net assets reflects the City's investment in capital assets of \$260 million (e.g., utility system construction, utility plant improvements, water rights acquisition, land acquisition, building improvements, equipment, vehicles, roads and streets) less any related debt used to acquire those assets that is still outstanding. The City of Lathrop uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additional capital asset information can be found in the Capital Asset and Debt Administration section of this report.

A portion of the City of Lathrop's total net position represent resources that are subject to external and internal restrictions (Municipal Code and/or State mandates and reserves required by debt obligation covenants) on how they may be used. Restricted net assets amount to \$13.6 million or 3.8 percent of total net position. The remaining balance of \$85 million (30 percent of total net position) is unrestricted and may be used to meet the City's ongoing obligations to residents and creditors.

The table below shows the government-wide assets, liabilities and net assets for both fiscal years ended June 30, 2016 and 2017.

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

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percent Change
	2016	2017	2016	2017	2016	2017	
<b>Assets:</b>							
Capital assets	\$ 46,393	\$ 47,159	\$ 36,943	\$ 47,206	\$ 83,336	\$ 94,365	13.23%
Other assets	167,649	187,493	114,282	124,751	281,931	312,244	10.75%
<b>Total Assets</b>	<b>214,042</b>	<b>234,652</b>	<b>151,225</b>	<b>171,957</b>	<b>365,267</b>	<b>406,609</b>	<b>11.32%</b>
<b>Deferred Outflows</b>							
Deferred Outflows Related to Pension	<b>530</b>	<b>1,419</b>	<b>63</b>	<b>169</b>	<b>593</b>	<b>1,588</b>	<b>167.79%</b>
<b>Liabilities:</b>							
Current liabilities	15,474	9,869	3,005	6,435	18,479	16,304	-11.77%
Long-term liabilities	902	10,195	25,178	23,094	26,080	33,289	27.64%
<b>Total Liabilities</b>	<b>16,376</b>	<b>20,064</b>	<b>28,183</b>	<b>29,529</b>	<b>44,559</b>	<b>49,593</b>	<b>11.30%</b>
<b>Deferred Inflows</b>							
Deferred Inflows Related to Pension	<b>532</b>	<b>411</b>	<b>63</b>	<b>49</b>	<b>595</b>	<b>460</b>	<b>-22.69%</b>
<b>Net Position:</b>							
Invested in Capital Assets,							
Net of Related Debt	148,475	155,971	93,907	103,696	242,382	259,667	7.13%
Restricted	10,224	11,858	2,698	1,706	12,922	13,564	4.97%
Unrestricted	38,965	47,769	26,437	37,146	65,402	84,915	29.84%
<b>Total Net Position</b>	<b>\$ 197,664</b>	<b>\$ 215,598</b>	<b>\$ 123,042</b>	<b>\$ 142,548</b>	<b>\$ 320,706</b>	<b>\$358,146</b>	<b>11.67%</b>

At the end of the fiscal year, the City of Lathrop is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. Combined net position of the primary government increased by 11.7 percent this year, from \$320.7 million at June 30, 2016 to \$358.1 million at June 30, 2017.

Although the net position of the City's business-type activities are \$142.5 million, the City generally can only use these net assets to finance the continuing operations of the business-type activities.

### **Changes in net assets**

The City's total program expenses of \$41.2 million are less than the revenues of \$78.7 million for an increase in net assets as of June 30, 2017 of \$37.5 million. The table on the next page shows the summarized revenues and expenses for both fiscal years 2015/16 and 2016/17.

The City's fiscal year 2016/17 change in net position was 202.8 percent higher than fiscal year 2015/16, due to an increase of 69.5 percent in total revenues and an increase of 21.1 percent in total expenditures in fiscal year 2016/17. The expenditure increase is largely found in the Governmental activities, which is a result of construction development activity in the area.

Governmental program activities and general revenues of \$64.8 million and transfers out of \$16.8 million, supported expenses of \$30 million, for a total net increase in net position in tax-supported activities of \$18 million. The reason for the increase in the governmental net assets is due to an increase in capital grants and contributions and sales taxes.

Business-type activities revenues of \$13.9 million supported expenses of \$11.2 million and transfers in of \$16.8 million, for a total change in net position in utility enterprise activities of \$19.5 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 \$19.5 million is available for future water and sewer improvement needs as required by projected City population increases and development needs.

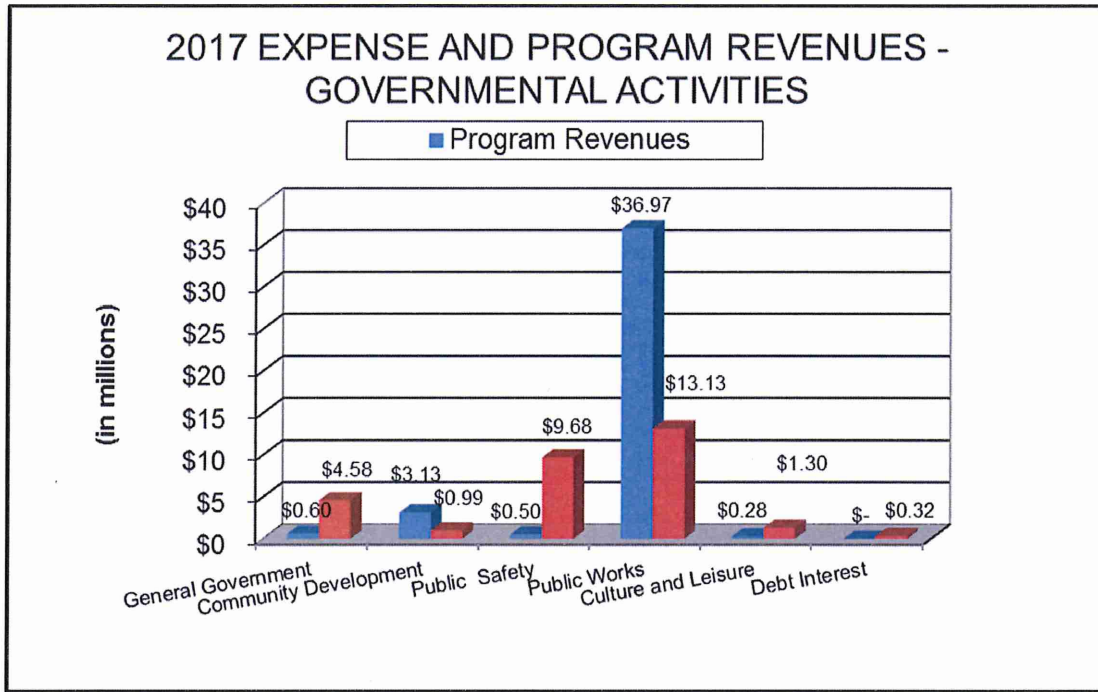
**City of Lathrop Changes in Net Position**  
**For the Fiscal Years Ended June 30**  
*(in Thousands)*

	Governmental		Business-Type		Total Primary		Total Percent Change
	Activities		Activities		Government		
	2016	2017	2016	2017	2016	2017	
<b>Revenues:</b>							
<i>Program revenues:</i>							
Charges for services	\$ 5,328	\$ 5,807	\$ 11,084	\$ 12,647	\$ 16,412	\$ 18,454	12.44%
Operating grants and contributions	5,016	4,841	-	-	5,016	4,841	-3.49%
Capital grants and contributions	9,759	30,838	160	160	9,919	30,998	212.51%
<i>General revenues:</i>							
Sales and use taxes	6,209	6,337	-	-	6,209	6,337	2.06%
Property taxes	3,567	3,981	-	-	3,567	3,981	11.61%
Franchise taxes	744	771	416	864	1,160	1,635	40.95%
Transient occupancy taxes	518	566	-	-	518	566	9.27%
Other taxes	-	-	-	-	-	-	-
Motor Vehicle in lieu	1,324	1,555	-	-	1,324	1,555	17.45%
Other miscellaneous	1,746	10,090	-	-	1,746	10,090	477.89%
Unrestricted investment earnings	347	19	200	215	547	234	-57.22%
<b>Total Revenues</b>	<b>34,558</b>	<b>64,805</b>	<b>11,860</b>	<b>13,886</b>	<b>46,418</b>	<b>78,691</b>	<b>69.53%</b>
<b>Expenses:</b>							
<i>Governmental activities:</i>							
General government	5,614	4,580	-	-	5,614	4,580	-18.42%
Community development	1,712	994	-	-	1,712	994	-41.94%
Public safety	8,049	9,684	-	-	8,049	9,684	20.31%
Public works	7,864	13,125	-	-	7,864	13,125	66.90%
Culture and leisure	1,395	1,301	-	-	1,395	1,301	-6.74%
Interest on long-term debt	880	319	-	-	880	319	-63.75%
<i>Business-type activities:</i>							
Water enterprise	-	-	4,942	5,828	4,942	5,828	17.93%
Sewer enterprise	-	-	3,588	5,394	3,588	5,394	50.33%
<b>Total expenses</b>	<b>25,514</b>	<b>30,003</b>	<b>8,530</b>	<b>11,222</b>	<b>34,044</b>	<b>41,225</b>	<b>21.09%</b>
<b>Excess before transfers</b>	<b>9,044</b>	<b>34,802</b>	<b>3,330</b>	<b>2,664</b>	<b>12,374</b>	<b>37,466</b>	<b>202.78%</b>
Transfers	(421)	(16,843)	421	16,843	-	-	
<b>Change in Net Position</b>	<b>8,623</b>	<b>17,959</b>	<b>3,751</b>	<b>19,507</b>	<b>12,374</b>	<b>37,466</b>	<b>202.78%</b>
Net Position - Beginning	189,018	197,641	119,291	123,042	308,309	320,683	4.01%
Prior Period Adjustment	-	-	-	-	-	-	-
Net Position, Beginning, Restated	189,018	197,641	119,291	123,042	308,309	320,683	4.01%
<b>Net Position - Ending</b>	<b>\$ 197,641</b>	<b>\$ 215,600</b>	<b>\$ 123,042</b>	<b>\$ 142,549</b>	<b>\$ 320,683</b>	<b>\$ 358,149</b>	<b>11.68%</b>

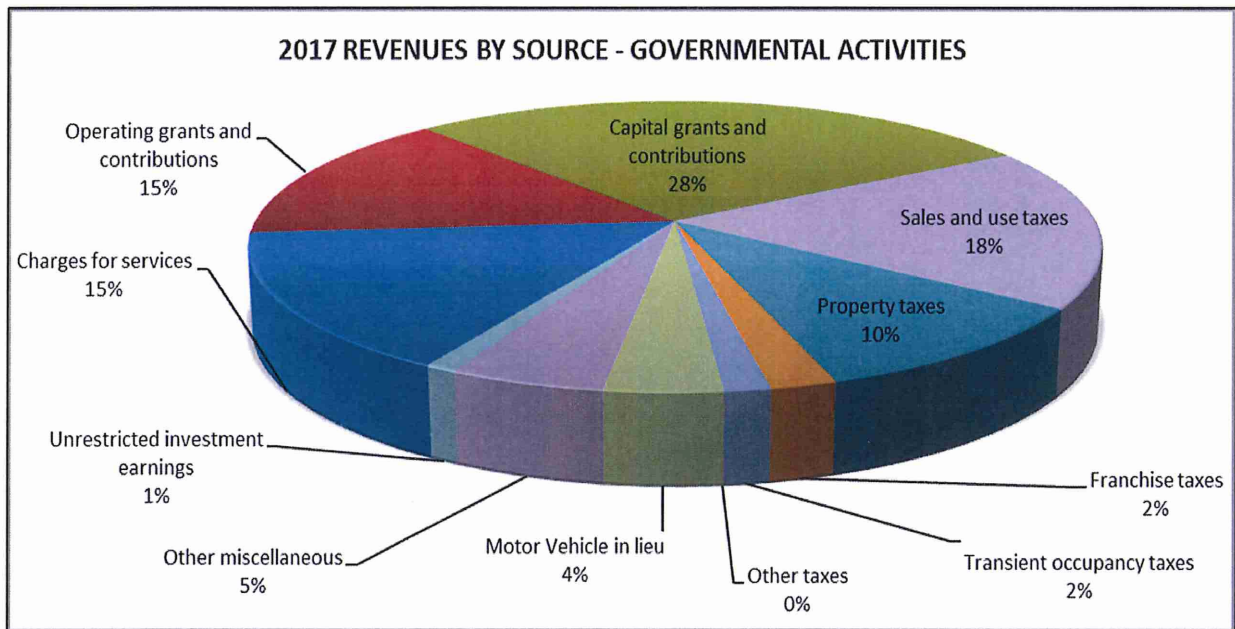


## Governmental Activities

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 \$23.8 million. General government services and public safety delivery costs exceeded program revenues by \$4 million and \$9.2 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 2016/17, property tax revenues increased by \$414 thousand.

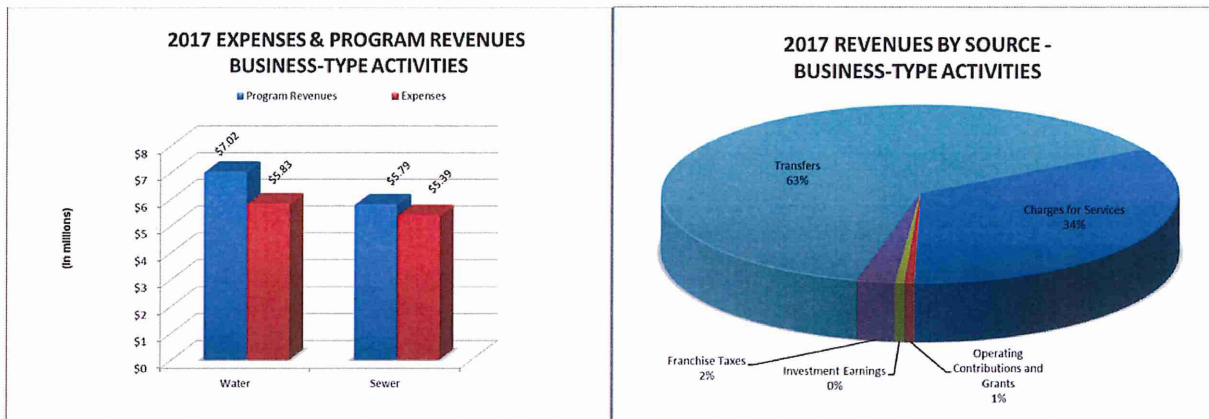
The following table shows the cost of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The cost of all governmental activities this year was \$30 million. The net cost of all services indicates that the overall cost of government is less than revenue generated to support it. However, the excess revenue reflected in FY2016/17 is due to one-time contributions for the Wastewater Treatment Facility expansion project.

**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		
	2016	2017	Percent Change	2016	2017	Percent Change
General government	\$ 5,614	\$ 4,580	-18.42%	\$ (5,063)	\$ (3,982)	-21.35%
Community development	1,712	994	-41.94%	2,236	2,138	-4.38%
Public safety	8,049	9,684	20.31%	(7,519)	(9,182)	22.12%
Public works	7,864	13,125	66.90%	7,003	23,844	240.48%
Culture and leisure	1,395	1,301	-6.74%	(1,189)	(1,016)	-14.55%
Other	880	319	-63.75%	(880)	(319)	-63.75%
<b>Total</b>	<b>\$ 25,514</b>	<b>\$ 30,003</b>	<b>17.59%</b>	<b>\$ (5,412)</b>	<b>\$ 11,483</b>	<b>-312.18%</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 \$1.2 million. In the Water Utility Enterprise Fund, a monthly service availability fee and usage rate is charged to residential and commercial customers to meet the Water Fund's operating expenses. Under full accrual accounting, developer contributions are program revenues, yet contributed assets are not shown as a corresponding expense. Program revenues excluding developer contributions and bond proceeds were \$6.9 million. This shows operating revenues exceeding operating expenditures by \$2.1 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 \$0.4 million. Program revenues excluding developer contributions were \$5.8 million, showing that operating revenues exceed operating expenditures by \$0.4 million. This signifies that sewer operating income is slightly 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, 2017, the City of Lathrop's governmental funds (general, special revenue, and capital project funds) reported combined ending fund balances of \$63.9 million, an increase of \$10.9 million in comparison with the prior fiscal year. Approximately 28.3 percent of this total amount (\$16.5 million) constitutes unassigned fund balance, which is available for spending, at the City's governing body's discretion. Of the remainder fund balance, \$6.2 million is nonspendable, \$4.7 million is restricted, \$35.8 million is committed and \$0.8 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 2017 fiscal year, fund balance of the general fund was \$22.7 million, of which \$16.5 million is unassigned fund balance. The increase in unassigned fund balance of the General Fund for Fiscal Year 2016/17 was \$3.6 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 89.5 percent of total General Fund expenditures of \$18.4 million in 2017. This means the City's general governmental operations could continue for about 11-months without any additional revenue generation.

In Fiscal Year 2016/17, taxes are the General Fund's largest source of revenue at 61.5 percent, or \$11.7 million, of total revenues of \$19 million. Property taxes represent 34.2 percent, or \$3.9 million, of this total taxes amount in the General Fund.

The Developer Projects fund had an ending fund balance of \$0.3 million at June 30, 2017. 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 \$20 million as of June 30, 2017. 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.

**Proprietary funds**

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

In Fiscal Year 2016/17, the water utility enterprise fund increased its net position from \$53.7 million to \$54.7 million. Unrestricted net assets at the end of the fiscal year amounted to \$16.1 million, and are available for future capital water system improvements. \$36.9 million of the Water Fund's net assets are invested in capital assets, net of related debt and are not available for liquidation to support operations. The remaining \$1.7 million is restricted to satisfy debt service obligations and covenants.

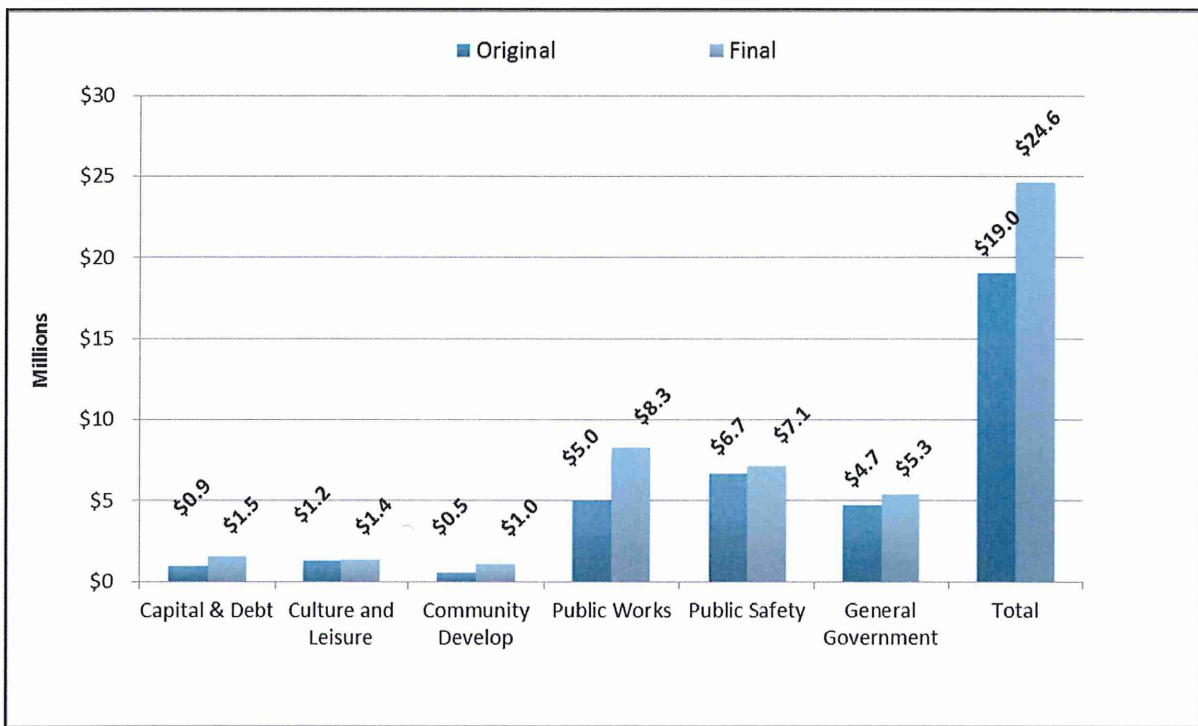
In Fiscal Year 2016/17, the sewer utility fund increased its net assets from \$69.3 million to \$87.8 million. Unrestricted net assets at the end of the fiscal year amounted to \$21 million and, are available for future capital sewer system improvements. Over \$66.8 million of the Sewer Fund's net assets are invested in capital assets, net of related debt and are not available for liquidation to support operations.

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During Fiscal Year 2016/17, the General Fund's original budgeted expenditures of \$18.9 million increased to \$24.6 million at Final Amended Budget. Original adopted revenue estimates were \$16.8 million. The table below 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 2016/17.

**GENERAL FUND FISCAL YEAR 2016/17 ORIGINAL AND FINAL BUDGETS BY GOVERNMENTAL FUNCTION CATEGORY**



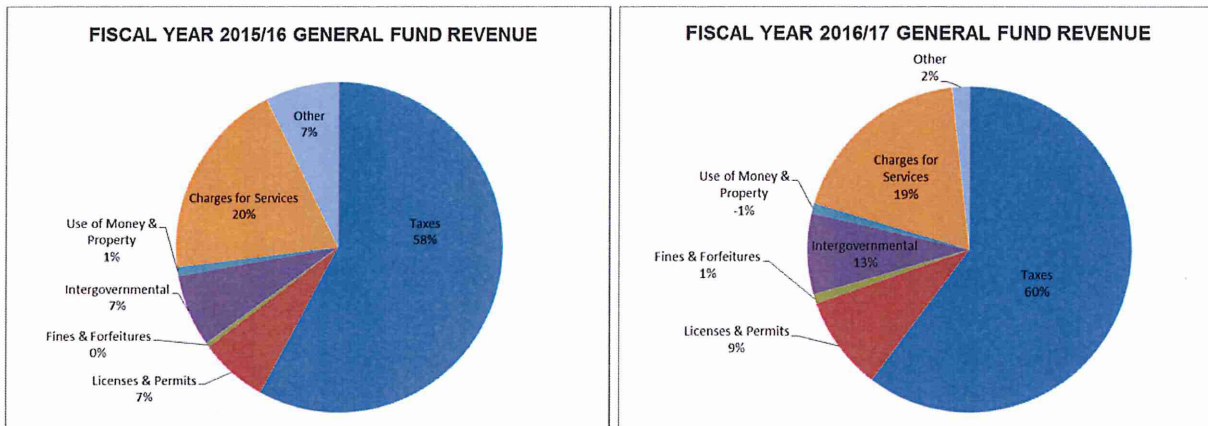
Over the course of the year, the City Council revised the City budget with adjustments that are comprised within the following two categories:

- 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 \$5.6 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 \$2.1 million to reflect revenues collected through Measure C.

After taking these adjustments into account, actual expenditures came in 25 percent below the final budget, or at \$18.4 million. Capital Outlay expenditure savings contributed to this reduced spending level. Actual revenues in the General Fund were \$66 thousand higher than the final budget revenue estimate, or 0.4 percent over the final budgeted revenue estimate. The result of the slightly higher revenues and significantly lower spending increased the ending fund balance of the General Fund by \$0.9 million.

The City's General Fund revenue structure slightly changed compared to Fiscal Year 2015/16. The two pie charts below present total actual revenues for Fiscal Years 2015/16 and 2016/17 by revenue category. Total actual taxes comprised 58 percent of total General Fund revenues in Fiscal Year 2015/16 and 60 percent in Fiscal Year 2016/17.



## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of Fiscal Year 2016/17, the City had \$287.6 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 \$15.1 million, or a 5.5 percent, over Fiscal Year 2015/16.

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 Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
<b>Capital Assets Not Being Depreciated</b>						
Land	\$ 9,630	\$ 9,630	\$ 3,565	\$ 3,565	\$ 13,195	\$ 13,195
Construction in progress	36,763	37,529	33,378	43,641	70,141	\$81,170
<b>Depreciable Capital Assets</b>						
Buildings	9,035	8,887	10	10	9,045	\$8,897
Improvements	25,460	24,187	82,508	80,133	107,968	\$104,320
Equipment and vehicles	1,215	1,419	312	306	1,527	\$1,725
Infrastructure	70,562	78,244	-	-	70,562	\$78,244
<b>Total</b>	<b>\$ 152,665</b>	<b>\$ 159,896</b>	<b>\$ 119,773</b>	<b>\$ 127,655</b>	<b>\$ 272,438</b>	<b>\$ 287,551</b>

This year's major capital additions included:

- Infrastructure \$10,000,000
- Water and Sewer Systems \$ 2,700,000
- Equipment & Vehicles \$ 600,000

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 \$27.9 million in outstanding debt. The total outstanding at June 30, 2016 was \$30.1 million. Overall in Fiscal Year 2016/17, the City's outstanding debt was reduced by \$2.2 million.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Revenue Bonds - Water	\$ -	\$ -	\$ 12,635	\$ -	\$ 12,635	\$ -
2017 Bank Loan	-	-	-	11,455	-	11,455
State Revolving Fund Loan	-	-	8,161	7,749	8,161	7,749
Compass Bank Loan	-	-	5,070	4,756	5,070	4,756
Capital Lease - City Hall	4,190	3,925	-	-	4,190	3,925
<b>Total</b>	<b>\$ 4,190</b>	<b>\$ 3,925</b>	<b>\$ 25,866</b>	<b>\$ 23,960</b>	<b>\$ 30,056</b>	<b>\$ 27,885</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 48 - 50.

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

The City Council considered many factors when setting the Fiscal Year 2016/17 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 to the levels of the Great Recession in December 2007. Many Lathrop families saw their per capita personal income increase from \$38,769 in Fiscal Year 2015/16 to \$40,458 in Fiscal Year 2016/17 (See Demographic and Economic Statistics in the statistical section on Page 137.)

While Lathrop's population grew from 22,112 in 2016 to 23,110 during 2017, the growth rate signaled a slower growth trend compared to prior years. Complementary to this trend, a total of 291 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 291 in Fiscal Year 2016/17, 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 2017/18. Revenues in the General Fund budget are projected at \$18.8 million for Fiscal Year 2017/18; an increase of 8.3 percent over the Fiscal Year 2016/17 adopted revenues of \$17.3 million.

General Fund budget operating expenditures are expected to increase by 6.2 percent, to \$18.4 million from \$17.3 million in Fiscal Year 2016/17 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 2017/18 is 3%. The Fiscal Year 2017/18 budget authorized 118.49 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 2017/18 are estimated to be at \$14.6 million. These revenues make up 94.6 percent of total utility enterprise estimated revenues in Fiscal Year 2017/18. 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 2017/18 capital budget across all funds, while sizable, yet not as large as prior fiscal years, calls for spending of \$46 million for capital projects, of which 65.2 percent or \$30 million are planned in the two enterprise funds, and the remaining 34.8 percent or \$16 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.

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**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, 2017

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments (Note 2)	\$ 65,709,334	\$ 43,580,528	\$ 109,289,862
Cash and investments, restricted, with fiscal agents (Note 2)		1,706,637	1,706,637
Accounts receivable	2,781,652	5,047,666	7,829,318
Interest receivable	64,230	46,128	110,358
Loans receivable	121,204		121,204
Internal balances (Note 3C)	6,079,580	(6,079,580)	
Capital assets, not being depreciated (Note 4)	47,158,534	47,206,335	94,364,869
Capital assets, being depreciated, net of accumulated depreciation (Note 4)	112,737,512	80,449,598	193,187,110
<b>Total assets</b>	<b>234,652,046</b>	<b>171,957,312</b>	<b>406,609,358</b>
<b>DEFERRED OUTFLOWS</b>			
Related to pension (Note 8)	1,397,792	169,162	1,566,954
<b>LIABILITIES</b>			
Accounts payable	2,347,780	3,732,686	6,080,466
Accrued payroll and benefits	137,972	27,329	165,301
Accrued interest		189,568	189,568
Due to others		298,107	298,107
Deposits payable	2,143,016	768,375	2,911,391
Unearned revenue	5,067,614	58,494	5,126,108
Compensated absences (Note 1G):			
Due within one year	173,004	5,278	178,282
Due in more than 1 year	980,358	29,910	1,010,268
Long-term debt (Note 5):			
Due within one year		1,355,309	1,355,309
Due in more than one year	3,925,000	22,604,791	26,529,791
Net pension liabilities, due in more than one year (Note 8)	3,850,683	458,979	4,309,662
Net OPEB obligation, due in more than one year (Note 9)	1,439,138		1,439,138
<b>Total liabilities</b>	<b>20,064,565</b>	<b>29,528,826</b>	<b>49,593,391</b>
<b>DEFERRED INFLOWS</b>			
Related to pension (Note 8)	389,371	48,964	438,335
<b>NET POSITION (Note 7)</b>			
Net investment in capital assets	155,971,046	103,695,833	259,666,879
Restricted for:			
Debt service		1,706,637	1,706,637
Parks	260,422		260,422
Public safety	26,177		26,177
Community development	3,325,247		3,325,247
Streets	8,247,074		8,247,074
<b>Total restricted net positions</b>	<b>11,858,920</b>	<b>1,706,637</b>	<b>13,565,557</b>
Unrestricted	47,769,952	37,146,214	84,916,166
<b>Total net positions</b>	<b>\$ 215,599,918</b>	<b>\$ 142,548,684</b>	<b>\$ 358,148,602</b>

See accompanying notes to financial statements

CITY OF LATHROP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 4,580,381	\$ 462,696	\$ 135,741	\$ -
Community development	993,885	3,131,768	0	
Public safety	9,683,636	231,164	200,814	69,839
Public works	13,125,373	1,697,831	4,503,237	30,768,340
Culture and leisure	1,300,832	283,662	1,245	
Interest on long-term debt	319,164			
Total governmental activities	<u>30,003,271</u>	<u>5,807,121</u>	<u>4,841,037</u>	<u>30,838,179</u>
Business-type activities:				
Water	5,828,411	6,856,028		159,854
Sewer	<u>5,393,728</u>	<u>5,791,155</u>		
Total business-type activities	<u>11,222,139</u>	<u>12,647,183</u>		<u>159,854</u>
Total government	<u>\$ 41,225,410</u>	<u>\$ 18,454,304</u>	<u>\$ 4,841,037</u>	<u>\$ 30,998,033</u>

General Revenues  
Property taxes  
Sales and use taxes  
Transient occupancy taxes  
Franchise taxes  
Motor vehicle in-lieu, unrestricted  
Investment incomes  
Miscellaneous revenues  
Capital contributions  
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
\$ (3,981,944)	\$ -	\$ (3,981,944)
2,137,883		2,137,883
(9,181,819)		(9,181,819)
23,844,035		23,844,035
(1,015,925)		(1,015,925)
(319,164)		(319,164)
<u>11,483,066</u>		<u>11,483,066</u>
	1,187,471	1,187,471
	397,427	397,427
	<u>1,584,898</u>	<u>1,584,898</u>
<u>11,483,066</u>	<u>1,584,898</u>	<u>13,067,964</u>
3,980,606		3,980,606
6,337,138		6,337,138
565,715		565,715
771,288	864,319	1,635,607
1,555,026		1,555,026
19,282	214,510	233,792
90,096		90,096
10,000,000		10,000,000
(16,842,538)	16,842,538	
<u>6,476,613</u>	<u>17,921,367</u>	<u>24,397,980</u>
17,959,679	19,506,265	37,465,944
<u>197,640,239</u>	<u>123,042,419</u>	<u>320,682,658</u>
<u>\$ 215,599,918</u>	<u>\$ 142,548,684</u>	<u>\$ 358,148,602</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.

**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.

CITY OF LATHROP  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017

	General	Developers Projects	Capital Facilities Fee	Other Governmental Funds	Totals
<b>Assets</b>					
Cash and investments (Note 2)	\$ 21,884,008	\$ 1,803,771	\$ 19,795,569	\$ 21,103,992	\$ 64,587,340
Receivables:					
Accounts	1,566,774	129,208	110,250	975,420	2,781,652
Interest	21,985	1,929	19,151	21,165	64,230
Due from other funds (Note 3D)	136,518				136,518
Due from other governments	4,016				4,016
Loans	100,854			20,350	121,204
Advances to other funds (Note 3A)	6,079,580				6,079,580
<b>Total Assets</b>	<b><u>\$ 29,793,735</u></b>	<b><u>\$ 1,934,908</u></b>	<b><u>\$ 19,924,970</u></b>	<b><u>\$ 22,120,927</u></b>	<b><u>\$ 73,774,540</u></b>
<b>Liabilities</b>					
Accounts payable	\$ 1,478,793	\$ -	\$ -	\$ 868,987	\$ 2,347,780
Accrued payroll and benefits	137,972				137,972
Due to other funds (Note 3D)				136,518	136,518
Deposits payable	452,857	1,677,304		12,855	2,143,016
Unearned revenue	5,047,467			20,147	5,067,614
<b>Total Liabilities</b>	<b><u>7,117,089</u></b>	<b><u>1,677,304</u></b>	<b><u>-</u></b>	<b><u>1,038,507</u></b>	<b><u>9,832,900</u></b>
<b>Fund Balances (Note 7)</b>					
Nonspendable	6,180,434				6,180,434
Restricted				4,701,300	4,701,300
Committed		257,604	19,924,970	15,597,101	35,779,675
Assigned				784,139	784,139
Unassigned	16,496,212			(120)	16,496,092
<b>Total Fund Balances</b>	<b><u>22,676,646</u></b>	<b><u>257,604</u></b>	<b><u>19,924,970</u></b>	<b><u>21,082,420</u></b>	<b><u>63,941,640</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 29,793,735</u></b>	<b><u>\$ 1,934,908</u></b>	<b><u>\$ 19,924,970</u></b>	<b><u>\$ 22,120,927</u></b>	<b><u>\$ 73,774,540</u></b>

See accompanying notes to financial statements



CITY OF LATHROP  
 Reconciliation of the  
 GOVERNMENTAL FUNDS - BALANCE SHEET  
 with the  
 STATEMENT OF NET POSITION  
 JUNE 30, 2017

Total fund balance reported on the Governmental Funds Balance Sheet		\$ 63,941,640
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:</p>		
<p>Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet.</p>		159,896,046
<p>The liabilities below are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.</p>		
Capital lease payable	\$ (3,925,000)	
Compensated absences	(31,368)	
Net pension liability and related deferred outflows and inflows of resources	(2,842,262)	
Net OPEB Obligation	<u>(1,439,138)</u>	<u>(8,237,768)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 215,599,918</u></b>

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, 2017

	General	Developers Projects	Capital Facilities Fee	Other Governmental Funds	Totals
<b>Revenues</b>					
Taxes and assessments	\$ 11,654,747	\$ -	\$ 6,464,489	\$ 4,765,947	\$ 22,885,183
Licenses and permits	1,808,623				1,808,623
Fines, forfeitures, and penalties	179,357			1,770,553	1,949,910
Intergovernmental	1,555,026			1,579,246	3,134,272
Use of money and property	(191,937)	38,506	99,536	446,388	392,493
Charges for current services	3,605,846				3,605,846
Contributions from developments (Note 11)		19,675,946			19,675,946
Other	342,841	425,450	308,400	276,524	1,353,215
<b>Total Revenues</b>	<b>18,954,503</b>	<b>20,139,902</b>	<b>6,872,425</b>	<b>8,838,658</b>	<b>54,805,488</b>
<b>Expenditures</b>					
<b>Current:</b>					
General government	4,406,106				4,406,106
Community development	784,763				784,763
Public safety	5,751,617			3,808,502	9,560,119
Public works	5,245,698	79,131		2,291,417	7,616,246
Culture and leisure	1,226,638				1,226,638
Capital outlay	631,314	352,713		1,936,870	2,920,897
<b>Debt service:</b>					
Principal	265,000				265,000
Interest	119,904	199,260			319,164
<b>Total Expenditures</b>	<b>18,431,040</b>	<b>631,104</b>		<b>8,036,789</b>	<b>27,098,933</b>
Excess (Deficiency) of Revenues over Expenditures	523,463	19,508,798	6,872,425	801,869	27,706,555
<b>Other Financing Sources (Uses)</b>					
Transfers in (Note 3B)	3,693,343		50,000	6,651,180	10,394,523
Transfers out (Note 3B)	(3,300,178)	(19,359,875)	(474,881)	(4,102,127)	(27,237,061)
<b>Total Other Financing Sources (Uses)</b>	<b>393,165</b>	<b>(19,359,875)</b>	<b>(424,881)</b>	<b>2,549,053</b>	<b>(16,842,538)</b>
Net Changes in Fund Balances	916,628	148,923	6,447,544	3,350,922	10,864,017
Fund Balances	21,760,018	108,681	13,477,426	17,731,498	53,077,623
Fund Balances, End of the Year	<u>\$ 22,676,646</u>	<u>\$ 257,604</u>	<u>\$ 19,924,970</u>	<u>\$ 21,082,420</u>	<u>\$ 63,941,640</u>

See accompanying notes to financial statements

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, 2017

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 \$ 10,864,017

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	\$ 2,920,897	
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	(725,851)	
Capital contributions by developers are added to fund balances	10,000,000	
Depreciation expense not reported in governmental funds	<u>(4,963,931)</u>	7,231,115

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	265,000
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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	7,621
Net pension liability and related deferred outflows and inflows of resources	(45,648)
Net OPEB obligation	<u>(362,426)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 17,959,679

See accompanying notes to financial statements

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

**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, 2017

	Business-type Activities-Enterprise Funds			Governmental Activities- Compensated Absences Internal Service Fund
	Water	Sewer	Totals	
<b>Assets</b>				
Current Assets:				
Cash and investments (Note 2)	\$ 14,862,655	\$ 28,717,873	\$ 43,580,528	\$ 1,121,994
Restricted cash and investments, with fiscal agents (Note 2)	1,706,637		1,706,637	
Receivables:				
Accounts	4,332,607	715,059	5,047,666	
Interest	14,600	31,528	46,128	
Total Current Assets	<u>20,916,499</u>	<u>29,464,460</u>	<u>50,380,959</u>	<u>1,121,994</u>
Noncurrent Assets:				
Capital assets, not being depreciated (Note 4)	15,975,314	31,231,021	47,206,335	
Capital assets, being depreciated, net of accumulated depreciation (Note 4)	<u>44,891,153</u>	<u>35,558,445</u>	<u>80,449,598</u>	
Total Noncurrent Assets	<u>60,866,467</u>	<u>66,789,466</u>	<u>127,655,933</u>	
Total Assets	<u>81,782,966</u>	<u>96,253,926</u>	<u>178,036,892</u>	<u>1,121,994</u>
<b>Deferred Outflows</b>				
Related to pension (Note 8)	<u>80,531</u>	<u>88,631</u>	<u>169,162</u>	
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	647,483	3,085,203	3,732,686	
Accrued payroll and benefits	13,061	14,268	27,329	
Accrued interest payable	189,568		189,568	
Due to other governments	298,107		298,107	
Unearned revenue	58,494		58,494	
Deposits payable	737,087	31,288	768,375	
Current portion of compensated absences (Note 1G)	2,374	2,904	5,278	168,299
Current portion of long-term liabilities (Note 5)	<u>1,355,309</u>		<u>1,355,309</u>	
Total Current Liabilities	<u>3,301,483</u>	<u>3,133,663</u>	<u>6,435,146</u>	<u>168,299</u>
Noncurrent Liabilities:				
Compensated absences (Note 1G)	13,453	16,457	29,910	953,695
Advances from other funds (Note 3A)	962,868	5,116,712	6,079,580	
State revolving fund loan (Note 5)	7,328,146		7,328,146	
Compass bank loan payable (Note 5)	4,430,500		4,430,500	
Revenue bonds payable (Note 5)	10,846,145		10,846,145	
Net pension liabilities (Note 8)	<u>218,500</u>	<u>240,479</u>	<u>458,979</u>	
Total Long-Term Liabilities	<u>23,799,612</u>	<u>5,373,648</u>	<u>29,173,260</u>	<u>953,695</u>
Total Liabilities	<u>27,101,095</u>	<u>8,507,311</u>	<u>35,608,406</u>	<u>1,121,994</u>
<b>Deferred Inflows</b>				
Related to pension (Note 8)	<u>23,310</u>	<u>25,654</u>	<u>48,964</u>	
<b>Net Position (Note 7)</b>				
Net investment in capital assets	36,906,367	66,789,466	103,695,833	
Restricted for debt service	1,706,637		1,706,637	
Unrestricted	<u>16,126,088</u>	<u>21,020,126</u>	<u>37,146,214</u>	
Total Net Position	<u>\$ 54,739,092</u>	<u>\$ 87,809,592</u>	<u>\$ 142,548,684</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, 2017

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Compensated Absences Internal Service Fund
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	
Operating Revenues				
Service charges	\$ 6,741,406	\$ 5,686,334	\$ 12,427,740	\$ -
Other income	114,622	104,821	219,443	
Total Operating Revenues	<u>6,856,028</u>	<u>5,791,155</u>	<u>12,647,183</u>	
Operating Expenses				
General and administrative	606,385	594,811	1,201,196	
Maintenance and operations	2,648,915	3,705,320	6,354,235	
Depreciation	1,462,250	1,093,597	2,555,847	
Total Operating Expenses	<u>4,717,550</u>	<u>5,393,728</u>	<u>10,111,278</u>	
Operating Income	<u>2,138,478</u>	<u>397,427</u>	<u>2,535,905</u>	
Non-Operating Revenues (Expenses)				
Investment earnings	85,932	128,578	214,510	
Taxes and assessments	733,073	131,246	864,319	
Interest expense	<u>(1,110,861)</u>		<u>(1,110,861)</u>	
Total Non-Operating Revenues (Expenses)	<u>(291,856)</u>	<u>259,824</u>	<u>(32,032)</u>	
Income Before Contributions and Transfers	1,846,622	657,251	2,503,873	
Developer contributions	159,854		159,854	
Transfers:				
Transfers in (Note 3B)	2,581,019	20,587,252	23,168,271	
Transfers out (Note 3B)	<u>(3,553,215)</u>	<u>(2,772,518)</u>	<u>(6,325,733)</u>	
Changes in Net Position	1,034,280	18,471,985	19,506,265	
Net Position, Beginning of the Fiscal Year	<u>53,704,812</u>	<u>69,337,607</u>	<u>123,042,419</u>	
Net Position, End of the Fiscal Year	<u>\$ 54,739,092</u>	<u>\$ 87,809,592</u>	<u>\$ 142,548,684</u>	<u>\$ -</u>

See accompanying notes to financial statements

CITY OF LATHROP  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities-Enterprise Funds			Governmental Activities-
	Water	Sewer	Totals	Compensated Absences Internal Service Fund
Cash Flows from Operating Activities				
Receipts from customers	\$ 6,230,839	\$ 5,771,002	\$ 12,001,841	\$ 100,092
Payments to suppliers and users	(2,269,596)	(949,289)	(3,218,885)	
Payments to employees and benefits	(609,449)	(595,619)	(1,205,068)	
Net Cash Provided (Used) by Operating Activities	<u>3,351,794</u>	<u>4,226,094</u>	<u>7,577,888</u>	<u>100,092</u>
Cash Flows from Noncapital Financing Activities				
Taxes and assessments	733,073	131,246	864,319	
Developer contributions	159,854		159,854	
Interfund payments		(384,389)	(384,389)	
Transfers in	2,581,019	20,587,252	23,168,271	
Transfers (out)	(3,553,215)	(2,772,518)	(6,325,733)	
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(79,269)</u>	<u>17,561,591</u>	<u>17,482,322</u>	
Cash Flows from Capital and Related Financing Activities				
Principal repayments	(13,360,928)		(13,360,928)	
Proceeds from bank loan	11,455,000		11,455,000	
Interest paid	(1,110,861)		(1,110,861)	
Purchase of capital assets	(141,219)	(10,297,619)	(10,438,838)	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,158,008)</u>	<u>(10,297,619)</u>	<u>(13,455,627)</u>	
Cash Flows from Investing Activities				
Interest received	80,971	110,373	191,344	
Net Cash Provided by Investing Activities	<u>80,971</u>	<u>110,373</u>	<u>191,344</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	195,488	11,600,439	11,795,927	100,092
Cash and Cash Equivalents at the Beginning of the Year	16,373,804	17,117,434	33,491,238	1,021,902
Cash and Cash Equivalents at the End of the Year	<u>\$ 16,569,292</u>	<u>\$ 28,717,873</u>	<u>\$ 45,287,165</u>	<u>\$ 1,121,994</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets:				
Cash and investments	\$ 14,862,655	\$ 28,717,873	\$ 43,580,528	\$ 1,121,994
Restricted cash and investments	1,706,637		1,706,637	
Total Cash and Cash Equivalents	<u>\$ 16,569,292</u>	<u>\$ 28,717,873</u>	<u>\$ 45,287,165</u>	<u>\$ 1,121,994</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income	\$ 2,138,478	\$ 397,427	\$ 2,535,905	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,462,250	1,093,597	2,555,847	
(Increase) Decrease in Operating Assets:				
Accounts receivable	(625,189)	(20,153)	(645,342)	
Increase (Decrease) in Operating Liabilities:				
Accounts payable	64,683	2,741,763	2,806,446	
Accrued payroll and benefits	13,061	14,268	27,329	
Due to other governments	298,107		298,107	
Deposits payable	3,468		3,468	
Pension liability	2,590	2,851	5,441	
Compensated absences	(5,654)	(3,659)	(9,313)	100,092
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,351,794</u>	<u>\$ 4,226,094</u>	<u>\$ 7,577,888</u>	<u>\$ 100,092</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, 2017

	Agency Funds
<b>ASSETS</b>	
Cash and investments (Note 2)	\$ 5,194,108
Cash and investments, restricted, with fiscal agents (Note 2)	7,962,789
Accounts receivable	1,023,590
Interest receivable	5,780
	14,186,267
Total assets	\$ 14,186,267
<b>LIABILITIES</b>	
Accounts payable	\$ 2,780,667
Deposits payable	317,542
Due to developers	3,519,467
Due to bondholders	7,568,591
	14,186,267
Total liabilities	\$ 14,186,267

See accompanying notes to financial statements

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**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, 2017**

**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.

**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.

**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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

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

**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*.

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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

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

**E. Property Tax**

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

The City has elected to receive property taxes from the County of San Joaquin (County) under the Teeter Plan. Under this program, the City receives 100% of the levied property taxes in periodic payments with the County assuming responsibility for delinquencies. Secured property taxes are due in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31. The City accrues only taxes which are received from the County within 60 days after fiscal year end.

**F. Use of Estimates**

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

**G. Compensated Absences**

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

Changes in compensated absences for the year ended June 30, 2017, were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 1,060,891	\$ 44,501	\$ 1,105,392
Additions	100,092		100,092
Payments	(7,621)	(9,313)	(16,934)
Ending Balance	<u>\$ 1,153,362</u>	<u>\$ 35,188</u>	<u>\$ 1,188,550</u>
Current Portion	<u>\$ 173,004</u>	<u>\$ 5,278</u>	<u>\$ 178,282</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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

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

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

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

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

**I. *New 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, 2017.

***GASB Statement No. 73*** – In June 2015, GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The provisions in statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. This statement had no impact on the City’s financial statements.

***GASB Statement No. 74*** – In June 2015, GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Statement No. 74 replaces Statements No.43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, statement 43, and statement No. 50, Pension Disclosures. The provisions in statement 74 are effective for fiscal years beginning after June 15, 2016. This statement had no impact on the City’s financial statements.

***GASB Statement No. 77*** – In August 2015, GASB issued Statement No. 77, Tax Abatement Disclosures. The objective of this statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. This statement is effective for reporting periods beginning after December 15, 2015. This statement had no impact on the City’s financial statements.

***GASB Statement No. 80*** – In January 2016, GASB issued Statement No. 80, Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This statement is effective for reporting periods beginning after June 15, 2016. The City has implemented this standard with no significant impact on the financial statements.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

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

*GASB Statement No. 82* – In March 2016, GASB issued Statement No. 81, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement is effective for reporting periods beginning after June 15, 2016, and should be applied retroactively. This statement had no significant impact on the City’s financial statements, and only affected the Pension-Related Required Supplementary Information.

**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.



**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

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

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

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

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

**B. Classification**

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments. Cash and investments as of June 30, 2017, are as follows:

City cash and investments in primary government:	
Cash and investments	\$ 109,289,862
Cash and investments, restricted, with fiscal agents	<u>1,706,637</u>
Total City cash and investments in primary government	<u>110,996,499</u>
Cash and investments in Fiduciary Funds (separate statement):	
Cash and investments,	5,194,108
Cash and investments, restricted, with fiscal agents	<u>7,962,789</u>
Total Fiduciary Funds cash and investments	<u>13,156,897</u>
Total cash and investments	<u><u>\$ 124,153,396</u></u>

Cash and investments as of June 30, 2017, consist of the following:

Cash on hand	\$ 2,760
Cash with financial institutions	31,119,776
Investments	<u>93,030,860</u>
Total Cash and Investments	<u><u>\$ 124,153,396</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, 2017**

**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, 2017**

**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	\$ 234,385	\$ 3,249,013	\$ 6,826,546	\$ 10,309,944
Federal Agencies Securities	5,619,755	9,785,086	4,381,269	19,786,110
California Local Agency Investment Fund	50,376,917			50,376,917
Money Market Mutual Funds	11,750,866			11,750,866
Investments in County Pool	317,540			317,540
Certificates of Deposit	489,483			489,483
Total Investments	<u>\$ 68,788,946</u>	<u>\$ 13,034,099</u>	<u>\$ 11,207,815</u>	93,030,860
<i>Cash in Banks and on hand</i>				<u>31,122,536</u>
Total City Cash and Investments				<u>\$ 124,153,396</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, 2017, these investments have an average maturity of 194 days.

Money market mutual funds are available for withdrawal on demand and at June 30, 2017, have an average maturity of 44 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, 2017**

**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, 2017:

<i>Investments by Fair Value Level:</i>	Level 1	Level 2	Total
US Treasury Bonds	\$ 10,309,944	\$ -	\$ 10,309,944
Federal Agencies Securities		19,786,110	19,786,110
Total Investments	<u>\$ 10,309,944</u>	<u>\$ 19,786,110</u>	30,096,054
 <i>Investments Measured at Amortized Cost:</i>			
California Local Agency Investment Fund			50,376,917
Money Market Mutual Fund			11,750,866
Investments in County Pool			317,540
Certificates of Deposit			489,483
 <i>Cash in banks and on hand</i>			 <u>31,122,536</u>
Total Cash and investments			<u>\$ 124,153,396</u>

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. 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, 2017, as provided by Standard and Poor's, are as follows:

Investment Type	AAAm	AA+	Total
Federal Agencies Securities	\$ -	\$ 19,786,110	\$ 19,786,110
Money Market Mutual Funds	11,750,866		11,750,866
Totals	<u>\$ 11,750,866</u>	<u>\$ 19,786,110</u>	31,536,976

*Not Rated:*

US Treasury Bonds	10,309,944
California Local Agency Investment Fund	50,376,917
Investments in County Pool	317,540
Certificates of Deposit	<u>489,483</u>
Total Investments	<u>\$ 93,030,860</u>

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**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, 2017:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agencies Securities	\$ 7,705,357
Federal National Mortgage Association	Federal Agencies Securities	7,501,903

**NOTE 3 - INTERFUND TRANSACTIONS**

**A. Long-Term Advances**

As of June 30, 2017, the General Fund had advanced \$5,116,712 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, 2017, 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, 2017, were as follows:

	Transfers In	Transfer Out
Major Governmental Funds:		
General	\$ 3,693,343	\$ 3,300,178
Developer Projects		19,359,875
Capital Facilities Fee	50,000	474,881
Major Enterprise Funds:		
Water	2,581,019	3,553,215
Sewer	20,587,252	2,772,518
Non Major Governmental Funds	6,651,180	4,102,127
Total Interfund Transfers	<u>\$ 33,562,794</u>	<u>\$ 33,562,794</u>

The purposes 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, 2017**

**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 loans to cover cash flows which are expected to be repaid within the next year. As of June 30, 2017, the CLSP Service CFD Special Revenue Funds owed \$136,518 and \$4,016 respectively 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, 2017**

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

**A. Capital Asset Additions and Retirements**

Capital assets activity for the year ended June 30, 2017, is as follows:

	Balance at June 30, 2016	Additions	Retirements	Transfers	Balance at June 30, 2017
<i>Governmental Activities</i>					
Capital assets not being depreciated:					
Land	\$ 9,629,503	\$ -	\$ -	\$ -	\$ 9,629,503
Construction in Progress	36,763,062	1,320,466		(554,497)	37,529,031
Total capital assets not being depreciated	46,392,565	1,320,466		(554,497)	47,158,534
Capital assets being depreciated:					
Buildings	11,702,495	81,626			11,784,121
Improvements	38,703,891	241,525			38,945,416
Equipment and Vehicles	4,016,047	551,429	(26,564)		4,540,912
Infrastructure	122,341,980	10,000,000 *		554,497	132,896,477
Total capital assets being depreciated	176,764,413	10,874,580	(26,564)	554,497	188,166,926
Less accumulated depreciation:					
Buildings	2,667,358	230,004			2,897,362
Improvements	13,244,503	1,513,640			14,758,143
Equipment and Vehicles	2,800,530	347,781	(26,564)		3,121,747
Infrastructure	51,779,656	2,872,506			54,652,162
Total accumulated depreciation	70,492,047	4,963,931	(26,564)		75,429,414
Net capital assets being depreciated	106,272,366	5,910,649		554,497	112,737,512
Governmental Activities Capital Assets, Net	\$ 152,664,931	\$ 7,231,115	\$ -	\$ -	\$ 159,896,046
	Balance at June 30, 2016	Additions	Retirements	Transfers	Balance at June 30, 2017
<i>Business-type Activities</i>					
Capital assets, not being depreciated:					
Land	\$ 3,565,179	\$ -	\$ -	\$ -	\$ 3,565,179
Construction in Progress	33,377,639	10,388,436		(124,919)	43,641,156
Total capital assets not being depreciated	36,942,818	10,388,436		(124,919)	47,206,335
Capital assets, being depreciated:					
Buildings	65,773				65,773
Improvements	119,378,078			124,919	119,502,997
Equipment and Vehicles	1,279,777	50,402	(8,739)		1,321,440
Net capital assets being depreciated	120,723,628	50,402	(8,739)	124,919	120,890,210
Less accumulated depreciation for:					
Buildings	55,894	632			56,526
Improvements	36,869,473	2,499,943			39,369,416
Equipment and Vehicles	968,137	55,272	(8,739)		1,014,670
Total accumulated depreciation	37,893,504	2,555,847	(8,739)		40,440,612
Net capital assets being depreciated	82,830,124	(2,505,445)		124,919	80,449,598
Business-type Activities Capital Assets, Net	\$ 119,772,942	\$ 7,882,991	\$ -	\$ -	\$ 127,655,933

\*The City of Lathrop received a \$10,000,000 donation from River Islands developer (Califia LLC), for the construction of bridge projects, related to Bradshaw's Crossing Bridge and Towne Center Drive.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**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	\$ 74,337
Community development	112,229
Public safety	86,324
Public works	4,656,760
Culture and leisure	<u>34,281</u>
<b>Total Governmental Activities</b>	<b><u>\$ 4,963,931</u></b>
<i>Business-Type Activities</i>	
Water	\$ 1,462,250
Sewer	<u>1,093,597</u>
<b>Total Business-Type Activities</b>	<b><u>\$ 2,555,847</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, 2017, is as follows:

	Balance June 30, 2016	Retirements	Balance June 30, 2017	Current Portion
<i>Governmental Activities Long-Term Debt</i>				
<i>Capital Lease Obligation</i>				
2016 Lease Agreement				
2.55%, due 07/15/2029	\$ 4,190,000	\$ 265,000	\$ 3,925,000	\$ -
Total Governmental Activities	<u>\$ 4,190,000</u>	<u>\$ 265,000</u>	<u>\$ 3,925,000</u>	<u>\$ -</u>



**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

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

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Current Portion
<i>Business-type Activities Long-Term Debt</i>					
2017 Bank Loan					
2.89%, due 06/01/2032	\$ -	\$ 11,455,000	\$ -	\$ 11,455,000	\$ 608,855
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	8,160,773		411,536	7,749,237	421,091
Compass Bank Loan					
3.500%, due 6/1/2029	5,070,256		314,393	4,755,863	325,363
<b>Total Business-type Activities</b>	<b>\$ 25,866,028</b>	<b>\$ 11,455,000</b>	<b>\$ 13,360,928</b>	<b>\$ 23,960,100</b>	<b>\$ 1,355,309</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, 2017:

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
2018	\$ -	\$ 103,466	\$ 608,855	\$ 338,605	\$ 421,091	\$ 176,482	\$ 325,363	\$ 163,637
2019	285,000	96,454	638,621	308,840	430,868	166,705	336,850	152,150
2020	290,000	89,123	657,212	290,249	440,872	156,701	348,743	140,257
2021	300,000	81,600	676,343	271,117	451,109	146,464	361,056	127,944
2022	305,000	73,886	696,032	251,429	461,583	135,990	373,803	115,197
2023 - 2027	1,650,000	246,840	3,796,142	941,162	2,473,747	514,120	2,076,549	368,451
2028 - 2032	1,095,000	42,267	4,381,795	355,509	2,774,590	213,279	933,499	41,116
2033 - 2036	-	-	-	-	295,377	3,410	-	-
<b>Total</b>	<b>\$ 3,925,000</b>	<b>\$ 733,636</b>	<b>\$ 11,455,000</b>	<b>\$ 2,756,911</b>	<b>\$ 7,749,237</b>	<b>\$ 1,513,151</b>	<b>\$ 4,755,863</b>	<b>\$ 1,108,752</b>

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

**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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

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

**2017 Bank Loan** – On May 18, 2017, the City entered into a loan agreement with Opus Bank, in the amount of \$11,455,000 with a 2.89% annual interest rate. The purpose of the loan proceeds is to refinance the 2003 Revenue Bonds (see below). A total of \$11,328,241 was deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded 2003 Bonds. As a result, the 2003 Bonds were considered defeased and the liability for the 2003 Bonds has been removed from the Statement of Net Position as of June 30, 2017. On June 1, 2017, the 2003 Bonds were repaid fully. This refunding reduced the City's total debt service payments over 15 years by \$6,829,468 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,857,309. The interest and principal payments are due June 1 and December 1, commencing December 1, 2017.

**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.

On July 15, 2017, the remaining outstanding Bonds were repaid through the financing of the 2017 Bank Loan and City's own resources.

**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, 2017**

**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, 2017 is as follows:

Mossdale Assessment District Refunding 2015	\$ 10,345,000 *
Crossroads Assessments	1,090,000
Crossroad Assessment District Series 2015	10,084,444
Joint Wastewater Project	6,045,000
North Harlan Water	310,000
Lathrop Sanitary Sewer Assessment District No.1	790,000
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.

**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:

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

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

*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, 2017**

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

Detailed classifications of the City's fund balances, as of June 30, 2017, are below:

	General Fund	Developer Projects	Capital Facilities Fee	Other Governmental Funds	Total
<b>Nonspendables:</b>					
Items not in spendable form:					
Loans	\$ 100,854	\$ -	\$ -	\$ -	\$ 100,854
Advances to other funds	6,079,580				6,079,580
<b>Total Nonspendable</b>	<b>6,180,434</b>				<b>6,180,434</b>
<b>Restricted for:</b>					
Capital projects				4	4
Recycling projects				468,146	468,146
Community improvements				67,009	67,009
Public safety				26,173	26,173
Traffic and transportation				37,383	37,383
MBR operations and maintenance				46,874	46,874
Parks and recreation				272,620	272,620
Streets and roads contracts				3,113,507	3,113,507
Measure K				669,584	669,584
<b>Total Restricted</b>				<b>4,701,300</b>	<b>4,701,300</b>
<b>Committed to:</b>					
Traffic and transportation				10,703,461	10,703,461
Storm drains operation and maintenance				600,898	600,898
Community Facility Districts				172	172
Capital projects		257,604	19,924,970	894,829	21,077,403
Street lighting contract				1,606,670	1,606,670
Storm drain contracts				443,013	443,013
Code enforcement				8,392	8,392
Building permits				238,855	238,855
North Lathrop Transportation				418,067	418,067
Stewart Economic Development Fee 80%				32,826	32,826
Stewart Economic Development Fee 20%				514,543	514,543
River Islands CFD 2013-1				135,375	135,375
<b>Total Committed</b>		<b>257,604</b>	<b>19,924,970</b>	<b>15,597,101</b>	<b>35,779,675</b>
<b>Assigned to:</b>					
Landscape maintenance				784,139	784,139
<b>Total Assigned</b>				<b>784,139</b>	<b>784,139</b>
<b>Unassigned:</b>					
Fund balance deficits				(120)	(120)
Economic uncertainty	5,284,153				5,284,153
Exposure and emergency	3,044,666				3,044,666
Capital Equipment	549,259				549,259
Residual fund balance	7,618,134				7,618,134
<b>Total Unassigned</b>	<b>16,496,212</b>			<b>(120)</b>	<b>16,496,092</b>
<b>Total Fund Balances</b>	<b>\$22,676,646</b>	<b>\$ 257,604</b>	<b>\$ 19,924,970</b>	<b>\$21,082,420</b>	<b>\$63,941,640</b>

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**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, 2017, the Economic Uncertainty Reserve amounted to \$5,284,153.

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, 2017, the Exposure and Emergency Reserves amounted to \$3,044,666.

**D. *Encumbrances***

The City utilized an encumbrance system during fiscal year 2017 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, 2017, that will be carried over to fiscal year 2018:

General Fund	\$ 2,106,414
Non-major Funds	899,865

**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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

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

**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 PEPRA 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, 2017, are summarized as follows:

	Miscellaneous		
	<u>Misc - Tier I</u>	<u>Misc - Tier II</u>	<u>Misc - PEPRA</u>
Hire date	Prior to 7/1/2010	7/1/2010 to 12/31/2012	After 12/31/2012
Benefit Formula	2% at 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	8.377%	7.159%	6.555%

**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, 2017, the City’s contributions to the Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$ 434,033

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

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

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

As of June 30, 2017, 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	\$ 4,309,662
Total Net Pension Liability	\$ 4,309,662

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, 2016, 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, 2015 rolled forward to June 30, 2016 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, 2015 and 2016 was as follows:

	Miscellaneous
Proportion - June 30, 2015	0.1140%
Proportion - June 30, 2016	0.1241%
Change - Increase (Decrease)	(0.0101%)

For the year ended June 30, 2017, the City recognized pension expense of \$1,179,586. At June 30, 2017, 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	\$ 434,033	\$ -
Differences between actual and expected experience	17,896	(4,100)
Changes in assumptions		(169,311)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	255,233	(264,924)
Net differences between projected and actual earnings on plan investments	859,792	
Total	\$ 1,566,954	\$ (438,335)



**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

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

\$434,033 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2018	\$ 28,576
2019	60,070
2020	377,696
2021	228,244

**Actuarial Assumptions** – For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016 total pension liability is based on the following actuarial methods and assumptions:

	All Plans
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB Statement No. 68
<b>Actuarial Assumptions:</b>	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increases	3.3% - 14.2% (1)
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds (2)
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power
Increase	Allowance Floor on Purchasing Power applies, 2.75%

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

(2) 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, 2016 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** – There were no significant changes of assumptions in fiscal year 2016-2017.

**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, 2017**

**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	Current Target Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	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	1.0%	-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, 2017**

**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	\$ 5,918,309
Current Discount Rate	7.65%
Net Pension Liability	\$ 4,309,662
1% Increase	8.65%
Net Pension Liability	\$ 1,083,255

*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 – OTHER 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, 2017**

**NOTE 9 – OTHER 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)	\$	389,509
Interest on net OPEB obligation		65,324
Adjustment to Annual Required Contribution		(62,292)
Annual pension cost		392,541
Contributions:		
Benefit Payments		(30,115)
De(In)crease in net OPEB obligation		362,426
Net OPEB obligation at June 30, 2016		1,076,712
<b>Net OPEB obligation at June 30, 2017</b>	<b>\$</b>	<b>1,439,138</b>
Percentage of ARC Contributed		7.67%

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:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
6/30/2015	\$ 370,040	\$ 3,253,731	879.29%	\$ 927,210
6/30/2016	177,443	27,941	15.75%	1,076,712
6/30/2017	392,541	30,115	7.67%	1,439,138

To comply with newly revised Actuarial Standard of Practice No. 6 (ASOP 6), the July 1, 2015 actuarial valuation includes an implicit subsidy liability. When premiums for retirees are determined using a blend of active employee and retiree experience, it creates an implicit subsidy to the retirees, since retiree healthcare costs are generally higher than those of active employees. ASOP 6 effectively requires most public agencies to calculate an implicit subsidy liability whenever their retirees participate in the group medical plans, but pay the same premiums as active employees. ASOP 6 is effective for all actuarial valuations with a measurement dated on or after March 31, 2015.

*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.

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

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

The annual required contribution (ARC) was determined as part of a July 1, 2015, 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.

*Funded Status and Funding Progress* – As of July 1, 2015 the most recent actuarial valuation date, the plan was 0% funded. The Actuarial Accrued Liability (AAL) for benefits was \$4,848,298 and the Actuarial Value of Plan Asset was \$3,153,706 resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$1,694,592. The covered payroll (annual payroll of active employees covered by the plan) was \$5,303,574 and the ratio of UAAL to the covered payroll was 32 percent.

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

**NOTE 10 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a public entity risk pool currently operating as a common risk management and insurance program for 55 cities. The purpose of CSJVRMA is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expense.

The City's deductibles and maximum coverage follows:

Coverage	Deductible	CSJVRMA	Excess Liability	ERMA
Workers' compensation	\$ 25,000	\$ 500,000	\$ 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

**CITY OF LATHROP**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 10 - RISK MANAGEMENT (Continued)**

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 \$771,126 during the fiscal year ended June 30, 2017. 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.

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
GSE Construction	Lathrop Consolidated Treatment Facility	\$ 17,702,527
McFadden Construction	5th Street Sidewalk Improvements	350,236
Richard A Soracco Jr.	Rubberized Surfacing at Park West and Crescent Park	129,870

During the fiscal year, developers contributed \$19,675,946 to help fund the City's Wastewater Treatment Facility expansion project.

**REQUIRED SUPPLEMENTAL INFORMATION**

**City of Lathrop**  
**Cost-Sharing Multiple-Employer Defined Pension Plan – Miscellaneous Plan**  
**As of June 30, 2017**

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

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>
Plan's proportion of the Net Pension Liability (Asset)	0.1453%	0.1140%	0.1241%
Plan's proportion share of the Net Pension Liability (Asset)	\$ 3,590,219	\$ 3,127,249	\$ 4,309,662
Plan's Covered Payroll	4,501,607	4,364,310	5,148,017
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	79.75%	71.66%	83.71%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.08%	83.43%	83.19%

**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, 2017**

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

<u>Fiscal Year Ended June 30</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 523,329	\$ 369,225	\$ 434,033
Contributions in relation to the actuarially determined contributions	<u>(523,329)</u>	<u>(369,225)</u>	<u>(434,033)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 4,364,310	 \$ 5,148,017	 \$ 5,568,372
 Contributions as a percentage of covered payroll	 11.99%	 7.17%	 7.79%

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

**City of Lathrop**  
**Other Post-Employment Retirement Benefits**  
**For the Fiscal Year Ended June 30, 2017**

**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%)
7/1/2015	3,153,706	4,848,298	(1,694,592)	65%	5,303,574	(32%)

CITY OF LATHROP  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 3,555,000	\$ 3,555,000	\$ 3,980,606	\$ 425,606
Sales and use taxes	5,500,000	5,500,000	6,337,138	837,138
Transient occupancy taxes	425,000	425,000	565,715	140,715
Franchise taxes	665,000	665,000	771,288	106,288
Licenses and permits	1,459,005	1,459,005	1,808,623	349,618
Fines, forfeitures, and penalties	71,125	71,125	179,357	108,232
Intergovernmental	1,410,000	1,429,673	1,555,026	125,353
Use of money and property	61,800	61,800	(191,937)	(253,737)
Charges for current services	3,416,058	5,263,510	3,605,846	(1,657,664)
Other	214,160	457,930	342,841	(115,089)
Total Revenues	<u>16,777,148</u>	<u>18,888,043</u>	<u>18,954,503</u>	<u>66,460</u>
Expenditures				
Current				
General government				
City council	66,640	102,790	61,820	40,970
City manager	508,900	566,856	512,969	53,887
City clerk	128,087	134,949	127,102	7,847
City attorney	578,800	789,588	552,595	236,993
Personnel	236,173	252,361	174,706	77,655
Central services	519,550	636,250	392,603	243,647
Finance	1,236,309	1,370,287	1,305,031	65,256
Information systems	1,029,473	1,100,467	1,016,575	83,892
Animal control	376,101	383,618	262,705	120,913
Total General Government	<u>4,680,033</u>	<u>5,337,166</u>	<u>4,406,106</u>	<u>931,060</u>
Public safety				
Administration	<u>6,659,973</u>	<u>7,079,348</u>	<u>5,751,617</u>	<u>1,327,731</u>
Total Public Safety	<u>6,659,973</u>	<u>7,079,348</u>	<u>5,751,617</u>	<u>1,327,731</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, 2017  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current				
Community development				
Planning	\$ 532,115	\$ 1,024,763	\$ 784,763	\$ 240,000
Total Community Development	532,115	1,024,763	784,763	240,000
Public works				
Administration	736,818	979,228	659,379	319,849
Construction management	1,116,741	2,866,657	1,362,285	1,504,372
Land development engineering	907,228	1,435,983	800,499	635,484
City hall	235,279	342,123	220,375	121,748
Utility engineering	186,148	215,398	215,026	372
Utility engineering	1,085,652	1,671,466	1,491,100	180,366
Code compliance	253,545	260,737	170,179	90,558
Building maintenance	197,661	221,744	137,107	84,637
Park and landscape maintenance	255,154	259,020	179,253	79,767
Total Public Works	4,974,226	8,252,356	5,235,203	3,017,153
Culture and leisure				
Administration	320,536	468,335	408,842	59,493
Senior center	138,343	104,705	93,626	11,079
Recreation programs		1,365	1,826	(461)
Special events	83,603	74,882	49,124	25,758
Day camp kid's club	315,978	313,321	296,580	16,741
Youth development teens	174,710	209,180	199,149	10,031
Youth and adult sports	191,864	178,605	177,491	1,114
Library	6,325	5,000		5,000
Total Culture and Leisure	1,231,359	1,355,393	1,226,638	128,755
Capital outlay	286,820	899,010	641,809	257,201
Debt service				
Principal	626,250	626,250	265,000	361,250
Interest			119,904	(119,904)
Total Debt Service	626,250	626,250	384,904	241,346
Total Expenditures	18,990,776	24,574,286	18,431,040	6,143,246
Excess (Deficiency) of Revenues over Expenditures	(2,213,628)	(5,686,243)	523,463	6,209,706
Other Financing Sources (Uses)				
Transfers in	4,065,707	4,280,076	3,693,343	(586,733)
Transfers (out)	(1,973,398)	(3,287,810)	(3,300,178)	(12,368)
Total Other Financing Sources (Uses)	2,092,309	992,266	393,165	(599,101)
Net Changes in Fund Balance	\$ (121,319)	\$ (4,693,977)	916,628	\$ 5,610,605
Fund Balance, Beginning of the Year			21,760,018	
Fund Balance, End of the Year			\$ 22,676,646	

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 500	\$ 500	\$ 38,506	\$ 38,006
Developer contribution	18,990,845	19,923,362	19,675,946	(247,416)
Other	<u>617,725</u>	<u>617,725</u>	<u>425,450</u>	<u>(192,275)</u>
Total Revenues	<u>19,609,070</u>	<u>20,541,587</u>	<u>20,139,902</u>	<u>(401,685)</u>
Expenditures:				
Current				
Public works	50,500	50,500	79,131	(28,631)
Capital outlay			352,713	(352,713)
Debt service:				
Interest and fiscal charges	<u>567,725</u>	<u>567,725</u>	<u>199,260</u>	<u>368,465</u>
Total Expenditures	<u>618,225</u>	<u>618,225</u>	<u>631,104</u>	<u>(12,879)</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(18,991,398)</u>	<u>(19,923,915)</u>	<u>(19,359,875)</u>	<u>564,040</u>
Total Other Financing Sources (Uses)	<u>(18,991,398)</u>	<u>(19,923,915)</u>	<u>(19,359,875)</u>	<u>564,040</u>
Net Changes in Fund Balance	<u>\$ (553)</u>	<u>\$ (553)</u>	148,923	<u>\$ 149,476</u>
Fund Balance, Beginning of the Year			<u>108,681</u>	
Fund Balance, End of the Year			<u>\$ 257,604</u>	

CITY OF LATHROP  
 CAPITAL FACILITIES FEE SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 5,108,061	\$ 5,108,061	\$ 6,464,489	\$ 1,356,428
Use of money and property			99,536	99,536
Other			308,400	308,400
Total Revenues	5,108,061	5,108,061	6,872,425	1,764,364
Other Financing Sources (Uses):				
Transfers in			50,000	50,000
Transfers (out)	(1,054,650)	(1,054,650)	(474,881)	579,769
Total Other Financing Sources (Uses)	(1,054,650)	(1,054,650)	(424,881)	629,769
Net Changes in Fund Balance	\$ 4,053,411	\$ 4,053,411	6,447,544	\$ 2,394,133
Fund Balance, Beginning of the Year			13,477,426	
Fund Balance, End of the Year			\$ 19,924,970	

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

***Budgets and Budgetary Accounting***

The City establishes annual budgets for the General and Special Revenue Funds (except for the ULOP RD-17 Levee Impact Fund), 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 \$381,344.

The following Major Special Revenue Fund incurred departmental expenditures in excess of budget appropriations during the fiscal year:

<u>Fund</u>	<u>Excess of Expenditures Over</u>
Developers Projects	
Public Works	(\$28,631)
Capital Outlay	(352,713)

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**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, 2017

	General Purpose Fund	Measure C	Totals
<b>Assets</b>			
Cash and investments	\$ 19,754,019	\$ 2,129,989	\$ 21,884,008
Receivables:			
Accounts	1,033,174	533,600	1,566,774
Interest	19,442	2,543	21,985
Due from other funds	136,518		136,518
Due from other governments	4,016		4,016
Loans	100,854		100,854
Advances to other funds	6,079,580		6,079,580
	<u>27,127,603</u>	<u>2,666,132</u>	<u>29,793,735</u>
Total Assets	<u>\$ 27,127,603</u>	<u>\$ 2,666,132</u>	<u>\$ 29,793,735</u>
<b>Liabilities</b>			
Accounts payable	\$ 1,364,691	\$ 114,102	\$ 1,478,793
Accrued payroll and benefits	133,302	4,670	137,972
Deposits payable	452,857		452,857
Unearned revenue	5,047,467		5,047,467
	<u>6,998,317</u>	<u>118,772</u>	<u>7,117,089</u>
Total Liabilities	<u>6,998,317</u>	<u>118,772</u>	<u>7,117,089</u>
<b>Fund Balances</b>			
Nonspendable	6,180,434		6,180,434
Unassigned	13,948,852	2,547,360	16,496,212
	<u>20,129,286</u>	<u>2,547,360</u>	<u>22,676,646</u>
Total Fund Balances	<u>20,129,286</u>	<u>2,547,360</u>	<u>22,676,646</u>
Total Liabilities and Fund Balances	<u>\$ 27,127,603</u>	<u>\$ 2,666,132</u>	<u>\$ 29,793,735</u>

CITY OF LATHROP  
GENERAL FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	General Purpose Fund	Measure C	Totals
<b>Revenues</b>			
Taxes and assessments	\$ 7,977,910	\$ 3,676,837	\$ 11,654,747
Licenses and permits	1,808,623		1,808,623
Fines, forfeitures, and penalties	179,357		179,357
Intergovernmental	1,555,026		1,555,026
Use of money and property	(207,214)	15,277	(191,937)
Charges for current services	3,605,846		3,605,846
Other	342,841		342,841
<b>Total Revenues</b>	<b>15,262,389</b>	<b>3,692,114</b>	<b>18,954,503</b>
<b>Expenditures</b>			
Current:			
General government	4,406,106		4,406,106
Community development	784,763		784,763
Public safety	4,452,303	1,299,314	5,751,617
Public works	5,235,203	10,495	5,245,698
Culture and leisure	1,226,638		1,226,638
Capital outlay	631,314		631,314
Debt service:			
Principal	265,000		265,000
Interest	119,904		119,904
<b>Total Expenditures</b>	<b>17,121,231</b>	<b>1,309,809</b>	<b>18,431,040</b>
Excess (Deficiency) of Revenues over Expenditures	(1,858,842)	2,382,305	523,463
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 3B)	3,693,343		3,693,343
Transfers out (Note 3B)	(1,231,999)	(2,068,179)	(3,300,178)
<b>Total Other Financing Sources (Uses)</b>	<b>2,461,344</b>	<b>(2,068,179)</b>	<b>393,165</b>
<b>Net Change in Fund Balances</b>	<b>602,502</b>	<b>314,126</b>	<b>916,628</b>
Fund Balances, Beginning of the Year	19,526,784	2,233,234	21,760,018
Fund Balances, End of the Year	\$ 20,129,286	\$ 2,547,360	\$ 22,676,646

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, 2017

	General Purpose Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes				
Property taxes	\$ 3,555,000	\$ 3,555,000	\$ 3,980,606	\$ 425,606
Sales and use taxes	2,500,000	2,500,000	2,660,301	160,301
Transient occupancy taxes	425,000	425,000	565,715	140,715
Franchise taxes	665,000	665,000	771,288	106,288
Licenses and permits	1,459,005	1,459,005	1,808,623	349,618
Fines, forfeitures, and penalties	71,125	71,125	179,357	108,232
Intergovernmental	1,410,000	1,429,673	1,555,026	125,353
Use of money and property	61,800	61,800	(207,214)	(269,014)
Charges for current services	3,416,058	5,263,510	3,605,846	(1,657,664)
Other	214,160	457,930	342,841	(115,089)
<b>Total Revenues</b>	<b>13,777,148</b>	<b>15,888,043</b>	<b>15,262,389</b>	<b>(625,654)</b>
<b>Expenditures</b>				
Current				
General government				
City council	66,640	102,790	61,820	40,970
City manager	508,900	566,856	512,969	53,887
City clerk	128,087	134,949	127,102	7,847
City attorney	578,800	789,588	552,595	236,993
Personnel	236,173	252,361	174,706	77,655
Central services	519,550	636,250	392,603	243,647
Finance	1,236,309	1,370,287	1,305,031	65,256
Information systems	1,029,473	1,100,467	1,016,575	83,892
Animal control	376,101	383,618	262,705	120,913
<b>Total General Government</b>	<b>4,680,033</b>	<b>5,337,166</b>	<b>4,406,106</b>	<b>931,060</b>
Public safety				
Administration	5,061,773	5,481,148	4,452,303	1,028,845
<b>Total Public Safety</b>	<b>5,061,773</b>	<b>5,481,148</b>	<b>4,452,303</b>	<b>1,028,845</b>
Community development				
Planning	532,115	1,024,763	784,763	240,000
<b>Total Community Development</b>	<b>532,115</b>	<b>1,024,763</b>	<b>784,763</b>	<b>240,000</b>

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, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public works				
Administration	736,818	979,228	659,379	319,849
Construction management	1,116,741	2,866,657	1,362,285	1,504,372
Land development engineering	907,228	1,435,983	800,499	635,484
City hall	235,279	342,123	220,375	121,748
Utility engineering	186,148	215,398	215,026	372
Building	1,085,652	1,671,466	1,491,100	180,366
Code compliance	253,545	260,737	170,179	90,558
Building maintenance	197,661	221,744	137,107	84,637
Park and landscape maintenance	255,154	259,020	179,253	79,767
<b>Total Public Works</b>	<b>4,974,226</b>	<b>8,252,356</b>	<b>5,235,203</b>	<b>3,017,153</b>
Culture and leisure				
Administration	320,536	468,335	408,842	59,493
Senior center	138,343	104,705	93,626	11,079
Recreation programs		1,365	1,826	(461)
Special events	83,603	74,882	49,124	25,758
Day camp kid's club	315,978	313,321	296,580	16,741
Youth development teens	174,710	209,180	199,149	10,031
Youth and adult sports	191,864	178,605	177,491	1,114
Library	6,325	5,000		5,000
<b>Total Culture and Leisure</b>	<b>1,231,359</b>	<b>1,355,393</b>	<b>1,226,638</b>	<b>128,755</b>
Capital outlay	164,760	776,950	631,314	145,636
Debt service				
Principal	626,250	626,250	265,000	361,250
Interest			119,904	(119,904)
<b>Total Debt Service</b>	<b>626,250</b>	<b>626,250</b>	<b>384,904</b>	<b>241,346</b>
<b>Total Expenditures</b>	<b>17,270,516</b>	<b>22,854,026</b>	<b>17,121,231</b>	<b>5,732,795</b>
Excess (Deficiency) of Revenues over Expenditures	(3,493,368)	(6,965,983)	(1,858,842)	5,107,141
Other Financing Sources (Uses):				
Transfers in	4,065,707	4,280,076	3,693,343	(586,733)
Transfers (out)	(108,198)	(1,422,610)	(1,231,999)	190,611
<b>Total Other Financing Sources (Uses)</b>	<b>3,957,509</b>	<b>2,857,466</b>	<b>2,461,344</b>	<b>(396,122)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 464,141</b>	<b>\$ (4,108,517)</b>	<b>602,502</b>	<b>\$ 4,711,019</b>
Fund Balances, Beginning of the Year			19,526,784	
Fund Balances, End of the Year			<u>\$ 20,129,286</u>	

(Continued)

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, 2017

	Measure C			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	3,000,000	3,000,000	3,676,837	676,837
Transient occupancy taxes				
Franchise taxes				
Licenses and permits				
Fines, forfeitures, and penalties				
Intergovernmental				
Use of money and property			15,277	15,277
Charges for current services				
Other				
Total Revenues	3,000,000	3,000,000	3,692,114	692,114
<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	1,598,200	1,598,200	1,299,314	298,886
Total Public Safety	1,598,200	1,598,200	1,299,314	298,886
Community development				
Planning				
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, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public works				
Administration				
Construction management				
Land development engineering				
City hall				
Utility engineering				
Building				
Code compliance				
Building maintenance				
Park and landscape maintenance				
<b>Total Public Works</b>				
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>				
Capital outlay	122,060	122,060	10,495	111,565
Debt service				
Principal				
Interest				
<b>Total Debt Service</b>				
<b>Total Expenditures</b>	<b>1,720,260</b>	<b>1,720,260</b>	<b>1,309,809</b>	<b>410,451</b>
Excess (Deficiency) of Revenues over Expenditures	1,279,740	1,279,740	2,382,305	1,102,565
Other Financing Sources (Uses):				
Transfers in				
Transfers (out)	(1,865,200)	(1,865,200)	(2,068,179)	(202,979)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,865,200)</b>	<b>(1,865,200)</b>	<b>(2,068,179)</b>	<b>(202,979)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (585,460)</b>	<b>\$ (585,460)</b>	314,126	<b>\$ 899,586</b>
Fund Balances, Beginning of the Year			2,233,234	
Fund Balances, End of the Year			<u>\$ 2,547,360</u>	

(Continued)

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, 2017

	Total			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original Budget	Final Budget		
<b>Revenues:</b>				
Taxes				
Property taxes	\$ 3,555,000	\$ 3,555,000	\$ 3,980,606	\$ 425,606
Sales and use taxes	5,500,000	5,500,000	6,337,138	837,138
Transient occupancy taxes	425,000	425,000	565,715	140,715
Franchise taxes	665,000	665,000	771,288	106,288
Licenses and permits	1,459,005	1,459,005	1,808,623	349,618
Fines, forfeitures, and penalties	71,125	71,125	179,357	108,232
Intergovernmental	1,410,000	1,429,673	1,555,026	125,353
Use of money and property	61,800	61,800	(191,937)	(253,737)
Charges for current services	3,416,058	5,263,510	3,605,846	(1,657,664)
Other	214,160	457,930	342,841	(115,089)
<b>Total Revenues</b>	<b>16,777,148</b>	<b>18,888,043</b>	<b>18,954,503</b>	<b>66,460</b>
<b>Expenditures</b>				
Current				
General government				
City council	66,640	102,790	61,820	40,970
City manager	508,900	566,856	512,969	53,887
City clerk	128,087	134,949	127,102	7,847
City attorney	578,800	789,588	552,595	236,993
Personnel	236,173	252,361	174,706	77,655
Central services	519,550	636,250	392,603	243,647
Finance	1,236,309	1,370,287	1,305,031	65,256
Information systems	1,029,473	1,100,467	1,016,575	83,892
Animal control	376,101	383,618	262,705	120,913
<b>Total General Government</b>	<b>4,680,033</b>	<b>5,337,166</b>	<b>4,406,106</b>	<b>931,060</b>
Public safety				
Administration	6,659,973	7,079,348	5,751,617	1,327,731
<b>Total Public Safety</b>	<b>6,659,973</b>	<b>7,079,348</b>	<b>5,751,617</b>	<b>1,327,731</b>
Community development				
Planning	532,115	1,024,763	784,763	240,000
<b>Total Community Development</b>	<b>532,115</b>	<b>1,024,763</b>	<b>784,763</b>	<b>240,000</b>

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Public works				
Administration	736,818	979,228	659,379	319,849
Construction management	1,116,741	2,866,657	1,362,285	1,504,372
Land development engineering	907,228	1,435,983	800,499	635,484
City hall	235,279	342,123	220,375	121,748
Utility engineering	186,148	215,398	215,026	372
Building	1,085,652	1,671,466	1,491,100	180,366
Code compliance	253,545	260,737	170,179	90,558
Building maintenance	197,661	221,744	137,107	84,637
Park and landscape maintenance	255,154	259,020	179,253	79,767
Total Public Works	<u>4,974,226</u>	<u>8,252,356</u>	<u>5,235,203</u>	<u>3,017,153</u>
Culture and leisure				
Administration	320,536	468,335	408,842	59,493
Senior center	138,343	104,705	93,626	11,079
Recreation programs		1,365	1,826	(461)
Special events	83,603	74,882	49,124	25,758
Day camp kid's club	315,978	313,321	296,580	16,741
Youth development teens	174,710	209,180	199,149	10,031
Youth and adult sports	191,864	178,605	177,491	1,114
Library	6,325	5,000		5,000
Total Culture and Leisure	<u>1,231,359</u>	<u>1,355,393</u>	<u>1,226,638</u>	<u>128,755</u>
Capital outlay	<u>286,820</u>	<u>899,010</u>	<u>641,809</u>	<u>257,201</u>
Debt service				
Principal	626,250	626,250	265,000	361,250
Interest			119,904	(119,904)
Total Debt Service	<u>626,250</u>	<u>626,250</u>	<u>384,904</u>	<u>241,346</u>
Total Expenditures	<u>18,990,776</u>	<u>24,574,286</u>	<u>18,431,040</u>	<u>6,143,246</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,213,628)</u>	<u>(5,686,243)</u>	<u>523,463</u>	<u>6,209,706</u>
Other Financing Sources (Uses):				
Transfers in	4,065,707	4,280,076	3,693,343	(586,733)
Transfers (out)	<u>(1,973,398)</u>	<u>(3,287,810)</u>	<u>(3,300,178)</u>	<u>(12,368)</u>
Total Other Financing Sources (Uses)	<u>2,092,309</u>	<u>992,266</u>	<u>393,165</u>	<u>(599,101)</u>
Net Change in Fund Balances	<u>\$ (121,319)</u>	<u>\$ (4,693,977)</u>	<u>916,628</u>	<u>\$ 5,610,605</u>
Fund Balances, Beginning of the Year			<u>21,760,018</u>	
Fund Balances, End of the Year			<u>\$ 22,676,646</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.

#### **LANDSCAPE MAINTENANCE FUND**

To account for revenues received and expenditures spent associated with specific park maintenance and operations of the Horizon Landscape and Woodfield Landscape Districts.

#### **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.

#### **MEASURE K FUND**

To 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.

#### **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.

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

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.

**NON-MAJOR GOVERNMENTAL FUNDS (Continued)**

**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.

**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.

**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.

**URBAN LEVEL OF FLOOD PROTECTION RECLAMATION DISTRICT (ULOP RD-17)  
LEVEE IMPACT FUND**

To account for capital facility fees collected for the Urban Level of Flood Protection plan in the Reclamation District (RD) 17.

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

**STREETS AND ROADS FUND**

To account for capital project expenditures related to streets and roads occurring over more than one fiscal year.

**CAPITAL PROJECTS FUND**

To account for the expenditure of funds for projects funded from the General Fund.

**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.



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CITY OF LATHROP  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

	SPECIAL REVENUE FUNDS				
	Landscape Maintenance	Gas Tax	Traffic Safety	Local Street	Public Nuisance
<b>Assets</b>					
Cash and investments	\$ 1,012,571	\$ 352,203	\$ 36,275	\$ 490,151	\$ 8,701
Receivables:					
Accounts			2,741	9,437	(316)
Interest	1,110	267	42	609	7
Loans					
Total Assets	\$ 1,013,681	\$ 352,470	\$ 39,058	\$ 500,197	\$ 8,392
<b>Liabilities</b>					
Accounts payable	\$ 229,542	\$ -	\$ 1,675	\$ 32,115	\$ -
Due to other funds					
Deposits payable					
Unearned revenue					
Total Liabilities	229,542		1,675	32,115	
<b>Fund Balances</b>					
Restricted		352,470	37,383	468,082	
Committed					8,392
Assigned	784,139				
Unassigned					
Total Fund Balances	784,139	352,470	37,383	468,082	8,392
Total Liabilities and Fund Balances	\$ 1,013,681	\$ 352,470	\$ 39,058	\$ 500,197	\$ 8,392

SPECIAL REVENUE FUNDS

Asset Forfeiture	Measure K	Transit LTF	Streets and Roads	Federal Grant	HLLP	Storm Drain	Street Light
\$ -	\$ 588,094	\$ 20,006	\$ 1,283,796	\$ 2	\$ 218,275	\$ 455,510	\$ 1,651,115
	80,905		659,044				3,000
	585	21	1,370	2	230	454	1,668
					20,350		
<u>\$ -</u>	<u>\$ 669,584</u>	<u>\$ 20,027</u>	<u>\$ 1,944,210</u>	<u>\$ 4</u>	<u>\$ 238,855</u>	<u>\$ 455,964</u>	<u>\$ 1,655,783</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,951	\$ 49,113
		20,147					
		20,147				12,951	49,113
	669,584		1,944,210	4	238,855	443,013	1,606,670
		(120)					
	669,584	(120)	1,944,210	4	238,855	443,013	1,606,670
<u>\$ -</u>	<u>\$ 669,584</u>	<u>\$ 20,027</u>	<u>\$ 1,944,210</u>	<u>\$ 4</u>	<u>\$ 238,855</u>	<u>\$ 455,964</u>	<u>\$ 1,655,783</u>

(Continued)

CITY OF LATHROP  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

	SPECIAL REVENUE FUNDS				
	AB939 Recycling	CDBG	Mossdale Standby 2005-1	Scholarship	COPS
<b>Assets</b>					
Cash and investments	\$ 453,537	\$ 2,360	\$ -	\$ 12,105	\$ 26,168
Receivables:					
Accounts	15,326	64,641		82	
Interest	465	8	(1)	11	5
Loans					
Total Assets	\$ 469,328	\$ 67,009	\$ (1)	\$ 12,198	\$ 26,173
<b>Liabilities</b>					
Accounts payable	\$ 1,182	\$ -	\$ (46,875)	\$ -	\$ -
Due to other funds					
Deposits payable					
Unearned revenue					
Total Liabilities	1,182		(46,875)		
<b>Fund Balances</b>					
Restricted	468,146	67,009	46,874	12,198	26,173
Committed					
Assigned					
Unassigned					
Total Fund Balances	468,146	67,009	46,874	12,198	26,173
Total Liabilities and Fund Balances	\$ 469,328	\$ 67,009	\$ (1)	\$ 12,198	\$ 26,173

SPECIAL REVENUE FUNDS

Universal Hiring Grant	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
\$ -	\$ 83,611	\$ 3,022,304	\$ 125,416	\$ 949,651	\$ -	\$ 41,989	\$ 306,599
	32	2,873	62	960	139,544 13	19	138
<u>\$ -</u>	<u>\$ 83,643</u>	<u>\$ 3,025,177</u>	<u>\$ 125,478</u>	<u>\$ 950,611</u>	<u>\$ 139,557</u>	<u>\$ 42,008</u>	<u>\$ 306,737</u>
\$ -	\$ 83,652	\$ -	\$ 125,478	\$ -	\$ 2,867 136,518	\$ -	\$ -
	83,652		125,478		139,385		
	(9)	3,025,177		950,611	172	42,008	306,737
	(9)	3,025,177		950,611	172	42,008	306,737
<u>\$ -</u>	<u>\$ 83,643</u>	<u>\$ 3,025,177</u>	<u>\$ 125,478</u>	<u>\$ 950,611</u>	<u>\$ 139,557</u>	<u>\$ 42,008</u>	<u>\$ 306,737</u>

(Continued)

CITY OF LATHROP  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

	SPECIAL REVENUE FUNDS				
	North Lathrop Transportation CFF	Stewart Economic Development Fee 80% CFF	Citywide Economic Development Fee 20% CFF	River Islands CFD 2013-1	Lathrop Land Acquisitions
<b>Assets</b>					
Cash and investments	\$ 417,628	\$ 32,785	\$ 514,018	\$ 135,253	\$ 13,109
Receivables:					
Accounts					
Interest	439	41	525	122	14
Loans					
Total Assets	\$ 418,067	\$ 32,826	\$ 514,543	\$ 135,375	\$ 13,123
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds					
Deposits payable					12,855
Unearned revenue					
Total Liabilities					12,855
<b>Fund Balances</b>					
Restricted					
Committed	418,067	32,826	514,543	135,375	268
Assigned					
Unassigned					
Total Fund Balances	418,067	32,826	514,543	135,375	268
Total Liabilities Fund Balances	\$ 418,067	\$ 32,826	\$ 514,543	\$ 135,375	\$ 13,123

SPECIAL REVENUE FUND	CAPITAL PROJECTS FUNDS					
ULOP RD-17 Levee Impact	Streets and Roads	Capital Projects	Storm Drainage	Park In-Lieu Fees	Totals	
\$ 27,866	\$ 6,835,248	\$ 1,099,514	\$ 627,983	\$ 260,149	\$ 21,103,992	
	1,016				975,420	
	7,215	916	670	273	21,165	
					20,350	
<u>\$ 27,866</u>	<u>\$ 6,843,479</u>	<u>\$ 1,100,430</u>	<u>\$ 628,653</u>	<u>\$ 260,422</u>	<u>\$ 22,120,927</u>	
\$ -	\$ 115,797	\$ 205,869	\$ 55,621	\$ -	\$ 868,987	
					136,518	
					12,855	
					20,147	
	115,797	205,869	55,621		1,038,507	
27,866	6,727,682	894,561	573,032	260,422	4,701,300	
					15,597,101	
					784,139	
					(120)	
<u>27,866</u>	<u>6,727,682</u>	<u>894,561</u>	<u>573,032</u>	<u>260,422</u>	<u>21,082,420</u>	
<u>\$ 27,866</u>	<u>\$ 6,843,479</u>	<u>\$ 1,100,430</u>	<u>\$ 628,653</u>	<u>\$ 260,422</u>	<u>\$ 22,120,927</u>	

CITY OF LATHROP  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS				
	Landscape Maintenance	Gas Tax	Traffic Safety	Local Street	Public Nuisance
Revenues					
Taxes and assessments	\$ 2,385,184	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties			27,027		
Intergovernmental		422,550			
Use of money and property	11,510	2,809	232	2,150	52
Other				151	
Total Revenues	2,396,694	425,359	27,259	2,301	52
Expenditures					
Current					
Public safety	2,085,459		23,783		
Public works				536,410	948
Capital outlay	41,739			30,658	
Total Expenditures	2,127,198		23,783	567,068	948
Excess (Deficiency) of Revenues over Expenditures	269,496	425,359	3,476	(564,767)	(896)
Other Financing Sources (Uses)					
Transfers in	219,883			750,000	
Transfers (out)	(680,282)	(870,502)	(4,499)	(123,999)	(36)
Total Other Financing Sources (Uses)	(460,399)	(870,502)	(4,499)	626,001	(36)
Net Change in Fund Balances	(190,903)	(445,143)	(1,023)	61,234	(932)
Fund Balances, Beginning of the Year	975,042	797,613	38,406	406,848	9,324
Fund Balances, End of the Year	\$ 784,139	\$ 352,470	\$ 37,383	\$ 468,082	\$ 8,392



SPECIAL REVENUE FUNDS

Asset Forfeiture	Measure K	Transit LTF	Streets and Roads	Federal Grant	HLLP	Storm Drain	Street Light
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	3,959		659,044	159,052		352,393	885,263
	338,648	113	8,284	(21)	1,237	2,218	8,434
	342,607	113	667,328	159,031	1,237	354,611	893,697
							129,662
						258,158	536,807
						5,093	15,519
						263,251	681,988
	342,607	113	667,328	159,031	1,237	91,360	211,709
						22,950	44,328
(2)	(498,542)		(101,757)	(220,619)		(76,864)	(154,918)
(2)	(498,542)		(101,757)	(220,619)		(53,914)	(110,590)
(2)	(155,935)	113	565,571	(61,588)	1,237	37,446	101,119
2	825,519	(233)	1,378,639	61,592	237,618	405,567	1,505,551
\$ -	\$ 669,584	\$ (120)	\$ 1,944,210	\$ 4	\$ 238,855	\$ 443,013	\$ 1,606,670

(Continued)

CITY OF LATHROP  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS				
	AB939 Recycling	CDBG	Mossdale Standby 2005-1	Scholarship	COPS
Revenues					
Taxes and assessments	\$ 107,870	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties					
Intergovernmental	11,329	133,810		1,681	130,478
Use of money and property	2,454	20	(669)	52	13
Other				1,245	
Total Revenues	121,653	133,830	(669)	2,978	130,491
Expenditures					
Current					
Public safety					100,005
Public works	37,514				
Capital outlay					
Total Expenditures	37,514				100,005
Excess (Deficiency) of Revenues over Expenditures	84,139	133,830	(669)	2,978	30,486
Other Financing Sources (Uses)					
Transfers in					
Transfers (out)	(13,076)	(69,169)	(3,652)		
Total Other Financing Sources (Uses)	(13,076)	(69,169)	(3,652)		
Net Change in Fund Balances	71,063	64,661	(4,321)	2,978	30,486
Fund Balances, Beginning of the Year	397,083	2,348	51,195	9,220	(4,313)
Fund Balances, End of the Year	\$ 468,146	\$ 67,009	\$ 46,874	\$ 12,198	\$ 26,173

SPECIAL REVENUE FUNDS

Universal Hiring Grant	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
\$ -	\$ 169,658	\$ 724,071	\$ 254,095	\$ 522,912	\$ - 360,944	\$ -	\$ -
15,336	355	14,678	532	4,408	17 12,808	42,007	677
<u>15,336</u>	<u>170,013</u>	<u>738,749</u>	<u>254,627</u>	<u>527,320</u>	<u>373,769</u>	<u>42,007</u>	<u>677</u>
8,698	243,338		364,616		301,982		1,460,895
<u>8,698</u>	<u>243,338</u>		<u>364,616</u>		<u>301,982</u>		<u>1,460,895</u>
6,638	(73,325)	738,749	(109,989)	527,320	71,787	42,007	(1,460,218)
<u>(640)</u>					<u>(58,875)</u>		<u>1,470,735</u>
<u>(640)</u>					<u>(58,875)</u>		<u>1,470,735</u>
5,998	(73,325)	738,749	(109,989)	527,320	12,912	42,007	10,517
<u>(5,998)</u>	<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>\$ -</u>	<u>\$ (9)</u>	<u>\$ 3,025,177</u>	<u>\$ -</u>	<u>\$ 950,611</u>	<u>\$ 172</u>	<u>\$ 42,008</u>	<u>\$ 306,737</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, 2017

	SPECIAL REVENUE FUNDS				
	North Lathrop Transportation CFF	Stewart Economic Development Fee 80% CFF	Citywide Economic Development Fee 20% CFF	River Islands CFD 2013-1	Lathrop Land Acquisitions
Revenues					
Taxes and assessments	\$ 413,291	\$ 4,000	\$ 157,000	\$ -	\$ -
Fines, forfeitures, and penalties				144,926	
Intergovernmental					
Use of money and property	2,092	154	2,685	1,727	74
Other				262,320	
Total Revenues	<u>415,383</u>	<u>4,154</u>	<u>159,685</u>	<u>408,973</u>	<u>74</u>
Expenditures					
Current					
Public safety					
Public works				11,644	
Capital outlay					
Total Expenditures				<u>11,644</u>	
Excess (Deficiency) of Revenues over Expenditures	<u>415,383</u>	<u>4,154</u>	<u>159,685</u>	<u>397,329</u>	<u>74</u>
Other Financing Sources (Uses)					
Transfers in					
Transfers (out)	<u>(763,120)</u>			<u>(406,292)</u>	
Total Other Financing Sources (Uses)	<u>(763,120)</u>			<u>(406,292)</u>	
Net Change in Fund Balances	(347,737)	4,154	159,685	(8,963)	74
Fund Balances, Beginning of the Year	<u>765,804</u>	<u>28,672</u>	<u>354,858</u>	<u>144,338</u>	<u>194</u>
Fund Balances, End of the Year	<u>\$ 418,067</u>	<u>\$ 32,826</u>	<u>\$ 514,543</u>	<u>\$ 135,375</u>	<u>\$ 268</u>

SPECIAL  
REVENUE  
FUNDS

CAPITAL PROJECTS FUNDS

ULOP RD-17 Levee Impact	Streets and Roads	Capital Projects	Storm Drainage	Park In-Lieu Fees	Totals
\$ 27,866	\$ -	\$ -	\$ -	\$ -	\$ 4,765,947
					1,770,553
					1,579,246
	34,023	2,788	3,167	1,475	446,388
					276,524
<u>27,866</u>	<u>34,023</u>	<u>2,788</u>	<u>3,167</u>	<u>1,475</u>	<u>8,838,658</u>
					3,808,502
					2,291,417
	1,154,158	478,307	211,396		1,936,870
	1,154,158	478,307	211,396		8,036,789
<u>27,866</u>	<u>(1,120,135)</u>	<u>(475,519)</u>	<u>(208,229)</u>	<u>1,475</u>	<u>801,869</u>
	3,129,449	803,384	210,451		6,651,180
	(4,408)	(50,000)	(875)		(4,102,127)
	3,125,041	753,384	209,576		2,549,053
<u>27,866</u>	<u>2,004,906</u>	<u>277,865</u>	<u>1,347</u>	<u>1,475</u>	<u>3,350,922</u>
	4,722,776	616,696	571,685	258,947	17,731,498
<u>\$ 27,866</u>	<u>\$ 6,727,682</u>	<u>\$ 894,561</u>	<u>\$ 573,032</u>	<u>\$ 260,422</u>	<u>\$ 21,082,420</u>

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, 2017

	SPECIAL REVENUE FUNDS					
	LANSDCAP MAINTENANCE			GAS TAX		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$2,361,275	\$2,385,184	\$ 23,909	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties						
Intergovernmental				430,000	422,550	(7,450)
Use of money and property	6,500	11,510	5,010		2,809	2,809
Other						
Total Revenues	<u>2,367,775</u>	<u>2,396,694</u>	<u>28,919</u>	<u>430,000</u>	<u>425,359</u>	<u>(4,641)</u>
Expenditures:						
Current:						
Public safety						
Public works	2,386,980	2,085,459	301,521			
Capital outlay	<u>70,901</u>	<u>41,739</u>	<u>29,162</u>			
Total Expenditures	<u>2,457,881</u>	<u>2,127,198</u>	<u>330,683</u>			
Excess (Deficiency) of Revenues over Expenditures	<u>(90,106)</u>	<u>269,496</u>	<u>359,602</u>	<u>430,000</u>	<u>425,359</u>	<u>(4,641)</u>
Other Financing Sources (Uses):						
Transfers in	219,883	219,883				
Transfers (out)	<u>(680,282)</u>	<u>(680,282)</u>		<u>(768,795)</u>	<u>(870,502)</u>	<u>(101,707)</u>
Total Other Financing Sources (Uses)	<u>(460,399)</u>	<u>(460,399)</u>		<u>(768,795)</u>	<u>(870,502)</u>	<u>(101,707)</u>
Net Change in Fund Balances	<u>\$ (550,505)</u>	<u>(190,903)</u>	<u>\$ 359,602</u>	<u>\$ (338,795)</u>	<u>(445,143)</u>	<u>\$ (106,348)</u>
Fund Balances, Beginning of the Year		<u>975,042</u>			<u>797,613</u>	
Fund Balances, End of the Year		<u>\$ 784,139</u>			<u>\$ 352,470</u>	

SPECIAL REVENUE FUNDS

TRAFFIC SAFETY			LOCAL STREET			PUBLIC NUISANCE		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18,000	27,027	9,027						
	232	232		2,150	2,150		52	52
14,449		(14,449)		151	151			
32,449	27,259	(5,190)		2,301	2,301		52	52
32,950	23,783	9,167						
			768,940	536,410	232,530		948	(948)
			149,782	30,658	(119,124)			
32,950	23,783	9,167	918,722	567,068	113,406		948	(948)
(501)	3,476	3,977	(918,722)	(564,767)	353,955		(896)	(896)
			750,000	750,000		24,000		(24,000)
(4,499)	(4,499)		(123,999)	(123,999)		(36)	(36)	
(4,499)	(4,499)		626,001	626,001		23,964	(36)	(24,000)
<u>\$ (5,000)</u>	<u>(1,023)</u>	<u>\$ 3,977</u>	<u>\$ (292,721)</u>	<u>61,234</u>	<u>\$ 353,955</u>	<u>\$ 23,964</u>	<u>(932)</u>	<u>\$ (24,896)</u>
	38,406			406,848			9,324	
	<u>\$ 37,383</u>			<u>\$ 468,082</u>			<u>\$ 8,392</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, 2017

	SPECIAL REVENUE FUNDS					
	ASSET FORFEITURE			MEASURE K		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties						
Intergovernmental				300,000	338,648	38,648
Use of money and property					3,959	3,959
Other						
Total Revenues				300,000	342,607	42,607
Expenditures:						
Current:						
Public safety						
Public works						
Capital outlay						
Total Expenditures						
Excess (Deficiency) of Revenues over Expenditures				300,000	342,607	42,607
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)		(2)	(2)	(398,602)	(498,542)	(99,940)
Total Other Financing Sources (Uses)		(2)	(2)	(398,602)	(498,542)	(99,940)
Net Change in Fund Balances	\$ -	(2)	\$ (2)	\$ (98,602)	(155,935)	\$ (57,333)
Fund Balances, Beginning of the Year		2			825,519	
Fund Balances, End of the Year		\$ -			\$ 669,584	



SPECIAL REVENUE FUNDS

TRANSIT LTF			STREETS AND ROADS			FEDERAL GRANT		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	113	113	765,396	659,044 8,284	(106,352) 8,284	4,667,456	159,052 (21)	(4,508,404) (21)
	113	113	765,396	667,328	(98,068)	4,667,456	159,031	(4,508,425)
19,783		19,783						
19,783		19,783						
(19,783)	113	19,896	765,396	667,328	(98,068)	4,667,456	159,031	(4,508,425)
			(2,027,008)	(101,757)	1,925,251	(4,667,456)	(220,619)	4,446,837
			(2,027,008)	(101,757)	1,925,251	(4,667,456)	(220,619)	4,446,837
<u>\$(19,783)</u>	113	<u>\$ 19,896</u>	<u>\$(1,261,612)</u>	565,571	<u>\$ 1,827,183</u>	<u>\$ -</u>	(61,588)	<u>\$ (61,588)</u>
	(233)			1,378,639			61,592	
	<u>\$ (120)</u>			<u>\$ 1,944,210</u>			<u>\$ 4</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, 2017

SPECIAL REVENUE FUNDS						
	HLLP			STORM DRAIN		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties				351,734	352,393	659
Intergovernmental						
Use of money and property		1,237	1,237		2,218	2,218
Other				5,752		(5,752)
Total Revenues		1,237	1,237	357,486	354,611	(2,875)
Expenditures:						
Current:						
Public safety						
Public works				354,110	258,158	95,952
Capital outlay				18,403	5,093	13,310
Total Expenditures				372,513	263,251	109,262
Excess (Deficiency) of Revenues over Expenditures		1,237	1,237	(15,027)	91,360	106,387
Other Financing Sources (Uses):						
Transfers in				22,950	22,950	
Transfers (out)				(76,864)	(76,864)	
Total Other Financing Sources (Uses)				(53,914)	(53,914)	
Net Change in Fund Balances	<u>\$ -</u>	1,237	<u>\$ 1,237</u>	<u>\$ (68,941)</u>	37,446	<u>\$ 106,387</u>
Fund Balances, Beginning of the Year		237,618			405,567	
Fund Balances, End of the Year		<u>\$ 238,855</u>			<u>\$ 443,013</u>	

SPECIAL REVENUE FUNDS

STREET LIGHT			AB939 RECYCLING			CDBG		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ 80,000	\$ 107,870	\$ 27,870	\$ -	\$ -	\$ -
885,168	885,263	95	5,000	11,329	6,329	203,510	133,810	(69,700)
	8,434	8,434		2,454	2,454		20	20
20,456		(20,456)						
905,624	893,697	(11,927)	85,000	121,653	36,653	203,510	133,830	(69,680)
169,605	129,662	39,943						
776,239	536,807	239,432	47,590	37,514	10,076			
15,526	15,519	7						
961,370	681,988	279,382	47,590	37,514	10,076			
(55,746)	211,709	267,455	37,410	84,139	46,729	203,510	133,830	(69,680)
44,328	44,328							
(154,918)	(154,918)		(13,076)	(13,076)		(203,510)	(69,169)	134,341
(110,590)	(110,590)		(13,076)	(13,076)		(203,510)	(69,169)	134,341
<u>\$ (166,336)</u>	101,119	<u>\$ 267,455</u>	<u>\$ 24,334</u>	71,063	<u>\$ 46,729</u>	<u>\$ -</u>	64,661	<u>\$ 64,661</u>
	1,505,551			397,083			2,348	
	<u>\$ 1,606,670</u>			<u>\$ 468,146</u>			<u>\$ 67,009</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, 2017

	SPECIAL REVENUE FUNDS					
	MOSSDALE STANDBY 2005-1			SCHOLARSHIP		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties						
Intergovernmental				1,680	1,681	1
Use of money and property		(669)	(669)		52	52
Other				2,900	1,245	(1,655)
Total Revenues		(669)	(669)	4,580	2,978	(1,602)
Expenditures:						
Current:						
Public safety						
Public works						
Capital outlay						
Total Expenditures						
Excess (Deficiency) of Revenues over Expenditures		(669)	(669)	4,580	2,978	(1,602)
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)	(31)	(3,652)	(3,621)	(6,500)		6,500
Total Other Financing Sources (Uses)	(31)	(3,652)	(3,621)	(6,500)		6,500
Net Change in Fund Balances	<u>\$ (31)</u>	(4,321)	<u>\$ (4,290)</u>	<u>\$ (1,920)</u>	2,978	<u>\$ 4,898</u>
Fund Balances, Beginning of the Year		51,195			9,220	
Fund Balances, End of the Year		<u>\$ 46,874</u>			<u>\$ 12,198</u>	

SPECIAL REVENUE FUNDS

COPS			UNIVERSAL HIRING GRANT			RTIF SAN JOAQUIN COUNTY		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,507	\$ 169,658	\$ 62,151
110,000	130,478 13	20,478 13	29,376	15,336	(14,040)		355	355
110,000	130,491	20,491	29,376	15,336	(14,040)	107,507	170,013	62,506
100,005	100,005		29,376	8,698	20,678	107,507	243,338	(135,831)
10,000		10,000						
110,005	100,005	10,000	29,376	8,698	20,678	107,507	243,338	(135,831)
(5)	30,486	30,491		6,638	6,638		(73,325)	(73,325)
				(640)	(640)			
				(640)	(640)			
<u>\$ (5)</u>	30,486	<u>\$ 30,491</u>	<u>\$ -</u>	5,998	<u>\$ 5,998</u>	<u>\$ -</u>	(73,325)	<u>\$ (73,325)</u>
	(4,313)			(5,998)			73,316	
	<u>\$ 26,173</u>			<u>\$ -</u>			<u>\$ (9)</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, 2017

	SPECIAL REVENUE FUNDS					
	RTIF LATHROP LOCAL WEST			RTIF SJCOG		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ 729,400	\$ 724,071	\$ (5,329)	\$ 161,262	\$ 254,095	\$ 92,833
Fines, forfeitures, and penalties						
Intergovernmental						
Use of money and property		14,678	14,678		532	532
Other						
Total Revenues	729,400	738,749	9,349	161,262	254,627	93,365
Expenditures:						
Current:						
Public safety						
Public works	5,000		5,000	161,262	364,616	(203,354)
Capital outlay						
Total Expenditures	5,000		5,000	161,262	364,616	(203,354)
Excess (Deficiency) of Revenues over Expenditures	724,400	738,749	14,349		(109,989)	(109,989)
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
Net Change in Fund Balances	\$ 724,400	738,749	\$ 14,349	\$ -	(109,989)	\$ (109,989)
Fund Balances, Beginning of the Year		2,286,428			109,989	
Fund Balances, End of the Year		\$ 3,025,177			\$ -	

SPECIAL REVENUE FUNDS

RTIF LATHROP LOCAL EAST			CLSP SERVICE CFD			STIP AUGMENTATION		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ 60,780	\$ 522,912	\$ 462,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	-		390,304	360,944	(29,360)		42,007	42,007
	4,408	4,408		17	17			
				12,808	12,808			
<u>60,780</u>	<u>527,320</u>	<u>466,540</u>	<u>390,304</u>	<u>373,769</u>	<u>(16,535)</u>	<u>-</u>	<u>42,007</u>	<u>42,007</u>
5,000		5,000	301,982	301,982				
5,000		5,000	301,982	301,982				
<u>55,780</u>	<u>527,320</u>	<u>471,540</u>	<u>88,322</u>	<u>71,787</u>	<u>(16,535)</u>	<u>-</u>	<u>42,007</u>	<u>42,007</u>
			(58,875)	(58,875)				
			(58,875)	(58,875)		-	-	
<u>\$ 55,780</u>	<u>527,320</u>	<u>\$ 471,540</u>	<u>\$ 29,447</u>	<u>12,912</u>	<u>\$ (16,535)</u>	<u>\$ -</u>	<u>42,007</u>	<u>\$ 42,007</u>
	<u>423,291</u>			<u>(12,740)</u>			<u>1</u>	
	<u>\$ 950,611</u>			<u>\$ 172</u>			<u>\$ 42,008</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, 2017

	SPECIAL REVENUE FUNDS					
	LATHROP MANTECA FIRE DISTRICT MEASURE C			NORTH LATHROP TRANSPORTATION		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 413,291	\$ 413,291
Fines, forfeitures, and penalties						
Intergovernmental						
Use of money and property		677	677		2,092	2,092
Other						
Total Revenues		677	677		415,383	415,383
Expenditures:						
Current:						
Public safety	1,200,000	1,460,895	(260,895)			
Public works						
Capital outlay						
Total Expenditures	1,200,000	1,460,895	(260,895)			
Excess (Deficiency) of Revenues over Expenditures	(1,200,000)	(1,460,218)	(260,218)		415,383	415,383
Other Financing Sources (Uses):						
Transfers in	1,200,000	1,470,735	270,735			
Transfers (out)				(763,120)	(763,120)	
Total Other Financing Sources (Uses)	1,200,000	1,470,735	270,735	(763,120)	(763,120)	
Net Change in Fund Balances	<u>\$ -</u>	10,517	<u>\$ 10,517</u>	<u>\$ (763,120)</u>	(347,737)	<u>\$ 415,383</u>
Fund Balances, Beginning of the Year,		<u>296,220</u>			<u>765,804</u>	
Fund Balances, End of the Year		<u>\$ 306,737</u>			<u>\$ 418,067</u>	



SPECIAL REVENUE FUNDS

STEWART ECONOMIC DEVELOPMENT FEE 80% CFF			CITYWIDE ECONOMIC DEVELOPMENT FEE 20% CFF			RIVER ISLANDS CFD 2013-1		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ 4,000	\$ 4,000	\$ 250,000	\$ 157,000	\$ (93,000)	\$ -	\$ -	\$ -
						282,127	144,926	(137,201)
	154	154		2,685	2,685		1,727	1,727
							262,320	262,320
	4,154	4,154	250,000	159,685	(90,315)	282,127	408,973	126,846
						8,068	11,644	(3,576)
						8,068	11,644	(3,576)
	4,154	4,154	250,000	159,685	(90,315)	274,059	397,329	123,270
						(282,199)	(406,292)	(124,093)
						(282,199)	(406,292)	(124,093)
<u>\$ -</u>	<u>4,154</u>	<u>\$ 4,154</u>	<u>\$ 250,000</u>	<u>159,685</u>	<u>\$ (90,315)</u>	<u>\$ (8,140)</u>	<u>(8,963)</u>	<u>\$ (823)</u>
	28,672			354,858			144,338	
	<u>\$ 32,826</u>			<u>\$ 514,543</u>			<u>\$ 135,375</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, 2017

SPECIAL REVENUE FUNDS

	LATHROP LAND ACQUISITIONS			ULOP RD-17 LEVEE IMPACT		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 27,866	\$ 27,866
Fines, forfeitures, and penalties						
Intergovernmental						
Use of money and property		74	74			
Other						
Total Revenues		74	74		27,866	27,866
Expenditures:						
Current:						
Public safety						
Public works						
Capital outlay						
Total Expenditures						
Excess (Deficiency) of Revenues over Expenditures		74	74		27,866	27,866
Other Financing Sources (Uses):						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
Net Change in Fund Balances	<u>\$ -</u>	74	<u>\$ 74</u>	<u>\$ -</u>	27,866	<u>\$ 27,866</u>
Fund Balances, Beginning of the Year		<u>194</u>				
Fund Balances, End of the Year		<u>\$ 268</u>			<u>\$ 27,866</u>	

## AGENCY FUNDS

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

### CSCDA LEASE REVENUE BONDS FUND

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

### LOUISE AVENUE FUND

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

### MOSSDALE VILLAGE ASSESSMENT DISTRICT FUND

To account for the special assessments associated with the payment of the limited-obligation improvement bonds for the 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, 2017

	CSCDA Lease Revenue Bonds	Louise Avenue	Mossdale Village Assessment District	Crossroads Assessments	Joint Wastewater Community Facilities District
<b>ASSETS</b>					
Cash and investments	\$ 572	\$ -	\$ 943,116	\$ 205,304	\$ 638,785
Cash and investments with fiscal agents			986,797	5,092,078	719,523
Accounts receivable		119,698			
Interest receivable			836	212	584
<b>Total Assets</b>	<b>\$ 572</b>	<b>\$ 119,698</b>	<b>\$ 1,930,749</b>	<b>\$ 5,297,594</b>	<b>\$ 1,358,892</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 1,086	\$ 2,324,997	\$ 131,096
Deposits payable					
Due to developers					
Due to bondholders	572	119,698	1,929,663	2,972,597	1,227,796
<b>Total Liabilities</b>	<b>\$ 572</b>	<b>\$ 119,698</b>	<b>\$ 1,930,749</b>	<b>\$ 5,297,594</b>	<b>\$ 1,358,892</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
\$ 160,326 92,297	\$ - 317,540	\$ 692,905	\$ 87,976 513,888	\$ 1,831,387	\$ 25,693	\$ 608,044 240,666	\$ 5,194,108 7,962,789
156	2	8,380 718	104	895,512 2,579	27	562	1,023,590 5,780
<u>\$ 252,779</u>	<u>\$ 317,542</u>	<u>\$ 702,003</u>	<u>\$ 601,968</u>	<u>\$ 2,729,478</u>	<u>\$ 25,720</u>	<u>\$ 849,272</u>	<u>\$ 14,186,267</u>
\$ 238,309	\$ - 317,542	\$ -	\$ 176	\$ 5,275	\$ 25,194	\$ 54,534	\$ 2,780,667 317,542
14,470		702,003	601,792	2,724,203	526	794,738	3,519,467 7,568,591
<u>\$ 252,779</u>	<u>\$ 317,542</u>	<u>\$ 702,003</u>	<u>\$ 601,968</u>	<u>\$ 2,729,478</u>	<u>\$ 25,720</u>	<u>\$ 849,272</u>	<u>\$ 14,186,267</u>

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 01, 2016	Additions	Deletions	Balance June 30, 2017
<b><u>CSCDA Lease Revenue Bonds</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 572	\$ -	\$ 572
Total Assets	\$ -	\$ 572	\$ -	\$ 572
<b>LIABILITIES</b>				
Due to bondholders	\$ -	\$ 572	\$ -	\$ 572
Total Liabilities	\$ -	\$ 572	\$ -	\$ 572
<b><u>Louise Avenue</u></b>				
<b>ASSETS</b>				
Accounts receivable	\$ 119,698	\$ -	\$ -	\$ 119,698
Total Assets	\$ 119,698	\$ -	\$ -	\$ 119,698
<b>LIABILITIES</b>				
Due to bondholders	\$ 119,698	\$ -	\$ -	\$ 119,698
Total Liabilities	\$ 119,698	\$ -	\$ -	\$ 119,698
<b><u>Mossdale Village Assessment District</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 965,681	\$ 943,116	\$ 965,681	\$ 943,116
Cash and investments with fiscal agents	947,046	39,751		986,797
Interest receivable	643	836	643	836
Total Assets	\$ 1,913,370	\$ 983,703	\$ 966,324	\$ 1,930,749
<b>LIABILITIES</b>				
Accounts payable	\$ 111	\$ 1,086	\$ 111	\$ 1,086
Due to bondholders	1,913,259	982,617	966,213	1,929,663
Total Liabilities	\$ 1,913,370	\$ 983,703	\$ 966,324	\$ 1,930,749

(Continued)

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (Continued)

<u>Crossroads Assessments</u>	Balance July 01, 2016	Additions	Deletions	Balance June 30, 2017
<b>ASSETS</b>				
Cash and investments	\$ 1,262,978	\$ 205,304	\$ 1,262,978	\$ 205,304
Cash and investments with fiscal agents	5,588,536		496,458	5,092,078
Interest receivable	845	212	845	212
Total Assets	<u>\$ 6,852,359</u>	<u>\$ 205,516</u>	<u>\$ 1,760,281</u>	<u>\$ 5,297,594</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,880,562	-	\$ 1,555,565	\$ 2,324,997
Due to bondholders	2,971,797	205,516	204,716	2,972,597
Total Liabilities	<u>\$ 6,852,359</u>	<u>\$ 205,516</u>	<u>\$ 1,760,281</u>	<u>\$ 5,297,594</u>
<u>Joint Wastewater Community Facilities District</u>				
<b>ASSETS</b>				
Cash and investments	\$ 606,345	\$ 32,440	-	\$ 638,785
Cash and investments with fiscal agents	737,638	719,523	737,638	719,523
Accounts receivable	9,715		9,715	
Interest receivable	410	584	410	584
Total Assets	<u>\$ 1,354,108</u>	<u>\$ 752,547</u>	<u>\$ 747,763</u>	<u>\$ 1,358,892</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 131,096	-	-	\$ 131,096
Due to bondholders	1,223,012	752,547	747,763	1,227,796
Total Liabilities	<u>\$ 1,354,108</u>	<u>\$ 752,547</u>	<u>\$ 747,763</u>	<u>\$ 1,358,892</u>
<u>North Harlan Water Improvement</u>				
<b>ASSETS</b>				
Cash and investments	\$ 155,596	\$ 160,326	\$ 155,596	\$ 160,326
Cash and investments with fiscal agents	92,176	92,297	92,176	92,297
Interest receivable	113	156	113	156
Total Assets	<u>\$ 247,885</u>	<u>\$ 252,779</u>	<u>\$ 247,885</u>	<u>\$ 252,779</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 232,344	\$ 5,965	-	\$ 238,309
Due to bondholders	15,541	246,814	247,885	14,470
Total Liabilities	<u>\$ 247,885</u>	<u>\$ 252,779</u>	<u>\$ 247,885</u>	<u>\$ 252,779</u>

(Continued)

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (Continued)

<b><u>Lathrop Sanitary Sewer Assessment District No.1</u></b>	Balance July 01, 2016	Additions	Deletions	Balance June 30, 2017
<b>ASSETS</b>				
Cash and investments	\$ (1,388)	\$ 1,388	\$ -	\$ -
Cash and investments with fiscal agents	296,266	317,540	296,266	317,540
Interest receivable	5	2	5	2
Total Assets	<u>\$ 294,883</u>	<u>\$ 318,930</u>	<u>\$ 296,271</u>	<u>\$ 317,542</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	294,883	318,930	296,271	317,542
Total Liabilities	<u>\$ 294,883</u>	<u>\$ 318,930</u>	<u>\$ 296,271</u>	<u>\$ 317,542</u>
<b><u>TOT Trust</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 618,122	\$ 74,783	\$ -	\$ 692,905
Accounts receivable	9,386	8,380	9,386	8,380
Interest receivable	470	718	470	718
Total Assets	<u>\$ 627,978</u>	<u>\$ 83,881</u>	<u>\$ 9,856</u>	<u>\$ 702,003</u>
<b>LIABILITIES</b>				
Due to bondholders	\$ 627,978	\$ 83,881	\$ 9,856	\$ 702,003
Total Liabilities	<u>\$ 627,978</u>	<u>\$ 83,881</u>	<u>\$ 9,856</u>	<u>\$ 702,003</u>
<b><u>Community Facilities District 2006-1 CLSP Infrastructure</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 108,313	\$ 558	\$ 20,895	\$ 87,976
Cash and investments with fiscal agents	1,828,851		1,314,963	513,888
Interest receivable	96	8		104
Total Assets	<u>\$ 1,937,260</u>	<u>\$ 566</u>	<u>\$ 1,335,858</u>	<u>\$ 601,968</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 176	\$ -	\$ 176
Due to bondholders	1,937,260	390	1,335,858	601,792
Total Liabilities	<u>\$ 1,937,260</u>	<u>\$ 566</u>	<u>\$ 1,335,858</u>	<u>\$ 601,968</u>

(Continued)



CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (Continued)

	Balance July 01, 2016	Additions	Deletions	Balance June 30, 2017
<b><u>Developers' Deposits</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,907,848	\$ 1,831,387	\$ 1,907,848	\$ 1,831,387
Accounts receivable	978,504	895,512	978,504	895,512
Interest receivable	2,023	2,579	2,023	2,579
	<u>\$ 2,888,375</u>	<u>\$ 2,729,478</u>	<u>\$ 2,888,375</u>	<u>\$ 2,729,478</u>
<b>Total Assets</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,112	\$ 5,275	\$ 1,112	\$ 5,275
Due to developers	2,887,263	2,724,203	2,887,263	2,724,203
	<u>\$ 2,888,375</u>	<u>\$ 2,729,478</u>	<u>\$ 2,888,375</u>	<u>\$ 2,729,478</u>
<b>Total Liabilities</b>				
<b><u>Pilot Flying J</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 43,186	\$ 25,693	\$ 43,186	\$ 25,693
Interest receivable	62	27	62	27
	<u>\$ 43,248</u>	<u>\$ 25,720</u>	<u>\$ 43,248</u>	<u>\$ 25,720</u>
<b>Total Assets</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 3,529	\$ 25,194	\$ 3,529	\$ 25,194
Due to developers	39,719	526	39,719	526
	<u>\$ 43,248</u>	<u>\$ 25,720</u>	<u>\$ 43,248</u>	<u>\$ 25,720</u>
<b>Total Liabilities</b>				
<b><u>Mossdale Village reassessment 2015-1</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 571,253	\$ 608,044	\$ 571,253	\$ 608,044
Cash and investments with fiscal agents	244,034	240,666	\$ 244,034	240,666
Interest receivable	640	562	640	562
	<u>\$ 815,927</u>	<u>\$ 849,272</u>	<u>\$ 815,927</u>	<u>\$ 849,272</u>
<b>Total Assets</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 56,818	\$ 54,534	\$ 56,818	\$ 54,534
Due to developers	759,109	794,738	759,109	794,738
	<u>\$ 815,927</u>	<u>\$ 849,272</u>	<u>\$ 815,927</u>	<u>\$ 849,272</u>
<b>Total Liabilities</b>				

(Continued)

CITY OF LATHROP  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (Continued)

**Total Agency Funds**

**ASSETS**

Cash and investments	\$ 6,237,934	\$ 3,883,611	\$ 4,927,437	\$ 5,194,108
Cash and investments with fiscal agents	9,734,547	1,409,777	3,181,535	7,962,789
Accounts receivable	1,117,303	903,892	997,605	1,023,590
Interest receivable	5,307	5,684	5,211	5,780
	<u>5,307</u>	<u>5,684</u>	<u>5,211</u>	<u>5,780</u>
 Total Assets	 <u>\$ 17,095,091</u>	 <u>\$ 6,202,964</u>	 <u>\$ 9,111,788</u>	 <u>\$ 14,186,267</u>

**LIABILITIES**

Accounts payable	\$ 4,305,572	\$ 92,230	\$ 1,617,135	\$ 2,780,667
Deposits payable	294,883	318,930	296,271	317,542
Due to developers	3,686,091	3,519,467	3,686,091	3,519,467
Due to bondholders	8,808,545	2,272,337	3,512,291	7,568,591
	<u>8,808,545</u>	<u>2,272,337</u>	<u>3,512,291</u>	<u>7,568,591</u>
 Total Liabilities	 <u>\$ 17,095,091</u>	 <u>\$ 6,202,964</u>	 <u>\$ 9,111,788</u>	 <u>\$ 14,186,267</u>

## STATISTICAL SECTION

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

### ***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance and 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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 119,539,561	\$ 127,328,319	\$ 127,893,609	\$ 127,372,107	\$ 124,614,693	\$ 127,600,645	\$ 140,357,523	\$ 145,671,748	\$ 148,474,931	\$ 155,971,046
Restricted	4,131,640	4,005,367	3,801,132	4,182,107	6,738,303	6,989,280	4,865,583	7,733,824	10,223,760	11,858,920
Unrestricted	42,058,837	36,894,577	33,983,648	35,576,555	31,849,848	31,954,985	31,716,374	35,612,693	38,941,548	47,769,952
<b>Total governmental activities net assets</b>	<b>\$ 165,730,038</b>	<b>\$ 168,228,263</b>	<b>\$ 165,678,389</b>	<b>\$ 167,130,769</b>	<b>\$ 163,202,844</b>	<b>\$ 166,544,910</b>	<b>\$ 176,939,480</b>	<b>\$ 189,018,265</b>	<b>\$ 197,640,239</b>	<b>\$ 215,599,918</b>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	73,351,767	74,719,164	73,700,760	73,171,504	73,145,195	76,371,218	88,125,585	92,350,319	93,906,914	103,695,833
Restricted	2,772,966	2,771,785	3,979,788	3,387,089	2,865,215	2,865,251	2,696,850	2,995,846	2,698,250	1,706,637
Unrestricted	11,878,275	12,431,597	13,669,310	16,299,696	17,446,635	19,333,520	25,692,676	23,944,509	26,437,255	37,146,214
<b>Total business-type activities net of assets</b>	<b>\$ 88,003,008</b>	<b>\$ 89,922,546</b>	<b>\$ 91,349,858</b>	<b>\$ 92,858,289</b>	<b>\$ 93,457,045</b>	<b>\$ 98,569,989</b>	<b>\$ 116,515,111</b>	<b>\$ 119,290,674</b>	<b>\$ 123,042,419</b>	<b>\$ 142,548,684</b>
<b>Primary government:</b>										
Net investments in capital assets	192,891,328	202,047,483	201,594,369	200,543,611	197,759,888	203,971,863	228,483,108	238,022,067	242,381,845	259,666,879
Restricted	6,904,606	6,777,152	7,780,920	7,569,196	9,603,518	9,854,531	7,562,433	10,729,670	12,922,010	13,565,557
Unrestricted	53,937,112	49,326,174	47,652,958	51,876,251	49,296,483	51,288,505	57,409,050	59,557,202	65,378,803	84,916,166
<b>Total Primary government net assets</b>	<b>\$ 253,733,046</b>	<b>\$ 258,150,809</b>	<b>\$ 257,028,247</b>	<b>\$ 259,989,058</b>	<b>\$ 256,659,889</b>	<b>\$ 265,114,899</b>	<b>\$ 293,454,591</b>	<b>\$ 308,308,939</b>	<b>\$ 320,682,658</b>	<b>\$ 358,148,602</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**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 5,800,227	\$ 4,794,711	\$ 4,901,677	\$ 3,871,620	\$ 4,233,613	\$ 3,733,840	\$ 4,680,110	\$ 7,449,500	\$ 5,614,173	\$ 4,580,381
Public safety	4,684,216	4,666,606	6,388,417	3,951,676	4,173,142	4,624,518	5,940,125	6,962,351	8,048,625	9,683,636
Public works	9,265,933	9,092,399	9,626,215	8,664,353	12,303,005	10,246,951	13,888,678	10,864,104	7,864,470	13,125,373
Culture and leisure	2,295,209	1,047,149	1,978,663	1,285,893	1,096,206	1,161,712	1,111,917	779,976	1,395,287	1,300,832
Community development	2,410,817	3,302,601	3,178,772	1,067,636	1,284,271	1,472,084	1,573,972	602,719	1,712,156	993,885
Interest on long-term debt	37,126	8,077	22,940	383,819	382,402	369,832	924,941	340,120	880,036	319,164
Total governmental activities expense	<u>24,493,528</u>	<u>22,911,543</u>	<u>26,096,684</u>	<u>19,234,997</u>	<u>23,472,639</u>	<u>21,608,937</u>	<u>28,119,743</u>	<u>26,998,770</u>	<u>25,514,747</u>	<u>30,003,271</u>
<b>Business-type activities:</b>										
Water	6,753,767	6,434,434	6,222,856	6,435,955	6,367,625	7,090,866	7,376,261	5,108,071	4,941,845	5,828,411
Wastewater	4,048,955	3,827,174	3,900,239	4,475,157	4,357,544	3,987,951	6,289,560	4,433,501	3,587,602	5,393,728
Total business-type activities expenses	<u>10,802,722</u>	<u>10,261,608</u>	<u>10,123,095</u>	<u>10,911,112</u>	<u>10,725,169</u>	<u>11,078,817</u>	<u>13,665,821</u>	<u>9,541,572</u>	<u>8,529,447</u>	<u>11,222,139</u>
Total primary government expenses	<u>\$ 35,296,250</u>	<u>\$ 33,173,151</u>	<u>\$ 36,219,779</u>	<u>\$ 30,146,109</u>	<u>\$ 34,197,808</u>	<u>\$ 32,687,754</u>	<u>\$ 41,785,564</u>	<u>\$ 36,540,342</u>	<u>\$ 34,044,194</u>	<u>\$ 41,225,410</u>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
Charges for services:										
General Government	200,239	185,340	729,695	383,128	277,653	335,511	397,607	491,076	551,613	462,696
Public Safety	525,821	315,634	182,863	438,919	159,813	174,862	716,360	356,989	365,009	231,164
Public Works	892,167	924,262	358,900	93,291	79,604	178,087	202,488	248,089	258,005	1,697,831
Culture and leisure	156,093	143,945	372,150	166,066	153,052	152,379	242,500	220,963	205,376	283,662
Community development	380,974	236,648	712,323	531,273	809,268	1,515,837	2,189,603	2,551,889	3,947,881	3,131,768
Operating grants and contributions	2,051,347	1,614,040	4,260,528	5,119,794	5,066,429	5,076,581	4,947,223	4,969,720	5,016,283	4,841,037
Capital grants and contributions	20,097,845	10,836,518	10,361,739	3,594,176	4,285,232	8,304,237	23,115,518	22,155,191	9,759,080	30,838,179
Total governmental activities program revenues	<u>24,304,466</u>	<u>14,256,387</u>	<u>16,978,198</u>	<u>10,326,647</u>	<u>10,831,051</u>	<u>15,737,494</u>	<u>31,811,299</u>	<u>30,993,917</u>	<u>20,103,247</u>	<u>41,486,337</u>
<b>Business-type activities:</b>										
Charges for services:										
Water	6,488,056	6,353,230	4,539,135	5,551,012	5,561,650	6,293,790	6,551,486	6,042,517	5,849,963	6,856,028
Wastewater	3,570,436	3,412,319	3,980,622	4,501,620	4,959,693	5,186,053	5,827,902	5,730,148	5,233,840	5,791,155
Operating grants and contributions	-	-	-	-	-	3,710,000	12,002,670	-	-	-
Capital grants and contributions	1,835,722	1,339,611	188,710	1,025,014	263,903	159,854	159,854	159,854	159,854	159,854
Total business-type activities program revenues	<u>11,894,214</u>	<u>11,105,160</u>	<u>8,708,467</u>	<u>11,077,646</u>	<u>10,785,246</u>	<u>15,349,697</u>	<u>24,541,912</u>	<u>11,932,519</u>	<u>11,243,657</u>	<u>12,807,037</u>
Total primary government program revenues	<u>\$ 36,198,700</u>	<u>\$ 25,361,547</u>	<u>\$ 25,686,665</u>	<u>\$ 21,404,293</u>	<u>\$ 21,616,297</u>	<u>\$ 31,087,191</u>	<u>\$ 56,353,211</u>	<u>\$ 42,926,436</u>	<u>\$ 31,346,904</u>	<u>\$ 54,293,374</u>
<b>Net revenues (expenses):</b>										
Governmental activities	(189,042)	(8,655,156)	(9,118,486)	(8,908,350)	(12,641,588)	(5,871,443)	3,691,556	3,995,147	(5,411,500)	11,483,066
Business-type activities	1,091,492	843,552	(1,414,628)	166,534	60,077	4,270,880	10,876,091	2,390,947	2,714,210	1,584,898
Total net revenues (expenses)	<u>\$ 902,450</u>	<u>\$ (7,811,604)</u>	<u>\$ (10,533,114)</u>	<u>\$ (8,741,816)</u>	<u>\$ (12,581,511)</u>	<u>\$ (1,600,563)</u>	<u>\$ 14,567,647</u>	<u>\$ 6,386,094</u>	<u>\$ (2,697,290)</u>	<u>\$ 13,067,964</u>
<b>General revenues and other changes in net assets:</b>										
<b>Governmental activities:</b>										
Taxes:										
Property tax	3,963,074	3,600,021	2,848,080	2,915,881	2,821,113	2,810,704	2,946,083	3,273,006	3,566,656	3,980,606
Sales and use taxes	1,744,162	2,810,073	2,314,007	2,126,447	2,512,565	3,128,882	6,676,994	5,947,812	6,209,105	6,337,138
Franchise taxes	691,679	723,827	695,644	662,429	679,295	667,509	705,405	685,140	518,183	771,288
Other taxes	257,658	267,385	230,842	231,125	232,204	466,328	419,267	449,950	743,896	565,715
Motor vehicle in lieu, unrestricted	1,429,314	1,364,923	1,158,133	1,200,720	1,100,388	1,076,010	1,118,489	1,237,606	1,324,094	1,555,026
Investment income	2,142,950	866,211	281,441	168,650	104,018	38,959	67,431	80,844	346,915	19,282
Other general revenues	70,898	751,456	301,700	55,824	63,662	262,023	395,810	301,192	1,745,978	10,090,096
Transfers	24,214	770,169	(371,206)	1,297,654	1,200,418	763,094	(5,626,465)	(84,391)	(421,353)	(16,842,538)
Total governmental activities	<u>10,323,949</u>	<u>11,154,065</u>	<u>7,458,641</u>	<u>8,658,730</u>	<u>8,713,663</u>	<u>9,213,509</u>	<u>6,703,014</u>	<u>11,891,159</u>	<u>14,033,474</u>	<u>6,476,613</u>
<b>Business-type activities:</b>										
Investment income	711,840	444,690	161,045	111,034	178,169	59,419	49,915	63,492	200,063	214,510
Miscellaneous	829,109	1,414,311	2,309,689	2,640,839	1,560,928	1,545,739	1,392,651	675,204	416,119	864,319
Transfers	(24,214)	(770,169)	371,206	(1,297,654)	(1,200,418)	(763,094)	5,626,465	84,391	421,353	16,842,538
Total business-type activities	<u>1,516,735</u>	<u>1,088,832</u>	<u>2,841,940</u>	<u>1,454,219</u>	<u>538,679</u>	<u>842,064</u>	<u>7,069,031</u>	<u>823,087</u>	<u>1,027,535</u>	<u>17,921,367</u>
Total primary government	<u>\$ 11,840,684</u>	<u>\$ 12,242,897</u>	<u>\$ 10,300,581</u>	<u>\$ 10,112,949</u>	<u>\$ 9,252,342</u>	<u>\$ 10,055,573</u>	<u>\$ 13,772,045</u>	<u>\$ 12,714,246</u>	<u>\$ 15,071,009</u>	<u>\$ 24,397,980</u>
<b>Changes in net assets</b>										
Governmental activities	10,134,907	2,498,909	(1,659,845)	(249,620)	(3,927,925)	3,342,066	10,394,570	15,886,306	8,621,974	17,959,679
Business-type activities	2,608,227	1,932,384	1,427,312	1,620,753	598,756	5,112,944	17,945,122	3,214,034	3,751,745	19,606,265
Total primary government	<u>\$ 12,743,134</u>	<u>\$ 4,431,293</u>	<u>\$ (232,533)</u>	<u>\$ 1,371,133</u>	<u>\$ (3,329,169)</u>	<u>\$ 8,455,010</u>	<u>\$ 28,339,692</u>	<u>\$ 19,100,340</u>	<u>\$ 12,373,719</u>	<u>\$ 37,465,944</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General fund:</b>										
Reserved	\$ 6,659,478	\$ 7,514,520	\$ 7,078,292	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Undesignated	10,181,938	8,765,019	9,672,867	-	-	-	-	-	-	-
Nonspendable	-	-	-	6,371,601	7,235,931	7,175,257	6,380,018	6,852,691	6,665,677	6,180,434
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	742,197	402,197	-	-	-	2,233,234	-
Assigned	-	-	-	189,925	1,248,093	1,229,504	-	-	-	-
Unassigned	-	-	-	10,735,806	8,038,858	9,784,715	16,234,527	11,091,860	12,861,107	16,496,212
<b>Total general fund</b>	<b>\$ 16,841,416</b>	<b>\$ 16,279,539</b>	<b>\$ 16,751,159</b>	<b>\$ 18,039,529</b>	<b>\$ 16,925,079</b>	<b>\$ 18,189,476</b>	<b>\$ 22,614,545</b>	<b>\$ 17,944,551</b>	<b>\$ 21,760,018</b>	<b>\$ 22,676,646</b>
<b>All other governmental funds:</b>										
Reserved	2,258,039	592,526	403,736	-	-	-	-	-	-	-
Undesignated, reported in:										
Designated special revenue funds	-	26,883	-	-	-	-	-	-	-	-
Special revenue funds	13,387,463	20,578,392	12,202,368	-	-	-	-	-	-	-
Capital projects funds	14,045,252	3,782,691	9,659,263	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	4,356,700	3,813,152	4,142,620	3,890,049	6,823,678	4,513,322	4,701,300
Committed	-	-	-	18,976,921	19,727,430	19,333,997	12,977,322	22,534,880	25,829,474	35,779,675
Assigned	-	-	-	-	-	264,923	930,347	880,383	975,042	784,139
Unassigned	-	-	-	-	259,533	-	-	(364)	(233)	(120)
<b>Total all other governmental funds</b>	<b>\$ 29,690,754</b>	<b>\$ 24,980,492</b>	<b>\$ 22,265,367</b>	<b>\$ 23,333,621</b>	<b>\$ 23,800,115</b>	<b>\$ 23,741,540</b>	<b>\$ 17,797,718</b>	<b>\$ 30,238,577</b>	<b>\$ 31,317,605</b>	<b>\$ 41,264,994</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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Taxes and assessments	\$ 10,935,212	\$ 10,707,798	\$ 8,226,053	\$ 10,144,813	\$ 10,091,942	\$ 12,092,527	\$ 15,462,332	\$ 21,268,849	\$ 18,494,460	\$ 22,885,183
Licenses and permits	468,360	296,080	602,334	466,256	406,819	634,934	749,845	1,373,909	1,283,193	1,808,623
Fines, forfeitures, and penalties	166,350	228,331	4,258,962	1,655,515	1,568,643	1,564,795	1,476,258	1,486,888	1,658,639	1,949,910
Intergovernmental	3,480,661	4,200,824	3,474,547	3,981,076	3,672,978	7,107,760	13,291,995	11,177,149	5,489,546	3,134,272
Use of Money & Property	2,142,950	766,184	281,441	212,076	135,177	62,939	116,968	159,262	382,724	392,493
Charges for current services	1,520,584	1,805,829	1,410,750	818,899	835,195	1,449,684	2,727,193	2,207,080	3,725,964	3,605,846
Contributions	74,255	1,301,135	-	-	-	-	9,779,408	1,094,140	-	19,675,946
Other	4,444,585	247,248	2,198,731	409,088	1,633,542	1,275,270	536,779	4,202,190	3,523,548	1,353,215
<b>Total revenues</b>	<b>\$ 23,232,957</b>	<b>\$ 19,553,429</b>	<b>\$ 20,452,818</b>	<b>\$ 17,687,723</b>	<b>\$ 18,344,296</b>	<b>\$ 24,187,909</b>	<b>\$ 44,140,778</b>	<b>\$ 42,969,467</b>	<b>\$ 34,558,074</b>	<b>\$ 54,805,488</b>
<b>Expenditures</b>										
Current:										
General government	\$ 4,801,306	\$ 4,718,241	\$ 3,790,927	\$ 3,685,441	\$ 3,952,670	\$ 3,318,835	\$ 4,240,661	\$ 8,063,724	\$ 4,675,898	\$ 4,406,106
Community development	2,012,805	2,048,158	2,332,574	854,670	987,494	1,222,152	1,323,932	1,254,836	1,657,178	784,763
Public safety	3,839,819	4,374,302	4,425,923	3,802,298	4,088,676	4,510,204	5,829,809	7,030,624	7,297,872	9,560,119
Public works	7,536,447	5,883,378	9,102,647	7,488,100	9,007,812	9,197,006	17,040,900	15,482,137	6,687,275	7,616,246
Culture and leisure	2,096,831	985,869	930,548	879,453	1,043,340	1,069,332	1,063,957	1,048,531	1,296,370	1,226,638
Capital Outlay	5,142,010	7,285,105	552,469	989,761	480,929	3,795,717	9,334,496	1,604,530	4,361,924	2,920,897
Debt service:										
Principal retirement	262,874	291,923	277,060	237,211	249,347	262,103	274,370	289,709	1,683,347	265,000
Interest and fiscal charges	37,126	8,077	22,940	393,819	382,402	369,832	924,941	340,120	390,710	319,164
<b>Total expenditures</b>	<b>\$ 25,729,218</b>	<b>\$ 25,595,053</b>	<b>\$ 21,435,088</b>	<b>\$ 18,330,753</b>	<b>\$ 20,192,670</b>	<b>\$ 23,745,181</b>	<b>\$ 40,033,066</b>	<b>\$ 35,114,211</b>	<b>\$ 28,050,574</b>	<b>\$ 27,098,933</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (2,496,261)</b>	<b>\$ (6,041,624)</b>	<b>\$ (982,270)</b>	<b>\$ (643,030)</b>	<b>\$ (1,848,374)</b>	<b>\$ 442,728</b>	<b>\$ 4,107,712</b>	<b>\$ 7,855,256</b>	<b>\$ 6,507,500</b>	<b>\$ 27,706,555</b>
<b>Other financing sources (uses):</b>										
Proceeds from issuance of long-term	-	-	-	-	-	-	-	-	(1,191,652)	-
Transfers in	12,751,559	7,138,360	12,323,269	7,402,707	11,926,959	9,379,077	18,471,301	17,566,636	12,971,420	10,394,523
Transfers out	(12,727,345)	(6,368,191)	(12,694,475)	(6,105,053)	(10,726,541)	(8,615,983)	(24,097,766)	(17,651,027)	(13,392,773)	(27,237,061)
<b>Total other financing sources (uses)</b>	<b>\$ 24,214</b>	<b>\$ 770,169</b>	<b>\$ (371,206)</b>	<b>\$ 1,297,654</b>	<b>\$ 1,200,418</b>	<b>\$ 763,094</b>	<b>\$ (5,626,465)</b>	<b>\$ (84,391)</b>	<b>\$ (1,613,005)</b>	<b>\$ (16,842,538)</b>
<b>Net change in fund balances</b>	<b>\$ (2,472,047)</b>	<b>\$ (5,271,455)</b>	<b>\$ (1,353,476)</b>	<b>\$ 654,624</b>	<b>\$ (647,956)</b>	<b>\$ 1,205,822</b>	<b>\$ (1,518,753)</b>	<b>\$ 7,770,865</b>	<b>\$ 4,894,495</b>	<b>\$ 10,864,017</b>
<b>Debt service as a percentage of noncapital expenditures</b>	1.5%	1.7%	1.5%	3.8%	3.3%	3.3%	4.1%	1.9%	9.6%	2.5%

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**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of Levy</u>		<u>Collection in Subsequent Years</u>	<u>Total Collection to Date</u>	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
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%
2017	3,727,479	3,727,479	100.00%	-	3,727,479	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)

Fiscal Year	City				Net Taxable Assessed Value	Total Direct Tax Rate
	Gross Taxable Assessed Value			Less: Exemptions		
	Secured	Unsecured	Utility			
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%
2017	2,559,631,458	163,463,517	6,170,020	(18,624,442)	2,710,640,553	0.138%

**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>2017</u>		<u>2008</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	\$ 150,461,309	5.55%	\$ -	0.00%
Lit Industrial LP	81,910,345	3.02%	-	0.00%
J.R. Simplot Company Corp.	56,513,516	2.08%	38,329,366	1.51%
River Island Development LLC	51,249,686	1.89%	-	0.00%
Centerpoint Properties Trust	48,807,380	1.80%	-	0.00%
California Natural Products Corp.	44,998,691	1.66%	-	0.00%
Super Stores Industries	44,874,631	1.66%	51,767,710	2.04%
Califia LLC	35,827,430	1.32%	51,579,867	2.03%
Lathrop Land Acquisition LLC	32,533,409	1.20%	-	0.00%
700 D'Arcy Parkway Investors LLC	29,000,000	1.07%	-	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**  
(rate per \$100 of assessed value)

<b>Fiscal Year</b>	<b>Basic County-wide Levy <sup>(1)</sup></b>	<b>School <sup>(2)</sup></b>	<b>All Other</b>	<b>Total Rate</b>
2008	1.00000%	0.04420%	0.00000%	1.04420%
2009	1.00000%	0.04221%	0.00000%	1.04221%
2010	1.00000%	0.05240%	0.00000%	1.05240%
2011	1.00000%	0.05640%	0.00000%	1.05640%
2012	1.00000%	0.05980%	0.00000%	1.05980%
2013	1.00000%	0.06100%	0.00000%	1.06100%
2014	1.00000%	0.09250%	0.00000%	1.09250%
2015	1.00000%	0.09230%	0.00000%	1.09230%
2016	1.00000%	0.14200%	0.00000%	1.14200%
2017	1.00000%	0.12820%	0.00000%	1.12820%

**NOTE:**

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

(2) Information prior to 2005 is not available.

*Source: California Municipal Statistics, Inc.*

**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>
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%
2017	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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross Assessed Valuation	\$ 2,538,403,705	\$ 2,409,599,820	\$ 2,032,969,786	\$ 1,979,034,467	\$ 1,928,673,494	\$ 1,884,764,847	\$ 1,962,577,631	\$ 2,186,850,735	\$ 2,396,968,202	\$ 2,729,264,995
Debt Margin Ratio (1)	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
Debt Margin (Limit)	\$ 95,190,139	\$ 90,359,993	\$ 76,236,367	\$ 74,213,793	\$ 72,325,256	\$ 70,678,682	\$ 73,596,661	\$ 82,006,903	\$ 89,886,308	\$ 102,347,437
Less: total net debt applicable to limit: General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Legal Debt Margin	\$ 95,190,139	\$ 90,359,993	\$ 76,236,367	\$ 74,213,793	\$ 72,325,256	\$ 70,678,682	\$ 73,596,661	\$ 82,006,903	\$ 89,886,308	\$ 102,347,437
Total debt applicable to the the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	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**  
**Outstanding Debt**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-type Activities								Percentage of Personal Income	Debt Per Capita (3)
	Capital Leases	Total Governmental Activities	Water Revenue Bonds	Notes	Certificates of Participation	Compass Bank Loan	State Revolving Fund Loan	Capital Leases	Total Business-type Activities	Total Primary Government			
2008	\$ 8,457,396	\$ 8,457,396	\$ 31,610,000	-	\$ 7,025,000	-	-	\$ 25,825	\$ 38,660,825	\$ 47,118,221	241.94%	\$ 2,703	
2009	8,165,473	8,165,473	31,065,000	-	6,860,000	-	-	17,677	37,942,677	46,108,150	223.45%	2,596	
2010	7,888,413	7,888,413	30,505,000	-	6,685,000	-	-	21,046	37,211,046	45,099,459	213.77%	2,510	
2011	7,651,202	7,651,202	29,920,000	-	6,500,000	-	2,574,893	24,130	39,019,023	46,670,225	222.57%	2,502	
2012	7,651,202	7,651,202	29,305,000	-	-	6,203,000 (2)	9,528,982	31,055	45,068,037	52,719,239	249.46%	2,788	
2013	7,139,752	7,139,752	24,945,000	-	-	5,950,203	9,340,188	23,717	40,259,108	47,398,860	219.52%	2,468	
2014	6,865,382	6,865,382	12,970,000	-	-	5,667,004	8,956,038	-	27,593,042	34,458,424	148.51%	1,738	
2015	6,599,319	6,599,319	12,635,000	-	-	5,373,806	8,562,968	-	26,571,774	33,171,094	135.50%	1,630	
2016	4,190,000	4,190,000	12,635,000	-	-	5,070,256	8,160,773	-	25,866,029	30,056,029	106.77%	1,359	
2017	3,925,000	3,925,000	11,455,000 (4)	-	-	4,755,863	7,749,237	-	23,960,100	27,885,100	93.94%	1,207	

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.

(4) On May 2017, the City refunded the Water Revenue Bonds.

Source: City of Lathrop, California Finance Department

**CITY OF LATHROP**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2017**

FY 2015/16 City Assessed Valuation	\$ 2,710,640,574
Redevelopment Agency Incremental Valuation	\$ -
Adjusted Assessed Valuation	<u>\$ 2,710,640,574</u>

<u>Overlapping Tax and Assessment Debt</u>	<u>Total Debt 6/30/17</u>	<u>Percentage Applicable to City of Lathrop (1)</u>	<u>City's Share of Debt 6/30/2017</u>
San Joaquin Delta Community College District	\$ 126,614,970	3.735%	\$ 4,729,069
Manteca Unified School District	101,829,885	19.612%	19,970,877
Tracy Unified School District	39,640,000	1.613%	639,393
Banta School District	570,000	38.757%	220,915
Manteca Unified School District Community Facility District No. 1989-2	27,885,000	20.850%	5,814,023
Banta School District Community Facilities District No. 2011-1	4,830,000	100.000%	4,830,000
River Islands Public Financing Authority Community Facilities District No. 2003-1	155,875,000	100.000%	155,875,000
River Islands Public Financing Authority Community Facilities District No. 2015-1	250,000,000	100.000%	250,000,000
City of Lathrop Community Facilities District No 2003-1	6,125,000	100.000%	6,125,000
City of Lathrop Community Facilities District No 2003-2	6,045,000	100.000%	6,045,000
City of Lathrop Community Facilities District No 2006-1	49,750,000	100.000%	49,750,000
City of Lathrop 1915 Act Bonds	28,799,444	100.000%	28,799,444
Reclamation District No. 17 Assessment District	23,932,948	48.639%	11,640,747
<b>Total Overlapping Tax and Assessment Debt</b>	<b><u>\$ 821,897,247</u></b>		<b><u>\$ 544,439,467</u></b>

**Ratios to FY 2016/17 Assessed Valuation:**  
Total Overlapping Tax and Assessment Debt 20.09%

<u>Direct and Overlapping General Fund Obligation Debt</u>			
San Joaquin County Certificates of Participation	124,925,000	4.078%	5,094,442
Manteca Unified School District Certificates of Participation	25,961,000	19.612%	5,091,471
City of Lathrop General Fund Obligations	3,925,000	100.000%	3,925,000
<b>Total Direct and Overlapping General Fund Debt</b>			<b><u>14,110,913</u></b>
<b>Total Direct Debt</b>			<b><u>3,925,000</u></b>
<b>Total Overlapping Debt</b>			<b><u>554,625,380</u></b>
<b>Combined Total Debt</b>			<b><u>558,550,380</u></b>

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

<u>Ratios to Adjusted Assessed Valuation</u>	
<u>Total Direct Debt</u>	<u>0.14%</u>
<u>Combined Total Debt</u>	<u>20.61%</u>

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

Source: California Municipal Statistics, Inc.

**CITY OF LATHROP**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
(in thousands)

Fiscal Year	2000 Certificates of Participation/Compass Bank Loan (1)						2003 Certificates of Participation & SRF Loan (2)			
	Water Revenue (3)	Less Operating Expenses (4)	Net Available Revenue	Debt Service			Net Available Revenue (5)	Debt Service		
				Principal	Interest	Coverage		Principal	Interest	Coverage
2008	\$ 7,742,323	\$ 2,851,865	\$ 4,890,458	\$ 160,000	\$ 418,443	8.45%	\$ 4,312,016	\$ 410,000	\$ 1,838,245	1.92%
2009	8,065,335	3,251,553	4,813,782	165,000	410,523	8.36%	4,238,260	545,000	1,821,845	1.79%
2010	6,867,231	2,549,867	4,317,364	175,000	402,273	7.48%	3,740,092	560,000	1,798,138	1.59%
2011	7,846,547	2,509,302	5,337,245	185,000	393,348	9.23%	4,758,897	585,000	1,771,818	2.02%
2012	7,115,515	3,332,047	3,783,468	-	353,750	10.70%	3,429,718	615,000	1,743,738	1.45%
2013	7,803,287	3,989,183	3,814,104	252,797	236,203	7.80%	3,325,104	650,000	1,713,603	1.41%
2014	7,884,887	3,815,990	4,068,897	283,199	205,801	8.32%	3,579,897	680,000	1,681,102	1.52%
2015	6,642,758	3,484,902	3,157,856	293,198	195,802	6.46%	2,668,856	728,070	954,719	1.59%
2016	6,385,191	3,479,010	2,906,181	303,550	185,450	5.94%	2,417,181	402,196	945,592	1.79%
2017	7,834,887	4,366,161	3,468,726	314,393	174,733	7.09%	2,979,600	411,536	936,254	2.21%

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

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

Source: City of Lathrop, California Finance Department



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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (2)</u>
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%
2017	23,110	29,684,494	40,458	8.1%

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)*

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

<b>Employer</b>	<b>2017</b>		<b>2008</b>	
	<b>Number of Employees</b>	<b>Percent of Total Employment</b>	<b>Number of Employees</b>	<b>Percent of Total Employment</b>
California Natural Products	500	6.76%	0	0.00%
Super Store Industries	500	6.76%	150	2.42%
Diamond Pet Foods Inc	500	6.76%	0	0.00%
Swiss American Sausage CO	250	3.38%	165	2.66%
J R Simplot CO	250	3.38%	200	3.23%
Pilkington North America Inc	250	3.38%	450	7.26%
Cbc Steel Buildings	250	3.38%	0	0.00%
Home Depot	250	3.38%	75	1.21%
Food 4 Less	250	3.38%	0	0.00%
Target	250	3.38%	180	2.90%
Smart Refrigerated Transport	250	3.38%	0	0.00%
Engeo Inc	250	3.38%	0	0.00%
Pflug	250	3.38%	0	0.00%
In-N-Out Burger	250	3.38%	0	0.00%
Boral Roofing	100	1.35%	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**

<u>Function</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government	33.99	29.30	24.30	24.50	25.50	25.50	26.00	26.50	26.50	21.60
Neighborhood & Community Services (1)	0.00	0.00	5.00	5.00	5.00	5.00	5.40	5.10	5.10	6.00
Public Safety (2)	28.75	32.00	32.00	30.33	30.33	30.33	33.20	34.98	34.98	35.98
Public Works	28.00	26.00	26.00	26.00	26.00	26.00	25.83	29.83	29.83	32.80
Community Development	23.67	20.75	20.75	23.75	23.75	23.75	22.42	24.42	24.42	17.85
Culture & Leisure	17.20	19.12	19.12	19.64	19.64	20.64	19.74	22.53	22.53	23.54
Park Maintenance	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Water	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00
Wastewater (3)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Positions	146.61	142.17	142.17	144.22	145.22	146.22	147.59	158.36	158.36	153.77
less Unfunded Positions	0.00	18.21	35.54	50.54	52.61	53.61	46.28	43.28	43.28	35.28
Net Employees	146.61	123.96	106.63	93.68	92.61	92.61	101.31	115.08	115.08	118.49

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(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**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police:										
Arrests	724	648	850	775	612	670	489	708	572	705
Parking Citations issues	1,139	1,397	1,034	759	567	291	380	444	696	1,385
Code Enforcement										
Housing Cases	233	140	144	31	21	40	20	35	29	28
Public Nuisance Cases	417	304	336	459	185	213	61	206	287	345
Vehicle Cases	80	45	85	54	21	28	12	11	67	193
Weed Abatement Cases	372	787	677	520	31	-	5	-	2	108
Building Permits										
Single Family Dwellings	25	34	169	87	63	146	130	350	220	291
Parks and recreation:										
Number of recreation classes	38	41	46	40	49	49	202	34	56	67
Number of facility rentals	86	186	192	231	302	675	1,870	542	450	390
Water:										
New connections	30	36	168	93	38	140	190	266	179	163
Average daily consumption (thousands of gallons)	3,677	3,441	3,230	3,267	3,110	4,014	3,550	3508	3052	3274
Sewer:										
New connections	30	36	168	93	38	140	190	266	179	163

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

Source: City of Lathrop, California departmental sources.

**CITY OF LATHROP**  
**Capital Assets Statistics by Function**  
**Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire Stations (1)	-	-	-	-	-	-	-	-	-	-
Public works:										
Streets (miles)	77	79.48	79.81	79.81	72.74	82.80	82.80	84.20	84.20	84.20
Streetlights	847	869	905	905	1,433	1,433	1,433	1,448	1,472	1,472
Parks and recreation:										
Parks	13	13	13	13	13	14	16	16	16	16
Community centers	1	1	1	1	1	1	2	2	2	2
Senior centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	72	72.75	73.08	73.08	73.08	101.40	99.60	101.80	101.80	101.80
Maximum daily capacity (thousands of gallons)	20,126	20,126	20,126	20,126	20,126	21,700	15,250	15,250	15,250	15,250
Wastewater:										
Sanitary sewer (miles)	56	56.83	57.16	57.16	57.16	60.40	62.03	71.00	71.00	71.00
Miles of Reclaimed Water Lines	18.00	18.00	18.33	18.33	18.33	18.33	21.40	21.80	21.80	21.80
Maximum daily treatment capacity (thousands of gallons)	2,140	2,140	2,140	2,140	2,140	2,416	2,416	2,200	2,200	1,450

NOTE:

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

Source: City of Lathrop, California departmental sources.

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

<b>Type of Customer:</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Residential	737,570	673,212	645,140	675,141	656,723	740,938	690,963	671,095	628,208	625,187
Industrial	328,721	297,483	244,561	266,145	263,466	329,816	291,935	343,231	283,410	278,985
Commercial	83,249	72,595	73,962	75,107	68,559	107,530	116,496	91,599	71,396	101,549
Governmental	159,335	194,348	167,846	135,512	129,524	265,931	157,119	172,972	177,791	139,511
Construction	33,378	18,422	47,495	40,465	16,720	20,995	39,058	1,615	-	49,923
<b>Total</b>	<b>1,342,253</b>	<b>1,256,060</b>	<b>1,179,004</b>	<b>1,192,370</b>	<b>1,134,992</b>	<b>1,465,210</b>	<b>1,295,571</b>	<b>1,280,512</b>	<b>1,160,805</b>	<b>1,195,155</b>
Total direct rate per 1,000 gallons	\$ 2.00	\$ 2.00	\$ 2.11	\$ 2.24	\$ 2.45	\$ 2.45	\$ 2.63	\$ 2.63	\$ 3.04	\$ 3.49

Source: City of Lathrop, California Public Works Department

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

<u>Fiscal Year</u>	<u>Monthly Base Rate</u>	<u>Rate per 1,000 Gallons</u>	<u>CSCDA Loan (1)</u>	<u>SCSWSP Facility Charge (2)</u>
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
2017	14.40	3.49	-	9.10

**NOTE:**

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

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

*Source: City of Lathrop, California Finance Department*

**CITY OF LATHROP**  
**Water Customers**  
**Current Year and Nine Years Ago**

<u>Water Customer</u>	<u>2017</u>		<u>2008</u>	
	<u>Water Charges</u>	<u>Percent of Total Water Revenues</u>	<u>Water Charges</u>	<u>Percent of Total Water Revenue</u>
California Natural Products	\$ 551,794	9.15%	309,822	4.00%
City of Lathrop	392,044	6.50%	-	0.00%
Manteca Unified School District	197,939	3.28%	80,634	1.04%
Super Store Industries	115,222	1.91%	63,680	0.82%
River Islands Public Finance Authority	54,256	0.90%	-	0.00%
Tesla Motors Inc	48,756	0.81%	-	0.00%
Banta Elementary School District	47,073	0.78%	-	0.00%
Camino Real Mobile Estates	43,987	0.73%	28,984	0.37%
IN-N-OUT Burger #804	40,942	0.68%	-	0.00%
DSRG - Sara Elliott	36,996	0.61%	-	0.00%

*Source: City of Lathrop, California Finance Department*



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

2017		2008	
Business Name	Business Category	Business Name	Business Category
Arco AM PM	Service Stations	Anderson Truss	Contractors
Boral Roofing	Contractors	Arco AM PM	Service Stations
CBC Steel Buildings	Heavy Industrial	Boral Roofing	Contractors
Chevron	Service Stations	Carpenter	Textiles/Furnishings
Eagles Nest Harley Davidson	Boats/Motorcycles	Cascade Steel Rolling Mills	Heavy Industrial
Fast Lane	Service Stations	CBC Steel Buildings	Heavy Industrial
Fleeride West	Trailers/Auto Parts	Circle K Union 76	Service Stations
ISI Design & Installation Solutions	Home Furnishings	Delta Material Supply	Lumber/Building Materials
Joes Travel Plaza	Home Furnishings	Diamond Pet Food Processors	Food Service Equip/Supplies
Lathrop Wood Works	Building Materials	Dragon Products	Heavy Industrial
Mikasa Japanese Bistro	Casual Dining	Eagles Nest Harley Davidson	Boats/Motorcycles
Nationwide Fleet Powersports	Boats/Motorcycles	Fast Lane	Service Stations
Nemo Building Systems	Contractors	Joes Travel Plaza	Service Stations
O'Reilly Auto Parts	Automotive Supply Stores	Lathrop Chevron	Service Stations
Save Mart	Grocery Stores Liquor	Lathrop Shell	Service Stations
Shell	Service Stations	Lumbermens	Lumber/Building Materials
Target	Discount Dept Stores	McDonalds	Quick-Service Restaurants
Tec Equipment	Trailers/Auto Parts	Medcal Sales	Medical/Biotech
Top Gun Drywall Supply	Lumber/Building Materials	Mobile Mini	Repair Shop/Equip. Rentals
Totten Tubes	Heavy Industrial	Save Mart	Grocery Stores Liquor
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.

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